

## **GM HOUSING, PLANNING AND ENVIRONMENT OVERVIEW & SCRUTINY COMMITTEE**

Date: 8<sup>th</sup> March 2022

Subject: Biodiversity Net Gain in Greater Manchester

Draft Report of: Councillor Emmott, Portfolio Lead for Green City Region and Harry Catherall, Portfolio Lead Chief Executive for Green City Region

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### **Purpose of Report**

This report sets out the background on the national requirement for mandatory Biodiversity Net Gain (BNG) which will be implemented in November 2023; the ambition to maximise the opportunities from biodiversity net gain within Greater Manchester and the key issues and solutions associated with this.

### **Recommendations:**

The Committee is requested to note and provide comments on the following recommendations, which will be put to the March meeting of the Greater Manchester Combined Authority for approval:

1. Agree that GMCA should be named as the provisional responsible authority for developing a Local Nature Recovery Strategy for Greater Manchester.
2. Note the work that has been delivered by GMCA to date to ensure Greater Manchester is prepared for mandatory BNG.
3. Support the delivery of the Greater Manchester BNG 'Need and Supply Assessment' by GM Ecology Unit.
4. Support the pursuit of a range of offsetting options for Greater Manchester and that GMCA works with key stakeholders, including landowners and developers, to continue to develop this understanding.
5. Support the development of a Greater Manchester market for BNG Units including the work that is being delivered by the GM Environment Fund.

6. Support the development of a policy position on biodiversity offsetting as part of the scope of the forthcoming GM Local Nature Recovery Strategy.
7. Delegate authority to the Directors of Environment and Place to prepare and submit a response to the Government BNG consultation in line with the ambitions/issues raised in this paper.

## **Contact Officers**

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# Introduction/Background

## Nature Recovery

- 1.1 Nature and biodiversity are in decline across England. Locally in Greater Manchester (GM), initiatives across the public, private and third sectors under the GM 5 Year Environment Plan are seeking to reverse this and deliver the wider socio-economic benefits that improving our natural environment can bring.
- 1.2 The government's 25 Year Environment Plan and recently passed Environment Act (2021) seek to provide a national framework and new powers to support these efforts. This includes the requirement for local areas in England to develop Local Nature Recovery Strategies.
- 1.3 These will be a new, England-wide system of spatial strategies that will establish priorities and map proposals for specific actions to drive nature's recovery and provide wider environmental benefits.
- 1.4 Defra has written to GMCA requesting confirmation that it should be named as the provisional responsible authority for a Local Nature Recovery Strategy for Greater Manchester. This will build on the recent GM pilot<sup>1</sup> and formal appointment is expected in the coming months.
- 1.5 The government is also introducing measures aimed at supporting the implementation and delivery of these strategies. This includes:
- Three new Environment Land Management Schemes, replacing previous schemes and payments to landowners for environmental outcomes.
  - Stimulating private investment and market-based mechanisms that improve and safeguard the natural environment.
  - Introducing the requirement in the Environment Act 2021 for Biodiversity Net Gain.
- 1.6 The latter, which is the focus of this paper, will be a significant near-term opportunity for securing investment into nature recovery in Greater Manchester.

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<sup>1</sup> [Local Nature Recovery Strategy Pilot Report | GM Green City](#)

## Biodiversity Net Gain

1.7 Biodiversity Net Gain (BNG) is an approach to development that means leaving biodiversity in a measurably better state than beforehand.

1.8 Once the Environment Act 2021 requirement is implemented in November 2023, all new development will need to deliver a measurable uplift in biodiversity of 10% compared to the baseline beforehand. There is likely to be only a limited set of exemptions for certain types of development. This will come into force earlier in Greater Manchester, upon adoption of Places for Everyone, for those local authorities which are part of the joint development plan.

1.9 BNG must first be delivered on the development site itself, through avoidance and minimising loss and seeking restoration on-site. Where this cannot be achieved, any remaining BNG will need to be delivered off-site through 'offsetting'.

1.10 For Greater Manchester, BNG will provide:

- Opportunities to help reverse the decline in biodiversity – both on development sites and elsewhere via offsetting.
- Risks and challenges – this is a new requirement, requiring additional capacity and capability to ensure offsetting options are ready and available within the city-region.

## Biodiversity Net Gain and Offsetting

1.11 For each development, a "Biodiversity Gain Plan" will be required to be submitted to the local authority for approval before development can commence. Where avoiding and minimising loss and restoration on-site cannot meet the 10% BNG requirement, the applicant will need to set out how they will make up this shortfall from delivery of habitat restoration elsewhere, off-site, through offsetting.

1.12 Developers will be able to choose the source of these offsets – this will not be in the form of a payment to the local planning authority, as with existing Section 106 contributions for example. Instead, an open market for biodiversity units will be created with developers able to choose where to buy offsets. Initial estimates suggest there will

be a demand for £6m of offsets annually from development within Greater Manchester (Finance Earth 2021) and £135m across England (Eftec 2021).

1.13 The way biodiversity units will be calculated (via a metric) means that units created soonest, closer to development sites and identified as local priorities for nature's recovery (in an area's Local Nature Recovery Strategy) will be weighted more than those further away and not in priority areas.

1.14 However, if local sites are not available, ready and competitive when compared to alternatives (and national statutory credits, which will be available from government as a last resort), there is a risk that developers will be able to choose to offset outside the vicinity of the development site, local area or Greater Manchester and therefore not locally and in line with local priorities for nature recovery. In turn, the potential benefits and value of offsetting to Greater Manchester would be lost or diminished.

## **2. Ambition to Maximise the Opportunities from Biodiversity Net Gain within Greater Manchester**

### Ambition

2.1 In light of this risk, in 2021 GMCA commissioned a "Scoping study for Delivery of Off-Site Biodiversity Net Gain in Greater Manchester". The scoping study engaged with a range of key stakeholders and the final report and implementation plan included the proposed ambition for BNG offsetting in Greater Manchester to establish:

*"A network of sites and a flexible framework of delivery options to support the delivery of BNG offsite requirements in Greater Manchester".*

2.2 Given that developers will be able to choose how and where to offset, this ambition will not be realised without GMCA and local authorities working proactively and with partners (including developers, landowners and environmental non-governmental organisations). Some developers are already approaching local authorities to seek offsets, prior to BNG being mandatory, which is highlighting the need to develop a framework of options to meet this emerging demand.

2.3 GMCA has already secured and deployed more than £200,000 of funding and staff time in preparing for BNG (see Appendix 2). However, a number of issues remain to be worked through in order to ensure the above ambition can be realised.

### **3. Issues in Maximising the Opportunities from Biodiversity Net Gain within Greater Manchester**

#### Understanding the Scale of Demand and Potential Supply for Offsetting

3.1 Several local authorities have commissioned the Greater Manchester Ecology Unit (GMEU) to undertake initial studies as to the likely demand for units from forthcoming development, alongside the supply of local authority owned land where this demand could be met.

3.2 To provide complete coverage across the city-region, a Greater Manchester-wide need and supply assessment undertaken by GMEU will commence shortly which will look at all types of land ownership. This will help to identify the future demand for offsetting and potential sites to meet this, located in the right places and of the right type of habitats to deliver the best outcomes for nature recovery.

3.3 It is recommended that GMCA support the delivery of the Greater Manchester BNG Need and Supply Assessment by GMEU.

#### Bringing Forward a Flexible Network of Sites for Offsetting

3.4 There will be a range of options available to developers to meet offsetting requirements which are set out in more detail in Appendix 1. These include

- Offsetting on their own land.
- Offsetting on third party land, which could be:
  - In private or public (e.g. local authority) ownership.
  - Bought directly from the landowner or via a broker.
  - Secured after commencement of the development or in advance (called “Habitat Banking”).

- 3.5 Having a range of available options is most likely to meet the different demands of forthcoming development and of developers operating within Greater Manchester.
- 3.6 A mix of smaller sites, alongside larger strategic sites where offsets could be pooled to deliver greater impacts for nature and more wider benefits (e.g. improved water quality, reduced flood risk and carbon storage) is likely to meet this range of needs.
- 3.7 Without this mix, for example through only focussing on smaller, locally delivered sites, there will be a risk that recovery of larger sites that are more important in Greater Manchester's Local Nature Recovery Strategy and wider benefits (e.g. to reduce flood risk) will not be brought forward. GMCA has recently been approached by United Utilities as it looks to develop its strategic plan for offsetting. The company, with one of the largest infrastructure development programmes across the North West, is very keen to work with GMCA to ensure that its approach to BNG delivers the best possible outcome for nature.
- 3.8 It is recommended that GMCA support the pursuit of a range of offsetting options for Greater Manchester and GMCA works with Districts and key stakeholders including landowners and developers, to continue to develop this understanding.

#### Supporting the Development of a Greater Manchester Market for BNG Units:

- 3.9 Although delivery of BNG will create an open market for the sale and purchase of BNG Units, this is a new requirement which requires additional capacity and capability to ensure Greater Manchester Districts are prepared with offsetting options ready and available within the city-region.
- 3.10 Further resources and funding will be required by landowners to start to bring forward sites to a point of being able to accept offsets. This includes developing management plans and costed proposals, securing investment and suppliers to deliver works and to manage these sites. Local authorities are not currently resourced to carry out these functions and although GMEU has an important role to play in the 'front-end' of BNG through the planning process, the Unit is not in a position to actually deliver habitat creation and repair on the ground, nor is it able to accept or administer financial contributions for off-sets.

3.11 A Greater Manchester wide approach to supporting BNG offsite funding and delivery would streamline the process, aggregating up-front investment requirements so these are more attractive to potential investors as well as reducing development and verification costs across each project. The Greater Manchester Environment Fund could play a key role in supporting the development of this approach and Lancashire Wildlife Trust in collaboration with GMCA are putting together a proposal for Defra's Natural Environment Investment Fund (Round 2) for this.

3.12 It is recommended that GMCA support the development of a Greater Manchester market for BNG Units including the work being delivered as part of the Greater Manchester Environment Fund.

#### Formally Setting out our Policy for Biodiversity Offsetting

3.13 The ambition set out in this paper will need to be reflected in local policy before BNG becomes mandatory. This will help ensure that biodiversity offsetting will be delivered in line with Greater Manchester's future Local Nature Recovery Strategy.

3.14 This policy will also need to reflect the balance to be struck between delivery of offsetting as close to development as possible, whilst also restoring habitats at larger, strategic sites with the greatest impact for biodiversity and where a range of other benefits (e.g. carbon storage, flood risk reduction, water quality improvements) can be delivered.

3.15 It is recommended that GMCA support the development of a policy position on biodiversity offsetting as part of the scope of the forthcoming Greater Manchester Local Nature Recovery Strategy.

#### Continuing to Play an Active Role in Influencing Government Policy

3.16 The government recently launched a consultation to seek views on the detailed implementation of BNG. However, further detail is still required on local authority roles and powers and in how BNG, and wider provisions within the Environment Act 2021, will integrate with any reforms to the planning system.



- 3.17 GMCA, local authority officers and wider stakeholders have played an active role in testing and informing the implementation of BNG over past few years and will continue to inform this alongside the emerging planning reforms.
- 3.18 The GMCA will work with local authority officers and wider stakeholders in responding to the consultation in line with the ambition and issues set out in this paper.
- 3.19 It is recommended that GMCA delegate authority to the Directors of Environment and Place to prepare and submit a joint response to the Government BNG consultation in line with the ambitions/issues raised in this paper.

## **4.0 Opportunities/Risks**

### **4.1 The key opportunities include:**

- The development of an offsetting market in Greater Manchester that is flexible, coherent and attractive to those seeking to offset the impacts of their development.
- BNG offsets lead to improvements in the areas impacted by development, the wider local area or more broadly within Greater Manchester.
- BNG offsetting addresses our strategic local priorities for nature recovery and wider environmental improvements (e.g. carbon storage, flood risk reduction, water quality improvements).
- The decline in nature and biodiversity in Greater Manchester is reversed and opportunities to deliver wider environmental benefits at the same time is maximised.

### **4.2 If progress is not made on the issues set out above, the key risks include:**

- A flexible, coherent and attractive BNG offsetting offer is not developed within Greater Manchester.
- BNG offsetting takes place outside the area impacted by development, outside the wider local area and outside of Greater Manchester.
- BNG offsetting in GM does not address local priorities set out in the forthcoming Greater Manchester Local Nature Recovery Strategy nor wider environmental (e.g. carbon storage, flood risk reduction, water quality improvements) issues.
- The decline in nature and biodiversity in Greater Manchester is not reversed and the opportunity to deliver wider environmental benefits at the same time is lost.

## **4.0 Financial Implications**

4.1 As mentioned in Paragraph 1.10 above, implementation of mandatory BNG will create an open market for biodiversity units in England. With an initial estimated future annual revenue for habitat creation from developers in Greater Manchester £6m there is a risk of this not being realised/delivered within Greater Manchester. A further business case may need to be developed if bids for external funding are unsuccessful to support the development of this market in Greater Manchester.

## **5.0 Recommendations:**

The Committee is requested to note and provide comments on the following recommendations, which will be put to the March meeting of the Greater Manchester Combined Authority for approval:

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2. Note the work that has been delivered by GMCA to date to ensure Greater Manchester is prepared for mandatory BNG.
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