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Britain needs more homes, but also more habitats.

In its 25-year Environment Plan, the government set lofty goals for reversing the declines in birds, insects and mammals seen over several decades.

While intensive agriculture, along with climate change, industrial pollution and building, has been among the causes, incoming changes to planning laws will involve farmers and landowners in the solution.

Biodiversity Net Gain (BNG) is widely seen as one of the main changes – if not *the* main change – in the Environment Bill, which is working its way through Parliament. This provision will require all developments to demonstrate a BNG of 10% as part of planning permission. Put simply, that means not just making up for the negative environmental impact of the development, but actively increasing the variety of habitats and the amount of wildlife by 10%.

When seeking planning permission, a developer will have to calculate the number of biodiversity units attributable to the site in its pre-developed state, based on a Defra formula, then demonstrate how they will raise the total units and maintain that improvement for 30 years.

‘Biodiversity Net Gain will have a transformative effect on the environment and countryside in this country,’ says Professor David Hill, founder of Environment Bank, who introduced the concept to the UK.

While housebuilders can increase biodiversity within the development itself through on-site schemes, a large portion of the gains – perhaps 80-90% – will be found off-site, where the financial costs are lower and the environmental benefits higher, according to Professor Hill.

A handful of councils already require developers to improve biodiversity as part of the National Planning Policy Framework (NPPF). But once the Environment Bill is passed, BNG will become mandatory nationwide, presenting opportunities for landowners and farmers.

Developers will have the option of sourcing land for offsetting directly, but many will choose to purchase credits from intermediaries able to locate suitable sites and draw up contractual agreements with landowners. These sites could be as small as four to six hectares for bespoke locations or as large as 40-100ha for strategically placed ‘habitat banks’.

The initial biodiversity value depends on its pre-development state, with a parcel of bare arable land scoring fewer units than the same area

The drive to build more homes in the UK is set to open up an exciting new opportunity for farmers and landowners

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 ”



of unimproved grass, making the former more valuable as a potential habitat. Possible schemes could include the introduction of woodland, wildflower meadows, rewilding, wetlands and scrub. But in many cases, the conversions may not need to be as dramatic.

‘Around most urban fringes we may not be talking about radical changes to the habitat, such as large swathes of tree-planting or creating wetland areas,’ says Simon Beeby, director of planning & development for Strutt & Parker in Morpeth. ‘It could be simple grassland management to attract insects and ground-nesting birds, depending on local requirements.’

Beeby has worked on two significant offsetting projects in North East England, where developers sourced sites from nearby landowners who were able to accommodate biodiversity improvements within their businesses. Both farms previously sold hay and haylage to the equestrian industry, sowing short-term leys that were cut several times a year.

They switched to a different grass mix including wildflowers to raise biodiversity, allowing them to receive financial incentives from the developer, while continuing to supply their existing customers, albeit with a lower yield.

‘This has not fundamentally changed the farming business, the customer base or the machinery requirement,’ Beeby says.

Until arrangements become more widespread, there are a number of open questions, but the returns available are likely to depend on the type of offsetting agreement, the demands and potential of the specific site, plus the location.

‘Where we are based, in the North East, there is a greater availability of land compared to many other regions, which may make on-site biodiversity improvements more appealing

to developers,’ says Fraser McKenna, senior surveyor, planning & development, for Strutt & Parker, Morpeth.

‘In more densely populated areas, where land comes at more of a premium, developers are perhaps more likely to seek out opportunities for off-site net gain.’

Where housebuilders source off-site biodiversity sites directly or work with landowners to create the improvement, the arrangement could take the form of a farmer working as a contractor or paying a small rent for use of the developers’ land while implementing the biodiversity plan. Alternatively, the farmer could receive a regular payment to maintain land of their own to the necessary standard.

Environment Bank, after selling credits to developers and discharging them of liability, pays landowners a capital payment to establish the habitat and a regular amount for annual management, including an allowance for inflation and income foregone. Annual payments could be around £400–600/ha a year, depending on the area and habitat complexity.

Those putting land forward should consider the wider impact on the farm businesses, says McKenna. Considerations will include a landowner’s ability to claim support payments in the future and the tax implications.

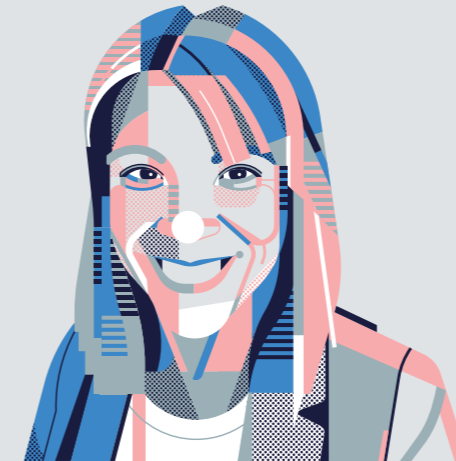
But taking advantage of biodiversity offsetting might be an option for landowners with some marginal land that is not currently productive, if their landholding fits within the specific plans of their local planning authority for development and the environment.

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OFFSET DEAL  
MAKES PASTURE  
PROFITABLE

A farmer had been managing a small field of pasture for silage, but wanted to diversify. Through Environment Bank, the farm secured a biodiversity offsetting arrangement, which involved restoring the field to neutral grassland rich in wildlife. Work started in 2016, by overseeding with a lowland grassland mix. In the first year, the grass was rolled and cut. From then on, annual management involved a summer hay cut and aftermath grazing. By 2019, the field’s condition was meeting several targets for neutral grassland, while species richness had almost doubled to 15 species/m<sup>2</sup>. Overall, the project is worth 14.69 biodiversity units, according to Defra’s metric. A small site such as this could attract a contract value of around £75,000 for the creation and 30-year management or £1,000/ha a year, subject to satisfactory delivery. Larger sites, providing better biodiversity, can attract higher gross values.

## ENERGY OPPORTUNITIES



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 POLITICAL PRESSURE  
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LAUREN GIBSON-GREEN, LAND MANAGEMENT

**Ten years after the introduction of the government’s flagship Feed-in Tariff, renewable energy subsidies may have almost disappeared, but the sector is entering a new era promising opportunities for farmers and landowners.**

Green energy technology has advanced greatly over the past decade, costs in many areas have fallen considerably, and political pressure to decarbonise our economy has never been greater.

Indeed, the government’s commitment in the Climate Change Act to cut greenhouse gas emissions by 80% (on 1990 levels) by 2050 is a colossal challenge that will create

opportunities, from green energy generation to carbon capture and storage.

While much policy is still to be decided, the sector continues to evolve. Developers of large-scale (40-50MW) solar farms remain particularly active, looking to secure sites of 150-200 acres on long-term agreements for rents of typically £800-1,000/acre.

It’s worth pushing for additional payments linked to site turnover and check the details of any offer, utilising professional advice, before signing land over.

Grid connection remains a major barrier to new energy generation, regardless of

technology, so landowners with a suitable site are in a strong bargaining position.

Smaller-scale solar installations, such as roof or ground-mounted panels, are still worthwhile options at installation costs of around £600-700/kW for a commercial rooftop scheme. Prices for smaller domestic arrays are typically 15-20% higher.

But without FiT support and relatively low prices for electricity exported to the grid (around 5p/kWh), payback is likely to take longer and successful projects must maximise onsite electricity use to offset purchased supplies costing 12-13p/kWh.

This may mean changes to business practices, routines or equipment to match energy demands closer to peak generation, or installation of battery storage. Currently, battery systems are expensive, so it could be several years before they are financially viable for the typical farmer.

There is also uncertainty about the development of industrial-scale (20MW) battery systems used for ‘grid balancing.’ Recent years have seen developers eager to lease sites for £20-30,000/acre, however costs have not fallen as much as hoped and the suspension of the Capacity Market halted many schemes, with future prospects unclear.

Electricity demand is steadily increasing though, especially as electric vehicles become more commonplace. Car technology has advanced quicker than the charging infrastructure, but this will change. Landowners close

to main roads, or with public facilities, such as a farmshop, may be well placed to capitalise.

The need to decarbonise heat presents further opportunities, although the practicalities are arguably more challenging than for electricity, as the technology is often more complex and the Renewable Heat Incentive (RHI) support scheme closes on 31 March 2021.

There is just a narrow window to implement new heat generation schemes, such as solar thermal, biomass boilers or ground/air-source heating, to qualify for this valuable support.

Biomass boilers remain a good, proven technology suited to landowners with woodland and a ready supply of timber. Conduct thorough costings first though, especially if buying-in wood pellets, chip, or logs, as timber prices have risen considerably, increasing the payback period.

As with solar, maximising on-site consumption to reduce heating costs is key.

Of course, it is generally cheaper to save energy than generate it, so energy efficiency is important. Before any new investment, assess energy use across the whole farm or estate, to identify potential savings, particularly in older properties.

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