

REPORT

# Implementing statutory biodiversity net gain

Department for Environment, Food & Rural Affairs  
and Natural England


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SESSION 2023-24  
17 MAY 2024  
HC 729



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# Implementing statutory biodiversity net gain

Department for Environment, Food & Rural Affairs  
and Natural England

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## Report by the Comptroller and Auditor General

Ordered by the House of Commons  
to be printed on 16 May 2024

This report has been prepared under Section 6 of the  
National Audit Act 1983 for presentation to the House  
of Commons in accordance with Section 9 of the Act

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**Gareth Davies**  
**Comptroller and Auditor General**  
**National Audit Office**

**13 May 2024**

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## Key facts

<b>32% loss</b>	<b>10% gain</b>	<b>£54.2mn</b>	<b>£9.6bn</b>
on average in species abundance for 682 terrestrial and freshwater species between 1970 and 2021, for which England-specific data are available	in habitat required through statutory biodiversity net gain (BNG) in England from small and major developments. The Department for Environment, Food & Rural Affairs (Defra) and Natural England use habitat as a proxy for biodiversity	Defra's spending to prepare for statutory BNG between 2021-22 and 2023-24; it expects to spend nearly £200 million in total by 2032	Defra's central scenario of the value of net benefits from statutory BNG arrangements over a 10-year appraisal period (2021 to 2030 inclusive), as set out in its 2019 impact assessment (in 2017 prices)
<b>£1.4 billion</b>	Defra's central scenario of the annual social benefits to people and local communities from statutory BNG, set out in its 2019 impact assessment (in 2017 prices)		
<b>2022</b>	Defra's accounting officer considered that the test for whether statutory BNG would deliver value for money was met		
<b>November 2021</b>	Defra started its implementation of statutory BNG, which it expected to take two years		
<b>February 2024</b>	Defra launched statutory BNG for major developments in England on 12 February (and for small developments on 2 April)		
<b>Around £135 million to £274 million</b>	Defra's estimated annual size of the biodiversity units market (from 2021 analysis)		
<b>£42,000 to £650,000</b>	Defra's range of prices for statutory biodiversity credits that developers can purchase, representing 54 different habitats (such as grassland, and peat lakes)		
<b>£26,807 or £43,467</b>	funding allocated to each of 341 local authorities and other planning authorities in 2023-24 to prepare for statutory BNG		

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## Summary

**1** Biological diversity, or biodiversity, is the variety of all life on Earth. It supports many of the things that people rely on, including food, water and medicine, as well as a stable climate and economic growth. Declines in biodiversity can lead to depleting natural capital; the elements of the natural environment – for example, soil, water and air – that provide goods and services to society. In 2020, the Natural History Museum reported that Britain had lost a larger proportion of its natural biodiversity than almost anywhere else in western Europe, and the most of all G7 nations.<sup>1</sup> In 2023, the State of Nature report identified an average 32% decline in species' abundance in England between 1970 and 2021, across 682 terrestrial and freshwater species.<sup>2</sup>

**2** In 2018, the government published *A Green Future: Our 25 Year Plan to Improve the Environment* which introduced “thriving plants and wildlife” as one of its 10 goals.<sup>3</sup> In 2021, the Environment Act made provision for statutory biodiversity net gain (BNG), and for statutory biodiversity targets. The government’s *Environmental Improvement Plan 2023* upgraded the 25 Year Environment Plan goal to make halting the decline in biodiversity and achieving thriving plants and wildlife its “apex” goal.<sup>4</sup> It highlighted implementing statutory BNG as one of the ways the government will “make further progress” against this goal.

**3** BNG is a way of creating and improving natural habitats and ensuring that land development has a measurably positive impact (net gain) on biodiversity, compared to what was there before.<sup>5</sup> The Department for Environment, Food & Rural Affairs (Defra) and Natural England use habitat as a proxy for biodiversity. Statutory BNG, which the government brought into effect from February 2024, is unique to England. While there are examples of mandated BNG in states or regions elsewhere in the world, this is the first time a government has introduced it as a national legal requirement.

<sup>1</sup> Natural History Museum, *UK has 'led the world' in destroying the natural environment*, 2020 (viewed 30 April 2024). The G7, or Group of Seven, is an informal bloc of industrialised democracies: the United States of America, Canada, France, Germany, Italy, Japan and the United Kingdom.

<sup>2</sup> F Burns et al., *State of Nature 2023*, the State of Nature partnership, 2023 (viewed 30 April 2024).

<sup>3</sup> HM Government, *A Green Future: Our 25 Year Plan to Improve the Environment*, January 2018 (accessed 2 October 2023).

<sup>4</sup> HM Government, *Environmental Improvement Plan 2023*, February 2023 (accessed 2 October 2023).

<sup>5</sup> The Town and Country Planning Act (1990) defines development as the “carrying out of building, engineering, mining or other operations in, on, over or under the land or the making of any material change in the use of any buildings or other land.”

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**4** Statutory BNG requires developers' planning applications to adhere to a biodiversity gain hierarchy, where harm to habitats is avoided and minimised as much as possible, and harm that does occur needs to be compensated for. It prioritises on-site BNG, the creation of new habitat in the same place as the impact to biodiversity. When on-site habitat creation or enhancements are not enough to meet a statutory 10% gain requirement, then off-site gains can be created by the developer elsewhere or purchased in a new private market for biodiversity units. Through this market, landowners and land managers create or enhance habitat that can be sold as biodiversity units to developers. Once created or enhanced, the habitat must be maintained for at least 30 years. The government expects market participants to negotiate prices for biodiversity units that are likely to vary to take into account features that include habitat type and location. The government will also act as the biodiversity provider of last resort by selling statutory biodiversity credits to developers unable to otherwise secure on- or off-site options.

**5** The government is implementing statutory BNG through a phased introduction, with major developments in scope from 12 February 2024, small developments in scope from 2 April 2024, and plans for 'nationally significant infrastructure projects' to be in scope by November 2025.<sup>6</sup> The government states its objectives for statutory BNG are that:

- All required developments in England provide a net gain in biodiversity in ways that support local nature recovery priorities.
- Mandatory BNG provides a standardised approach through which development delivers BNG with increased ease, consistency and transparency.<sup>7</sup>

**6** Defra has overall responsibility for statutory BNG in England, including the design, performance and overall value for money the policy achieves. Natural England, an executive non-departmental public body, delivers and administers aspects of statutory BNG on Defra's behalf, including to sell statutory biodiversity credits as biodiversity provider of last resort. In addition, the Department for Levelling Up, Housing & Communities (DLUHC) is the policy owner of, and oversees, the planning system in England. Local authorities across England have an important role managing statutory BNG responsibilities in their local areas, including considering new development proposals and enforcing statutory BNG locally. The government expects a range of private sector entities – including land managers, and developers – to buy, sell and manage the habitats that provide biodiversity units.

<sup>6</sup> Nationally significant infrastructure projects are large scale projects like power stations, highways and power lines. They are treated separately from normal local authority planning because of their size and importance to wider communities.

<sup>7</sup> In this report we mostly use 'statutory' to describe government's requirements for BNG. Defra and Natural England occasionally also use 'mandatory', which we use when stating information from its source.



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## Purpose and scope of this report

**7** This report examines the progress Defra and Natural England have made in implementing statutory BNG, and whether they have done so in a way that maximises benefits and effectively manages risks. We have produced it in response to a request from the Environmental Audit Committee to contribute to its inquiry into the role of natural capital in the green economy. This report:

- assesses the government's approach to implementing statutory BNG, and how it expects the policy to contribute to its biodiversity objectives;
- examines how the government designed and launched statutory BNG;
- considers key risks the government will need to manage as it seeks to maximise the value statutory BNG can provide; and
- makes recommendations aimed at supporting Defra and Natural England to maximise value and manage risks to statutory BNG as policy implementation becomes business as usual.

## Key findings

The government's ambitions and preparations for statutory BNG

**8 The government intends statutory BNG to secure a measurable improvement in habitat for biodiversity, although Defra expects its overall contribution to national biodiversity targets to be small.** In 2019, Defra stated the primary aim of statutory BNG is to "secure a measurable improvement in habitat for biodiversity whilst streamlining development processes." Statutory BNG requires an increase of only 10% habitat creation or enhancement when land is developed, so the government expects this policy to generate a low level of additional biodiversity overall. The government has separately and subsequently set national targets for habitats and species (biodiversity). Defra expects the likely contribution of statutory BNG to these targets to be small; however, it does not consider that this means these targets are at risk or unachievable. In its 2019 impact assessment, Defra considered a 10% gain would deliver genuine gain, or at least no net loss, given uncertainties such as habitat measurement error, imperfect enforcement, and time-lags in habitat compensation activities (paragraphs 1.2, 1.4, 1.10 and 1.11).

**9 A range of stakeholders expressed support for statutory BNG, although some felt it would be challenging to implement.** We spoke to organisations in national and local government, charities, professional associations and private companies about statutory BNG. No one we spoke to was opposed to it in principle, and responses to the government's consultation in 2019 also indicated that it had a broad base of support across different sectors. Concerns raised with us during fieldwork included uncertainty around the launch, preparation costs, and a lack of definitive information or understanding about the processes and systems involved (paragraph 1.6).

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## **10 Defra set a challenging timetable to implement statutory BNG and**

**subsequently announced a delay.** In 2019, Defra committed to launch statutory BNG within two years of the Environment Act coming into force. Implementing statutory BNG as a national legal requirement was complex and novel. In summer 2023, Defra was aware that launching in November 2023 would be unlikely, as the project had not met several internal milestones in 2022 and early 2023. Challenges included the novelty of the processes and systems it was creating; limited capacity within Defra and its delivery partners (including DLUHC, which is responsible for planning legislation, but had limited capacity to support statutory BNG given other legislative priorities); plans being unexpectedly limited by the scope of the Environment Act; and delays and uncertainty as a result of ministerial turnover during a period when Defra had three different secretaries of state. The Environment Secretary did not announce a delay to the launch of statutory BNG until September 2023, giving stakeholders little notice of the change. Defra told us the delay benefitted stakeholders, who had more time to prepare (paragraphs 2.2, 2.3, 2.5 and 2.7).

## **11 From summer 2023, Defra increased its capacity and strengthened its management arrangements. It launched statutory BNG in February 2024, 10 weeks later than originally planned.**

Defra sought to increase the capacity of its statutory BNG team from 13 to 20 full-time equivalent (FTE) posts, although it was not able to fill all these and averaged about 13 FTE up to launch. Defra doubled capacity in the project lead role and brought in a specialist project manager. New governance, project and risk management arrangements strengthened its oversight, helped it make progress, and mitigated implementation risks as far as they were under its control. In January 2024, Defra decided it was content with a February launch date. Defra launched statutory BNG for most new major developments, 10 weeks later than planned, on 12 February 2024: from that date, new planning applications for all eligible developments had to meet new statutory requirements. When it launched statutory BNG, it assessed that four out of 13 'open' project risks would have a high impact if they materialised, and another as very high impact, but also judged that it could tolerate the risks the project was carrying. Some elements were less developed than Defra and Natural England originally intended, but they considered all to be sufficiently prepared based on their assessment of readiness or demand (paragraphs 2.2, 2.6, 2.15 and 3.2, and Figure 6).

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**12 Defra supported local authorities to prepare for statutory BNG, but acknowledged their preparedness varied at launch.** Defra has funded and engaged 341 local authorities and other planning authorities; and funded the Planning Advisory Service to provide advice and training to support local authorities with their statutory BNG preparations. Defra and the Planning Advisory Service provided tools and support, including a readiness checklist, which have been welcomed by the sector. Some local authorities expressed concerns to us that they were not ready to implement statutory BNG, and that it would take time to catch up with those that were. Defra acknowledges that there was mixed readiness at launch, but does not yet have a detailed assessment of overall readiness. Statutory BNG introduces new requirements in the planning system that rely on ecologist expertise; however, in 2023, the Chartered Institute of Ecology and Environmental Management reported a capacity crisis and skills gap in the ecology sector. In the two years preceding launch, Defra provided funding allocations of either £26,807 or £43,467 to each local authority, of which £22.4 million (89% of the total available) has been claimed. This funding could be spent on anything related to statutory BNG preparations, such as recruiting and training ecologists, legal support or new software (paragraphs 2.9 to 2.14 and 3.8, and Figure 5).

**13 In 2019, Defra estimated that the value of benefits statutory BNG would generate would be far greater than its cost to government, and in 2022 that it was likely to provide good value for money.** In 2019, Defra estimated the value of net benefits of the policy over a 10-year period, from 2021 to 2030 inclusive, to be £9.6 billion. This estimate included “natural capital” benefits, encompassing elements such as wellbeing and quality of life, valued at £1.4 billion a year (both estimates in 2017 prices). In the three years for which Defra has data, between 2021-22 and 2023-24, Defra spent in total £54.2 million preparing for statutory BNG, of which £28.5 million was provided to Natural England, including to develop new digital tools. Defra expected to spend £78 million to support statutory BNG to become business as usual up to November 2028, and nearly £200 million in total by 2032 (including funding to other organisations; however, spending after 2025 will be subject to spending reviews). Defra expects elements of statutory BNG to be cost-neutral in the long term. In 2022, Defra’s assessment of the costs was considered and approved by the accounting officer as likely to be good value for money. Natural England intends to conduct a value-for-money evaluation as part of its policy evaluation, which will seek to establish whether the implementation of statutory BNG is providing biodiversity gains in a cost-effective way. However, it recognises the actual environmental and social benefits will be difficult to quantify and monetise (paragraphs 1.7 to 1.9, and 2.12, and Figure 3).

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## Risks to the long-term benefits of statutory BNG

**14 Defra is still developing its post-launch governance arrangements, and the outcomes from its policy will ultimately rely on organisations outside central government over which Defra has limited influence.** Following the launch of statutory BNG, Natural England is responsible for the statutory biodiversity register, credit sales service, and monitoring and evaluation. Defra and Natural England are still working through the details of the future BNG governance arrangements, and Defra started to reduce the size of its statutory BNG project team from April 2024. Defra told us that, as policy owner, it will set out how it will oversee the BNG system in line with statutory requirements, and taking into account roles of other organisations, including local authorities, in delivering BNG. Local authorities have a legal obligation to comply with their duties to manage statutory BNG locally. Defra intends to continue to encourage landowners and other potential gain site providers to engage with the private biodiversity units market, and has increased the size of its team conducting this work. It will also review statutory credit prices, seeking to ensure that they remain relatively expensive and uncompetitive with the private biodiversity units market. Defra does not otherwise intend to monitor or influence the private biodiversity units market, nor seek assurance as to how well on-and off-site biodiversity gains are being enforced by local authorities or responsible bodies (paragraphs 2.16, 3.4 to 3.7, 3.11 to 3.13, 3.15 and 3.19, and Figure 7).

**15 The discretionary nature of local authority planning enforcement means that there are compliance and enforcement risks.** Local authorities have a legal duty to: approve developers' plans where they meet the BNG requirement; oversee on-site and most off-site gains; monitor compliance and take enforcement action as appropriate. While Defra's calculation of the new burden to local authorities included an amount equivalent to a 0.2 FTE post, to acknowledge monitoring and enforcement requirements, local authorities have not received additional funding specifically to monitor or enforce on-site gains. Academic research in 2023 on voluntary BNG (before statutory BNG was launched) found a governance gap for on-site gains that risked them being unenforceable. Planning enforcement guidance from DLUHC states that local planning authorities have discretion to take enforcement action when they regard it as expedient to do so (paragraphs 2.8, 2.11, 2.12 and 3.10, and Figure 7).

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## **16 Defra is relying on a market for biodiversity units emerging, but does not know how rapidly this market can scale up, or whether the market can satisfy demand.**

In November 2023, Defra's project board identified market readiness as "a growing concern". The Environment Act did not allow Natural England to open the statutory biodiversity register until launch, and therefore Defra and Natural England relied on market feedback to inform them of environmental improvements land managers were gearing up to offer and how those would translate into biodiversity units available for developers to purchase. Defra's assessment of the biodiversity units market in December 2023 estimated its total land area but not the type or quality of proposed enhancements. Defra increased its focus on the early development of this market after launch, working with stakeholders to encourage a variety of habitat types. In 2021, research commissioned by Defra estimated the expected annual size of the biodiversity units market to be around £135 million to £274 million. At the start of May 2024, 10 weeks after statutory BNG launched, two gain sites offering in total 35 hectares were on the statutory biodiversity register. Should biodiversity units of the right type or quantity not be available from the private market, Defra's solution is for developers to buy statutory biodiversity credits (paragraphs 1.10, 2.5, 3.12 to 3.14, and Figure 7).

**17 Defra does not yet have a mechanism to spend income from statutory credit sales to enhance biodiversity.** Where a developer is unable to meet a requirement for biodiversity gain on- or off-site, Natural England (on behalf of Defra) will act as biodiversity provider of last resort by selling them statutory biodiversity credits. Defra set the price of these statutory biodiversity credits deliberately high to avoid competing with the private biodiversity units market, and has committed to review these prices every six months. Sale income must be used to improve biodiversity, but does not need to be spent on the same type of habitat that was devalued by the development. Defra and Natural England have been developing their approach to spending income from the sales of statutory biodiversity credits since 2020. Defra has not yet been able to identify a mechanism that is legal and consistent with, for example, HM Treasury rules on managing public money. As a result, at the start of May 2024 it is still exploring a range of options to fulfil the government's role of biodiversity provider of last resort (paragraphs 3.14, 3.15 and 3.17, and Figures 6 and 7).

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**18 Defra does not yet have access to all the information that it will need to understand how well statutory BNG is working.** While Natural England has published a policy evaluation plan for up to 2025, it and Defra are still developing their approach to monitoring and evaluating statutory BNG. Information about some elements is either not available as expected, or is difficult to combine to give a complete picture of impact. For example, Natural England has access to information from the statutory biodiversity register, but this only relates to off-site gains. It does not currently have a comprehensive source of information about on-site gains. Defra is exploring what information might be available from local authority reporting against their statutory biodiversity duty, although this will only be available at five-yearly intervals. Without information that is complete and of good quality, there is a risk that the government will not know whether statutory BNG is working as intended, and could miss insights useful for Defra's wider work to leverage green finance for environmental improvement (paragraphs 3.18 and 3.19, and Figure 7).

## Conclusion

**19** In November 2021 Defra publicly committed to launch statutory BNG within two years. It worked quickly, developing a novel policy through an existing and complex planning system, and statutory BNG was launched in February 2024. However, in prioritising launching the policy it accepted some significant risks to effectiveness which it must now manage as the policy moves from implementation to business as usual.

**20** Defra launched its policy before having all the elements in place that it needs to ensure statutory BNG is a success in the long term. Although it considered that the arrangements it had in place at launch were sufficient, it has a long way to go before it can be confident that damage to biodiversity through development will not be understated and that the benefits of biodiversity enhancements will actually be delivered. For its market-led approach to work, Defra needs the market to scale up to meet demand, and for statutory biodiversity credits to deliver biodiversity when the market fails to do so.

**21** Local authorities manage many aspects of statutory BNG through the planning process, including ensuring compliance and enforcement. For now, there is doubt about whether local authorities will be able to discharge these duties effectively. In addition, it is not clear whether Defra will have sufficiently granular monitoring data to assess policy performance. Without these, Defra will not have assurance that its statutory BNG policy is delivering biodiversity outcomes and value for money for taxpayers.

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## Recommendations

**22** On managing risks as statutory BNG embeds as business as usual, Defra should:

- establish arrangements to understand and respond to system-wide risks and opportunities;
- ensure it retains sufficient capacity and capability to deal with any challenges requiring central government leadership or response;
- monitor the extent to which the private market for biodiversity units is growing at the pace and scale it needs to in order to provide developers with the range of habitat types they require;
- establish a mechanism for spending income from the sales of statutory biodiversity credits in a timely way that fulfils the government's role as biodiversity provider of last resort; and
- determine how it will monitor the effectiveness of compliance and enforcement by local authorities and responsible bodies, to give Defra adequate assurance that these organisations are complying with their statutory BNG obligations.

**23** On facilitating local delivery, Defra should:

- ensure local authorities have sufficient and timely funding certainty to allow longer-term planning;
- use monitoring information on the biodiversity units market to identify any differential regional impacts of the policy, such as local authorities less engaged with the policy, and target support to them; and
- be proactive in co-ordinating opportunities for best practice to be shared and adopted quickly, particularly among local authorities.

**24** On determining impact, Defra, working with Natural England, should:

- publish information annually – for example, within Defra's annual progress reports on the Environmental Improvement Plan – on what statutory BNG has delivered so far towards the stated policy objectives, outcomes and benefits; and
- identify the contribution that they expect statutory BNG to make to national biodiversity targets, and how they will measure the progress statutory BNG makes to these objectives.

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## Part One

### The government's ambition for statutory biodiversity net gain

#### 1.1 This part:

- provides an independent overview of how government introduced statutory biodiversity net gain (BNG) with the aim of providing clarity and transparency in a complex policy area; and
- analyses how the government set objectives, provided funding, and understood the relationship between statutory BNG and wider policy goals.

#### Statutory biodiversity net gain and development in England

The government's aim and objectives for statutory biodiversity net gain

**1.2** BNG is a way of creating and improving natural habitats, intending development to have a measurably positive impact ('net gain') on biodiversity compared to what was there before.<sup>8</sup> In 2019, the Department for Environment, Food & Rural Affairs (Defra) stated the primary aim of statutory BNG is to "secure a measurable improvement in habitat for biodiversity whilst streamlining development processes." In 2023, Natural England set out its theory of change for statutory BNG, which includes the government's policy objectives, and how these also contribute to the government's wider environmental priorities (**Figure 1**).

Organisations, responsibilities, and how statutory biodiversity net gain is intended to work

**1.3** The government has implemented statutory BNG with responsibilities shared across national and local government, and others. Defra has overall responsibility for statutory BNG in England. Natural England, an executive non-departmental public body, is funded by Defra to deliver aspects of statutory BNG on its behalf. The Department for Levelling Up, Housing & Communities oversees the planning system, and supported drafting legislation for statutory BNG. Central government also requires local government to manage statutory BNG responsibilities locally. The government expects a range of private sector entities – including land managers, and developers – to buy, sell and manage the habitats that provide biodiversity units (**Figure 2** on pages 16 to 18).

<sup>8</sup> Defra and Natural England use habitat as a proxy for biodiversity.

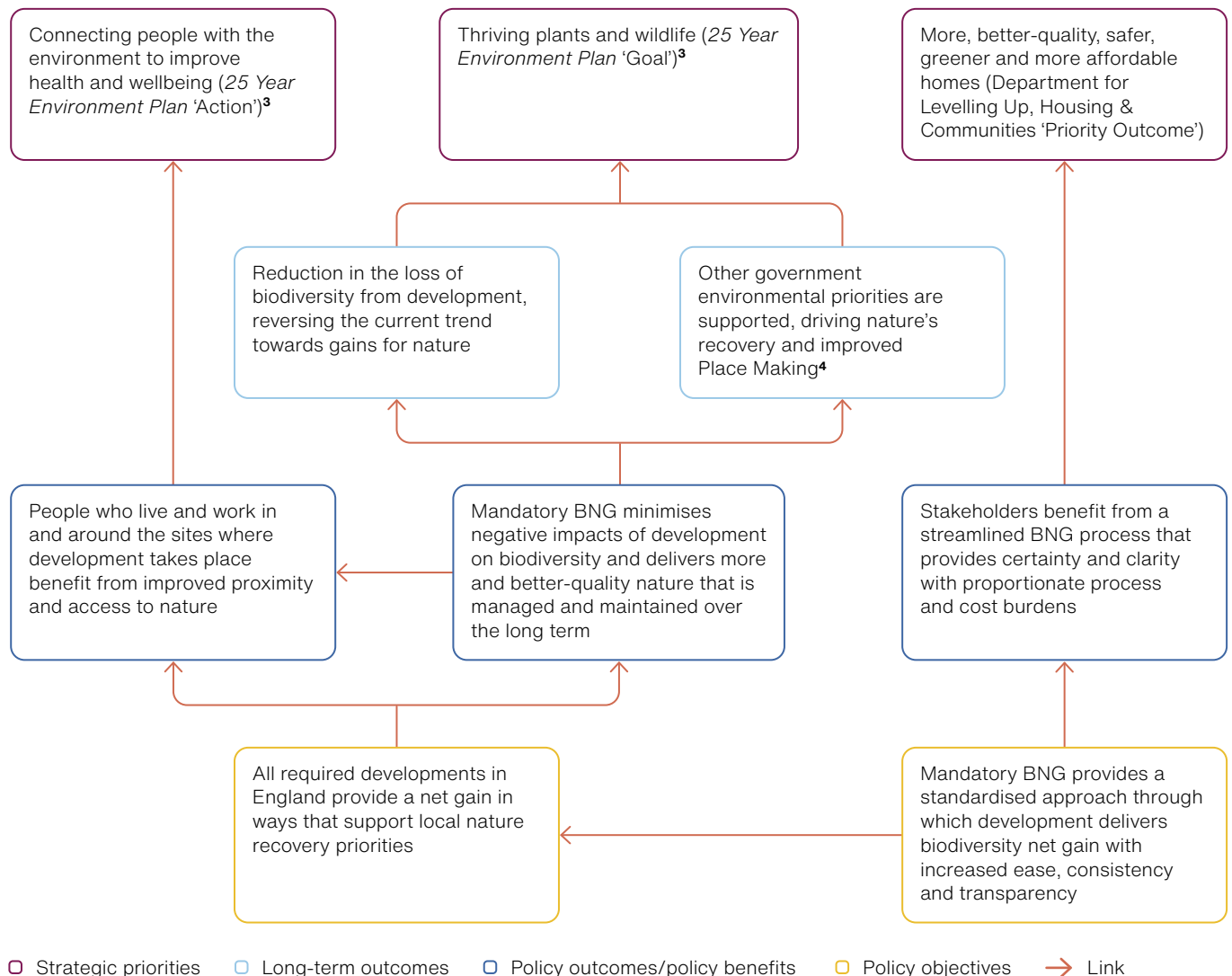


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**Figure 1**

The government's stated objectives, outcomes and benefits for statutory biodiversity net gain (BNG), and how these contribute to wider environmental priorities

The government has two policy objectives for statutory BNG, which drive three policy outcomes or benefits



**Notes**

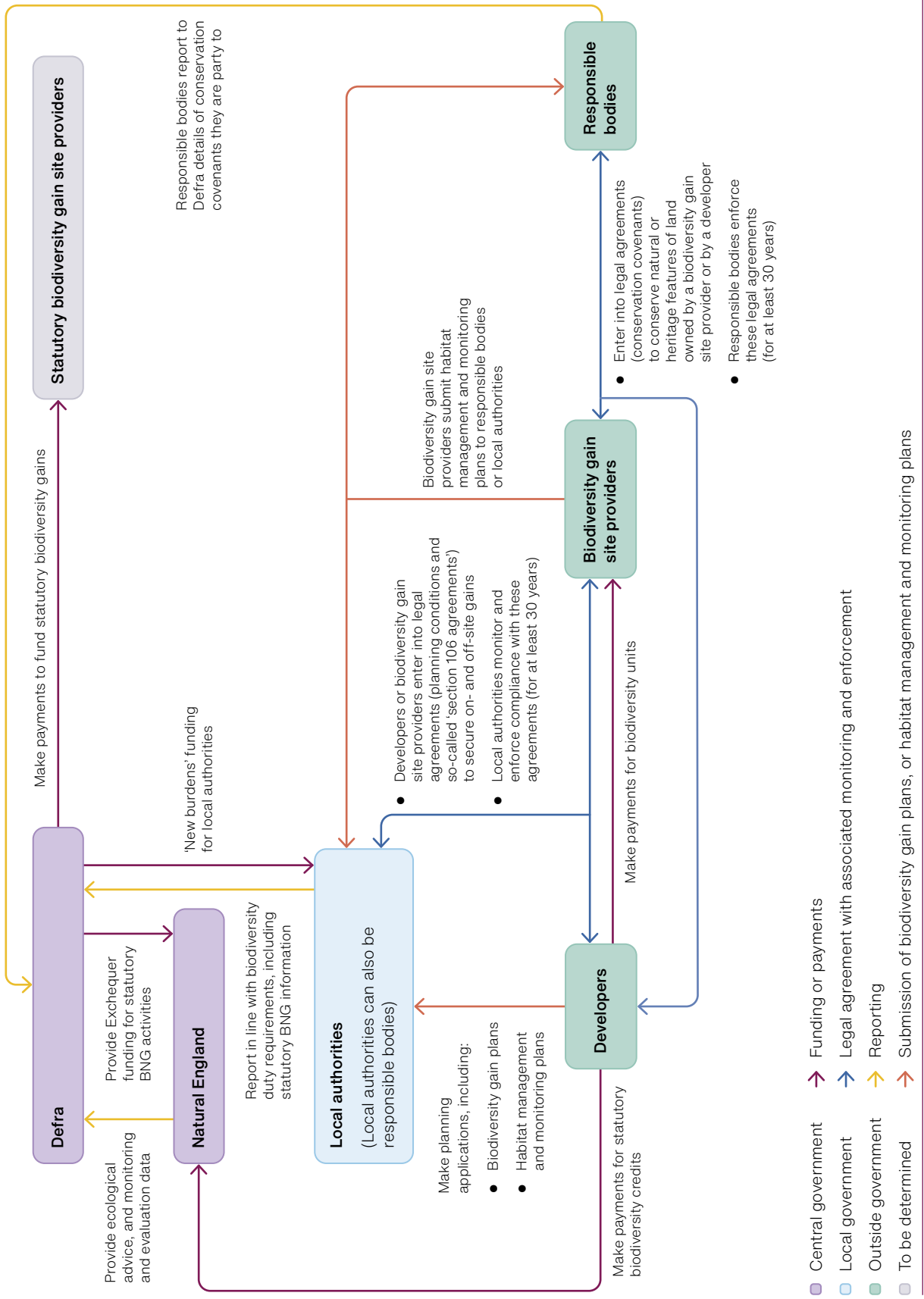
- 1 Statutory BNG is an approach to development that leaves biodiversity in a measurably better state than before development took place.
- 2 This figure presents, as stated, part of Natural England's 2023 theory of change for statutory BNG. The objectives and policy outcomes/policy benefits are predicated on assumptions, such as "nature is close to where people live and work and is accessible" (see source document for a full list of relevant assumptions). Other elements not included are activities, barriers overcome and capabilities achieved. This figure uses both 'statutory' and 'mandatory' to describe requirements for BNG set by the government. Defra and Natural England occasionally use 'mandatory BNG', such as in its theory of change.
- 3 HM Government, *A Green Future: Our 25 Year Plan to Improve the Environment*, January 2018.
- 4 'Place Making' refers to BNG creating pockets of increased biodiversity.

Source: Natural England, *Biodiversity Net Gain (BNG) – Policy Evaluation Plan for 2023–2025*, September 2023 (accessed 2 October 2023).

<b>Figure 2</b> Main roles, responsibilities and interactions of organisations and other entities involved in statutory biodiversity net gain (BNG)  Statutory BNG involves a range of organisations, including central and local government, and private entities		
Organisation(s) or entities	Roles and responsibilities	
Department for Environment, Food & Rural Affairs (Defra)	Designing statutory BNG; producing Defra-specific guidance; engaging with stakeholders; selling 'statutory biodiversity credits' (delegated to Natural England by the Environment Secretary) and spending sale income on habitat creation or enhancement; reviewing statutory biodiversity credit prices; providing a 'statutory biodiversity metric'; and monitoring and evaluation.	
Department for Levelling Up, Housing & Communities	Overseeing the planning system; producing planning practice guidance; also supported drafting legislation for statutory BNG.	
Natural England	Providing ecological advice to government; maintaining the 'statutory biodiversity register' by publishing information about biodiversity gain sites and off-site gains allocated to developments; selling statutory biodiversity credits; supporting users of the register and credits sales platform; and capturing data for monitoring and evaluation.	
Local authorities	Reviewing and verifying 'biodiversity gain plans' and 'habitat management and monitoring plans' submitted by developers; securing on- and off-site gains through legal agreements with developers and 'biodiversity gain site providers'; monitoring gain sites and enforcing developers to comply with their obligations as necessary; and reporting to central government every five years on actions to conserve and enhance biodiversity, including statutory BNG information.	
Developers	Legally securing on- and off-site gains; purchasing 'biodiversity units' and statutory biodiversity credits; submitting biodiversity gain plans and habitat management and monitoring plans to local authorities; and managing and monitoring any off-site biodiversity gain sites they own for at least 30 years.	
Biodiversity gain site providers (such as landowners, land management companies and habitat banks)	Completing habitat surveys and assessments; submitting habitat management and monitoring plans; working with local authorities or 'responsible bodies' to legally secure gains through a planning obligation (so-called 'section 106 agreements') or other legal agreement (so-called 'conservation covenants'); adding and allocating the gain site to the statutory biodiversity register; selling and allocating biodiversity units from gain sites to developers; and managing and monitoring biodiversity gain sites for at least 30 years.	
Responsible bodies (such as local authorities, other public bodies, and charities or private sector organisations where the organisation's purpose or activities relate to conservation)	Enforcing the commitments made by landowners in conservation covenants to conserve the natural or heritage features of land for at least 30 years; reporting to Defra details of conservation covenants they are party to.	

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**Main interactions between organisations and entities involved with statutory BNG**



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## Figure 2 *continued*

Main roles, responsibilities and interactions of organisations and other entities involved in statutory biodiversity net gain (BNG)

### Notes

- 1 Statutory BNG is an approach to development that leaves biodiversity in a measurably better state than before development took place.
- 2 'Statutory biodiversity credits' is a last-resort mechanism for developers to meet their statutory BNG obligations if they have otherwise been unable to secure this on- or off-site.
- 3 The 'statutory biodiversity metric' is a biodiversity accounting tool that uses habitats as a proxy to calculate gains and losses as a result of development.
- 4 A 'biodiversity unit' is a proxy measure of biodiversity value, measured by the statutory biodiversity metric. Biodiversity value is calculated using information such as habitat distinctiveness, condition and size.
- 5 The 'statutory biodiversity register' is a national log of net gain sites that aims to prevent double counting and facilitate monitoring.
- 6 A 'biodiversity gain plan' sets out how a development will deliver statutory BNG. These plans allow local authorities to check whether development proposals meet biodiversity gain objectives.
- 7 A 'habitat management and monitoring plan' details how on- and off-site BNG habitat will be legally secured, managed and monitored over a 30-year period.
- 8 On-site gains are those that occur within development site boundaries. Off-site gains occur elsewhere.
- 9 Biodiversity duty reporting requires relevant organisations report on actions taken to improve the environment. For local authorities this includes reporting on how they meet BNG obligations; details of BNG resulting, or expected to result, from biodiversity gain plans; and future plans to meet BNG obligations in the next reporting period.
- 10 The roles, responsibilities and interactions indicated are not intended to be a comprehensive list for each organisation or entity type.

Source: National Audit Office review of Department for Environment, Food & Rural Affairs and Natural England documentation

**1.4** For non-exempt developments permitted under the Town and Country Planning Act (1990), developers must use the statutory biodiversity metric (for major or small developments) to assess the condition of land they intend to build on.<sup>9</sup> If this metric calculates that land has biodiversity value, the developer must demonstrate to the local authority how they will replace any habitat lost and increase the biodiversity value of the land by at least 10%. The resulting new or enhanced habitat must be maintained for at least 30 years.

**1.5** Statutory BNG is underpinned by a biodiversity gain hierarchy, which outlines a sequential approach to avoiding or minimising harm to biodiversity when determining planning applications. Developers can comply with the biodiversity gain hierarchy and achieve the required BNG (as calculated by the statutory biodiversity metric) through the following options, in this order:

- **on-site biodiversity units** from making and maintaining environmental enhancements within the boundary of a development;

<sup>9</sup> Exempt developments include, for example, any development forming part of the high-speed railway transport network; or small projects like home extensions, conservatories or loft conversions, where the householder makes the planning application.

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- **off-site biodiversity units** which developers either make on other land they own (and include on the statutory biodiversity register), or buy from landowners or managers in a private nature market (in which participants negotiate prices for biodiversity units that are likely to vary to take into account features including habitat type and location); so-called biodiversity 'gain sites' must be legally secured, added to a statutory register and then allocated to a development once sold; and
- **statutory biodiversity credits** which developers can buy from Natural England once they have satisfied the local authority that there are no on- or off-site options available.

**1.6** Statutory BNG is unique to England. While there are examples of mandated BNG in states or regions elsewhere in the world, this is the first time a government has introduced a nation-wide legal requirement for BNG. None of the stakeholders we spoke to between August 2023 and February 2024, including representatives of national and local government, charities, professional associations and private companies, were opposed to statutory BNG in principle. Responses to the government's consultation in 2019 also indicated that it had a broad base of support across different sectors. However, the stakeholders we spoke to shared some concerns about statutory BNG that included uncertainty around its launch, preparation costs and a lack of definitive information or understanding about the processes and systems involved. One trade association representing home builders highlighted the importance of the policy working well from its introduction, to maintain members' goodwill.

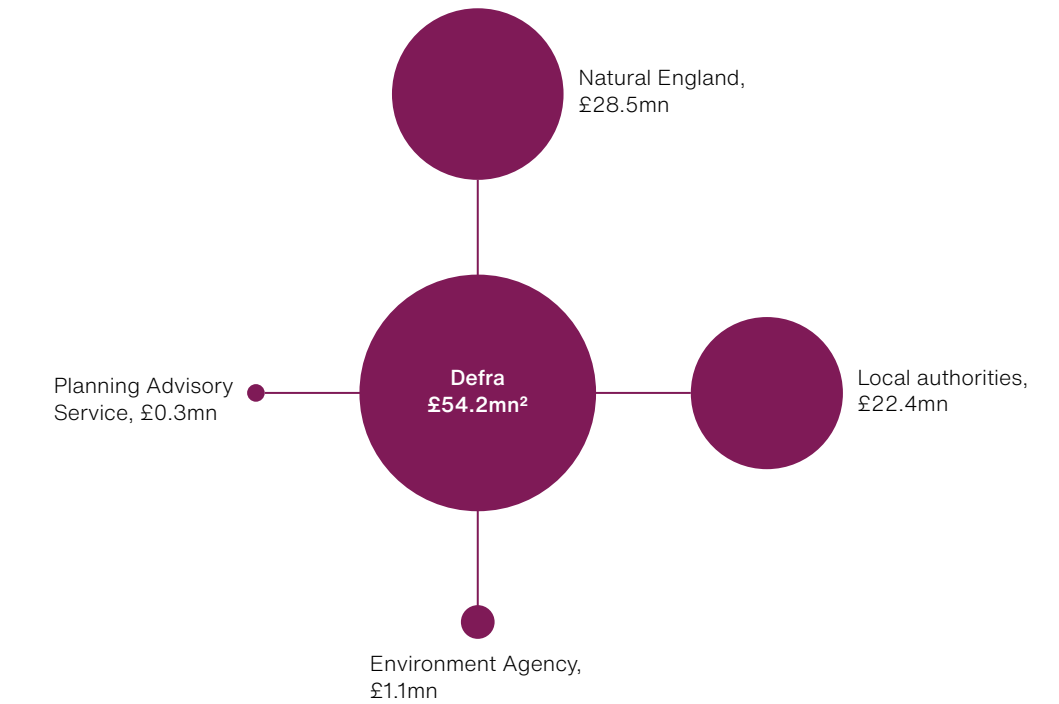
## Government funding to implement statutory biodiversity net gain

**1.7** In its September 2022 business case, Defra identified three phases to implement statutory BNG, and estimated the costs as £67 million for phase one, preparation and transition (from 2021-22 to expected launch in November 2023); £78 million for phase two, five years while statutory BNG becomes business-as-usual (to November 2028); and with up to £48 million for phase three, for future projected costs (to 2032). Defra expects to spend nearly £200 million in total by 2032, including funding to other organisations; however, spending after 2025 will be subject to spending reviews. Defra spent £54.2 million preparing for statutory BNG between 2021-22 and 2023-24 (**Figure 3** overleaf).

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**Figure 3**  
Department for Environment, Food & Rural Affairs' (Defra's) spending on implementing statutory biodiversity net gain (BNG), 2021-22 to 2023-24

**Defra spent more than £54 million implementing statutory BNG**



- Notes**
- 1 Statutory BNG is an approach to development that leaves biodiversity in a measurably better state than before development took place.
  - 2 Defra provided in total £52.3 million to Natural England, local authorities and other planning authorities, the Environment Agency and the Planning Advisory Service between 2021-22 and 2023-24 to implement statutory BNG. Defra also spent £1.9 million on related staff costs, which brings the spending figure to a total of £54.2 million.
  - 3 Defra provided £28.5 million to Natural England to develop a public register of statutory BNG habitat improvement sites; develop a platform for selling statutory credits; establish a monitoring and evaluation framework; and for stakeholder engagement and communications.
  - 4 Defra provided £22.4 million to local authorities and other planning authorities to prepare for statutory BNG (representing 89% of the total amount available to them).
  - 5 Defra provided £1.1 million to the Environment Agency to provide advice to Defra and external stakeholders on specific habitat types relating to watercourses.
  - 6 Defra provided £0.3 million to the Planning Advisory Service to liaise with and support local authorities with training and advice on statutory BNG.

Source: National Audit Office analysis of Department for Environment, Food & Rural Affairs spending data

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**1.8** Defra considers that the value of benefits that statutory BNG generates will be far greater than its cost to the Exchequer. The policy is intended to facilitate a new biodiversity units market, where landowners create or enhance habitats outside of a development site to offer for sale to developers. This provides a financial incentive for land to be secured for environmental improvements that may not happen otherwise. In 2019, Defra estimated in its impact assessment the “social benefits derived from local avoided habitat loss and local habitat creation” to be valued at £11.4 billion over 10 years (from 2021 to 2030 inclusive), and assessed the costs to national and local government and developers to be £1.8 billion, indicating the value of net benefits of the policy over the same period to be £9.6 billion (all figures relate to Defra’s ‘central scenario’, and are in 2017 prices).<sup>10</sup> As a part of this calculation, Defra estimated the “natural capital” benefits of statutory BNG, encompassing elements such as benefits to wellbeing and quality of life, to be £1.4 billion a year. The calculation also identified costs beyond central and local government, including, for example, an annual net direct cost to developers of £199 million.

**1.9** In 2022, Defra’s assessment of the policy costs were considered and approved by the accounting officer as likely to provide good value for money. Natural England intends to conduct a value-for-money assessment as part of its 2023–25 policy evaluation, which will seek to establish whether the implementation of statutory BNG is providing biodiversity gains in a cost-effective way. However, Natural England recognises the actual environmental and social benefits will be difficult to quantify and monetise.

## **How statutory biodiversity net gain supports the government’s other environmental priorities**

**1.10** Defra and Natural England expect statutory BNG will support its strategic priority of “thriving plants and wildlife”, the apex goal of government’s *Environmental Improvement Plan 2023*, by contributing to some of its targets and goals for biodiversity and green finance.<sup>11</sup> However, either Defra has not yet established what contribution it expects statutory BNG to make, or its estimates are highly uncertain.

- In 2020, the government committed to protecting 30% of the UK’s land by 2030. Defra has assessed the likely contribution of statutory BNG to this target to be low, as Defra told us it is difficult to predict the habitat it creates or enhances.
- Defra expects statutory BNG will contribute to the government’s statutory target to halt decline in species abundance by 2030, but that its contribution will be low. Defra plans to assess the impact of statutory BNG on species once there is more information available about what habitats it creates.

<sup>10</sup> Defra’s 2019 impact assessment ‘central scenario’ is the closest scenario to its chosen approach for statutory BNG.

<sup>11</sup> HM Government, *Environmental Improvement Plan 2023*, February 2023 (accessed 2 October 2023).

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- In January 2024, Defra estimated that statutory BNG will contribute approximately 4,300 hectares annually to the government's statutory target to create or restore over 500,000 hectares of wildlife-rich habitat by 2042. Defra cannot say what proportion of the habitat gain that statutory BNG creates or restores will be wildlife-rich as the statutory biodiversity metric uses habitats as a proxy for biodiversity. Defra is unable to report on on-site habitat because there is no register of on-site gains.
- The government's *2023 Green Finance Strategy* includes a goal to "mobilise at least £500 million of private finance per year into nature's recovery in England by 2027, rising to more than £1 billion per year by 2030".<sup>12</sup> The strategy indicates that statutory BNG will contribute to this target. In 2021, research commissioned by Defra estimated the expected annual size of the biodiversity units market to be around £135 million to £274 million; and Defra told us that it will continue to collect financial information as statutory BNG becomes business as usual.

**1.11** Defra expects the statutory 10% biodiversity gain uplift that goes beyond offsetting environmental damage will be small relative to the scale of national targets and difficult to measure. However, it does not consider that this means these targets are at risk or unachievable. In selecting a 10% gain requirement, Defra sought to balance the risk that higher values might hinder development, with lower values that might not deliver sufficient gains to achieve policy objectives. In its 2019 impact assessment, Defra considered 10% would deliver genuine gain, or at least no net loss, given uncertainties such as habitat measurement error, imperfect enforcement, and time-lags in habitat compensation activities.

<sup>12</sup> HM Government, *Mobilising Green Investment, 2023 Green Finance Strategy*, March 2023 (accessed 2 October 2023).



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## Part Two

### The government's work to implement statutory biodiversity net gain

#### 2.1 This part examines:

- the Department for Environment, Food & Rural Affairs' (Defra's) work to create, implement and launch statutory biodiversity net gain (BNG); and its work on some elements since the launch; and
- the activities of other key organisations during the same period, including Natural England and the Department for Levelling Up, Housing & Communities (DLUHC).

#### The government's process to implement statutory biodiversity net gain

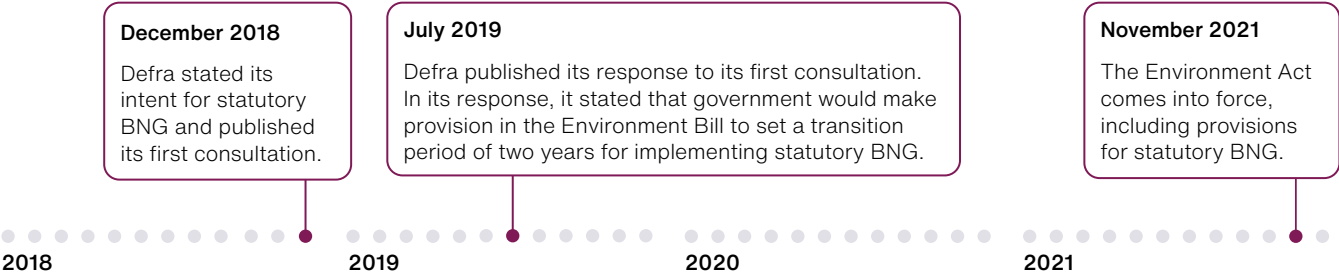
#### 2.2 Defra has led the government's work to implement statutory BNG in England for more than five years (**Figure 4** on pages 24 and 25).

- In July 2019, Defra committed to launch statutory BNG within two years of the Environment Act coming into force, which it did in November 2021 (so, by November 2023).
- On 12 February 2024, Defra launched statutory BNG for major developments, just over 10 weeks later than planned.
- On 2 April 2024, Defra launched statutory BNG for small developments, as planned.<sup>13</sup>

<sup>13</sup> For non-exempt developments permitted under the Town and Country Planning Act (1990). Exempt developments include, for example, any development forming part of the high-speed railway transport network; or small projects like home extensions, conservatories or loft conversions, where the householder makes the planning application.

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**Figure 4**  
Timeline of key events during the implementation of statutory biodiversity net gain (BNG), 2018 to 2025  
The government’s work to implement statutory BNG has spanned more than five years



**Notes**

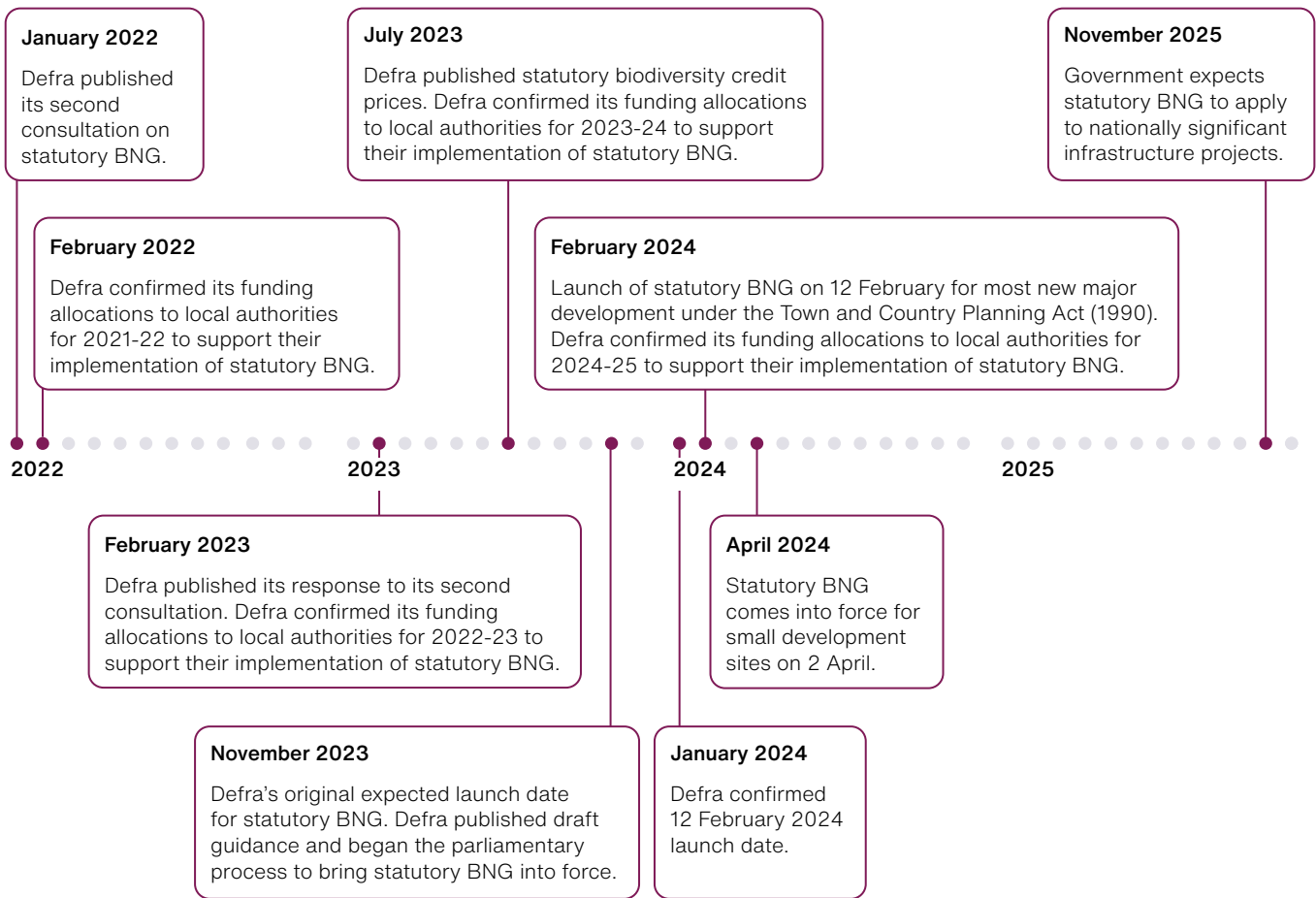
1 Statutory BNG is an approach to development that leaves biodiversity in a measurably better state than before development took place.

2 ‘Statutory biodiversity credits’ is a last-resort mechanism for developers to meet their statutory BNG obligations if they have otherwise been unable to secure this on- or off-site. Defra sets statutory biodiversity credit prices.

3 ‘Nationally significant infrastructure projects’ are large scale projects like power stations, highways and power lines. They are treated separately from normal local authority planning because of their size and importance to wider communities.

Source: National Audit Office analysis of government documentation

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**2.3** From 2018, Defra led the government’s preparations for statutory BNG, working with Natural England and DLUHC. To implement statutory BNG, they needed to create a number of complex and novel outputs, including designing and developing:

- primary and secondary legislation, to provide a legal basis;
- a statutory biodiversity metric, for developers to measure biodiversity;
- statutory biodiversity credits, for developers to purchase from the government (acting as biodiversity provider of last resort); and
- digital platforms for registering biodiversity gain sites, and selling statutory biodiversity credits.

**2.4** **Figure 5** sets out the government’s responsibilities, workstreams and outputs for statutory BNG.

**2.5** In summer 2023, Defra was aware that launching statutory BNG in November 2023 would be unlikely, as the project had not met several internal milestones in 2022 and early 2023. Challenges included the following.

- **The novelty of some of the processes and systems it was creating, and developing policy in parallel with designing systems for delivery:** For example, the government determined that statutory BNG would create a new nature market for biodiversity units – an approach that the government had not used to support a statutory requirement before – and require new processes to allow government to act as the biodiversity provider of last resort.<sup>14</sup>
- **Limited capacity within Defra, Natural England and DLUHC:** Defra told us that capacity constraints, including unfilled posts and high workloads in both Defra and Natural England, limited progress in the lead-up to launch. Defra was also reliant on DLUHC developing secondary legislation to make changes to the Town and Country Planning Act that would allow statutory BNG to come into force. However, in early 2023, work on the Levelling Up and Regeneration Bill was DLUHC’s priority.
- **Plans being unexpectedly limited by the scope of the Environment Act:** Defra initially expected the statutory biodiversity register to be operational in May 2023; however, the Environment Act only allowed it to exist from the launch of statutory BNG. Defra and DLUHC told us that legal issues arising from the wording of the Environment Act were complicated and time-consuming to resolve when developing policy to support secondary legislation.

<sup>14</sup> The government defines a nature market as “a mechanism for private investment in nature through the sale of units of ecosystem services, which are delivered by nature restoration projects or improvements to land or coastal management.”

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- **Delays and uncertainty as a result of ministerial turnover:** In 2022, Defra had three secretaries of state; Defra told us this led to delays and uncertainty as a result of ministerial turnover. Defra ran its second consultation between January and April 2022, but did not publish the government's response, including its position on the detail of its policy, until February 2023 (10 months later).

## Figure 5

Department for Environment, Food & Rural Affairs' (Defra's) and Natural England's key responsibilities for statutory biodiversity net gain (BNG)

Defra and Natural England established and assigned workstreams to prepare for statutory BNG

Workstream outputs	Lead responsibility	Requirements
Policy development and legislation	Defra	Develop policy, support the passage of the Environment Bill to provide the government with the powers to implement statutory BNG, and work with the Department for Levelling Up, Housing & Communities to develop the necessary secondary legislation to launch it.
Project and programme management, governance, reporting and business case	Defra	Develop a business case for statutory BNG to secure funding; decision-making and reporting structures, and other project management tools.
Statutory biodiversity metric	Defra	Produce and publish a 'statutory biodiversity metric' (including a small development sites metric), building on a Natural England biodiversity metric, to measure the relative biodiversity value of habitat (or habitat enhancement) in a consistent way.
Biodiversity units market	Defra	Support an emerging private nature market for biodiversity units.
Stakeholder engagement and communications	Shared between Defra and Natural England	Engage stakeholders to support implementation, including providing guidance, training, and tools.
Local authority support	Shared between Defra and Natural England	Provide advice, training and guidance to local authorities, including funding for new burdens for statutory BNG preparations.
Statutory biodiversity register	Natural England	Set up a public 'biodiversity gain site register' of statutory BNG habitat improvement sites. This is intended to ensure the same gain is not also used for other schemes. Defra intends it to provide an assurance mechanism that gains will be delivered.
Statutory biodiversity credits and a statutory biodiversity credits sales platform	Natural England	Set up a platform for selling 'statutory biodiversity credits', and to sell statutory biodiversity credits to developers.
Monitoring and evaluation	Natural England	Establish a monitoring and evaluation framework.

### Notes

- 1 Statutory BNG is an approach to development that leaves biodiversity in a measurably better state than before development took place.
- 2 The 'statutory biodiversity metric' is a biodiversity accounting tool that uses habitats as a proxy to calculate gains and losses as a result of development.
- 3 The 'statutory biodiversity register' is a national log of net gain sites that aims to prevent double counting and facilitate monitoring.
- 4 'Statutory biodiversity credits' present a last resort mechanism for developers to meet their statutory BNG obligations if they have otherwise been unable to secure this on- or off-site.
- 5 On-site gains are those that occur within development site boundaries. Off-site gains occur elsewhere.

Source: National Audit Office analysis of Department for Environment, Food & Rural Affairs and Natural England documentation

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**2.6** Defra's response was to increase its capacity and strengthen its management arrangements. In August 2023, Defra doubled the capacity in the project lead role and, in September 2023, it brought in a Deputy Director experienced in project management. Defra sought to increase the number of statutory BNG full-time equivalent (FTE) posts from 13 to 20, although it was not able to fill all these new posts and averaged 13 FTE up to launch. Defra also paused its work on nationally significant infrastructure projects to free up officials to focus on preparing secondary legislation.<sup>15</sup> In autumn 2023, Defra put in place new arrangements for governance, risk and project management including more frequent reporting which strengthened its oversight of its key outputs. This helped Defra make progress, and mitigate some risks to implementation as far as they were under its control.

**2.7** Defra continued to state publicly until September 2023 that it would introduce statutory BNG for major developments by November 2023. In September 2023, the Environment Secretary announced a delay. The announcement of a delay two months before launch gave stakeholders little notice of the change. However, Defra told us that the delay to the launch for major developments was welcomed by stakeholders, who benefitted from more time to prepare.

## **The government's support to stakeholders to prepare for statutory biodiversity net gain**

**2.8** Local authorities are crucial to the success of statutory BNG, as they have a legal duty to approve developer plans, oversee on- and most off-site gains, monitor compliance, and take enforcement action as appropriate. Local authorities can also enter into legal agreements with gain site providers to monitor habitat creation or enhancements over 30 years, providing a revenue stream.

**2.9** Defra funds the Planning Advisory Service to support local authorities with guidance and training to enable them to prepare for their new responsibilities. Defra provided £320,000 between 2021-22 and 2023-24 and has committed a further £320,000 for 2024-25 so the Planning Advisory Service can expand its offer. As at the start of May 2024 it has increased its capacity by one FTE post, and in April also launched a recruitment process for two additional FTE posts. Stakeholders told us the advice this service provides is invaluable.

<sup>15</sup> Nationally significant infrastructure projects are large scale projects like power stations, highways and power lines. They are treated separately from normal local authority planning because of their size and importance to wider communities.

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**2.10** Defra allocated more than £25 million for local authorities to prepare for statutory BNG between 2021-22 and 2023-24, of which local authorities claimed £22.4 million (89% of the total available). Allocations after 2021-22 have been ring fenced one-year settlements.<sup>16</sup>

- £4.2 million for November 2021 to March 2022; confirmed in February 2022 (around one month before the end of that financial year);
- £10.6 million for 2022-23, confirmed in February 2023 (around one month before the end of that financial year);
- £10.6 million for 2023-24, confirmed in July 2023; and
- £10.6 million for 2024-25, confirmed on 5 February 2024 which was one week before the launch of statutory BNG, and for its first full year.

**2.11** Defra's 2022 business case includes £10 million annually to provide local authorities with new burdens funding until 2032. Defra provided new burdens funding with the intention that every local authority would be able to access ecological expertise; train and familiarise ecologists with complex requirements; assess biodiversity gain plans and statutory biodiversity metric calculations; and enforce compliance activity. Local authorities with estimated demand up to 500 applications within the scope of statutory BNG were allocated £26,807 each in 2022-23 and 2023-24, and those with estimated demand of 501 applications or more were allocated £43,467. This equated to approximately 0.33 FTE and 0.66 FTE ecologists, respectively, with an additional 0.2 FTE per authority for monitoring and enforcement. In 2022, the Association of Local Government Ecologists published the results of a survey of English planning authorities (conducted in 2021 and funded by Defra). The survey found that 45% of 202 respondents identified that additional ecologist resource equivalent to one FTE would be needed to deliver and implement BNG. The survey also found that across all local authority activities, 50% of 202 respondents stated that more capacity equal to or greater than two FTE would be required to deliver and implement BNG.<sup>17</sup>

**2.12** Although ring-fenced funding was calculated using government ecologist salaries, it could be spent on any aspect of statutory BNG preparations. Local authorities told us that they have also needed to spend these funds on aspects such as legal support and new software. Local authorities have not received additional funding specifically to monitor or enforce on-site gains. Defra expects that elements of BNG will be cost-neutral in the long term, given planning authorities can recover monitoring and enforcement costs through their existing powers.

<sup>16</sup> Up to 31 March 2023, Defra funded 344 local authorities for statutory BNG. From 1 April 2023, following boundary changes, Defra has funded 328 local authorities. It also funds 10 National Parks and three Development Corporations that are also designated planning authorities.

<sup>17</sup> M Oxford and L Snell, *Survey of LPAs Ability to Deliver Biodiversity Net Gain in England. Do LPAs currently have the necessary expertise and capacity?*, 2021. The survey (conducted in 2021) questioned 337 individuals working for 192 local planning authorities. The majority of survey respondents were either planning officers, ecologists or biodiversity officers. Not all survey respondents answered all questions, with 202 responding to the question which we report on.

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**2.13** Defra recognises that there are differences in the levels of planning and ecological resource available to different local planning authorities. In 2019, the environmental news organisation ENDS reported that only one in four local authorities in England had access to an in-house ecologist,<sup>18</sup> and in 2023, the Chartered Institute of Ecology and Environmental Management (CIEEM) reported a capacity crisis and skills gap in the ecology sector.<sup>19</sup> Local authorities we spoke to told us that the funding Defra has provided is inadequate to recruit sufficient ecologist expertise. Also, late, short-term funding announcements have increased financial risk for local authorities seeking to recruit staff on permanent contracts.

**2.14** Defra intended to provide almost a year between publishing the draft secondary legislation and launching statutory BNG, but delays reduced this to around two months. Local authorities were able to prepare for statutory BNG prior to this, but the uncertainty has made it more difficult, with guidance only being finalised once parliamentary approval had been obtained. Some local authorities expressed concerns to us that they were not ready to implement statutory BNG, and that it would take time to catch up with those that were. Defra's engagement through the Planning Advisory Service included the provision of a 'readiness checklist'; but Defra had not made a detailed assessment of local authorities' preparations or overall readiness for statutory BNG at the point of launch. We heard from local authorities about concerns over their capacity to take on legal agreements with providers to the private biodiversity units market in their area.

## Statutory biodiversity net gain from launch

**2.15** In February 2024, Defra launched statutory BNG with some elements less developed than it or Natural England originally expected, but they considered all to be sufficiently prepared based on their assessment of readiness or demand (**Figure 6** on pages 31 and 32). Defra decided that it could tolerate outstanding risks and was content for statutory BNG to launch. After launch, Defra and Natural England still needed to:

- identify how statutory credit sales income would be spent;
- provide a fully digital service for making credit sales and allocating a gain site to a development, replacing manual processes; and
- develop their approach to monitoring and evaluation.

<sup>18</sup> J Agyepong-Parsons, 'Capacity crunch: do councils have the expertise to deliver their biodiversity goals?' ENDS Report, 27 May 2019 (viewed 30 April 2024).

<sup>19</sup> A Congreve and N Smith, 'Opening up vocational pathways into nature-based green jobs', CIEEM and Lantra, November 2023 (viewed 30 April 2024).



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## Figure 6

The Department for Environment, Food & Rural Affairs' (Defra's) and Natural England's plans for statutory biodiversity net gain (BNG), and the position at launch

**Defra and Natural England changed some of their plans for statutory BNG before launch; others were as expected**

At launch on 12 February 2024	Approach or plans	Commentary
<b>Secondary legislation</b> to introduce statutory BNG for most developments, and a legal basis for the 'statutory biodiversity metric', comes into effect, after parliamentary approval in January 2024.	Defra had originally planned to seek parliamentary approval for new secondary legislation by late 2022, in time to launch statutory BNG on or before 30 November 2023.	In summer 2023, Defra was aware that launching in November 2023 was unlikely. The Environment Secretary announced statutory BNG would be delayed for major developments in September 2023. Defra published draft secondary legislation in November 2023; and in January 2024 Defra confirmed the launch date, after parliamentary approval
<b>Final statutory BNG guidance</b> for most elements is available online at gov.uk. Draft guidance has been available since November 2023.	Defra had planned to publish draft guidance by July 2023.	Defra could not produce draft guidance before creating new secondary legislation; and could not finalise its guidance until the secondary legislation had been approved by Parliament.
<b>Defra's 'statutory biodiversity metric'</b> is available as planned.	In March 2023, Defra confirmed that the statutory biodiversity metric would be based on a Natural England biodiversity metric.	Defra recognises the advantages of having a digital metric that will also be accessible to users of assistive technology; in April 2024 it had no plan or budget to do this.
<b>The 'statutory biodiversity register'</b> becomes available, with manual elements that require Natural England to process forms submitted by land managers and developers.	Defra and Natural England had planned to make a digital register available from May 2023, to allow pre-registration of gain sites.	Defra could not make a version of the statutory biodiversity register available before statutory BNG launched, so used other means to gather information about the potential off-site market.
<b>Plans for monitoring and evaluating off-site gains</b> are limited as full reporting functions have not yet been built into the statutory biodiversity register.	Natural England was working, alongside Defra's digital, data and technology services, to produce a fully digital register with reporting functionality until July 2023, after which it implemented a scaled-back contingency option.	Defra approved a contingency approach for a partially-digital register after digital teams were not able to make the expected progress. Natural England told us that this was a consequence of the digital programme's interdependencies with wider elements of statutory BNG that were still in development. Defra and Natural England also identified an issue from the lack of reporting functionality in the statutory biodiversity register and may be unable to monitor off-site statutory BNG for its first year.
<b>'Statutory biodiversity credits'</b> are available for developers to buy from Natural England through a manual process. There is no agreed approach to use the income from the sale of statutory biodiversity credits to create or enhance biodiversity.	Defra and Natural England have been working towards an approach to spend the income from the sale of statutory biodiversity credits. In January 2023, Defra had planned to have an approach in place from December 2023, a month after the original launch date.	Defra identified a reputational risk should there be a gap between the launch of statutory BNG and having an approach in place to spend the income from the sale of statutory biodiversity credits; however, as at the start of May 2024 it is still exploring a range of options to fulfil the government's role of biodiversity provider of last resort.
<b>Local authorities</b> had been allocated four, up to one-year funding settlements by Defra, to support their preparations for statutory BNG between 2021-22 and 2023-24, and for its first full year after launch (2024-25).	Local authorities were notified of the value of statutory BNG funding available to them for 2024-25 on 5 February 2024, one week before launch and just under two months before the 2024-25 financial year.	Defra told us it did not provide local authorities with funding certainty for 2024-25 earlier than 5 February 2024 due to the pressures involved with launching statutory BNG.

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## **Figure 6** *continued*

The Department for Environment, Food & Rural Affairs' (Defra's) and Natural England's plans for statutory biodiversity net gain (BNG), and the position at launch

### **Notes**

- 1 Statutory BNG is an approach to development that leaves biodiversity in a measurably better state than before development took place.
- 2 The 'statutory biodiversity metric' is a biodiversity accounting tool that uses habitats as a proxy to calculate gains and losses as a result of development.
- 3 The 'statutory biodiversity register' is a national log of net gain sites that aims to prevent double counting and facilitate monitoring.
- 4 Statutory biodiversity credits present a last resort mechanism for developers to meet their statutory BNG obligations if they have otherwise been unable to secure this on- or off-site.
- 5 On-site gains are those that occur within development site boundaries. Off-site gains occur elsewhere.

Source: National Audit Office analysis of Department for Environment, Food & Rural Affairs documentation

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## **2.16** Defra and Natural England will continue planned work on statutory BNG.

At the start of May 2024 they were still working through the details of the future BNG governance arrangements, including to reflect the transfer of responsibility for running the statutory biodiversity register and statutory biodiversity credit sales service from Defra to Natural England. Natural England is also continuing its work with Defra's digital team to digitise systems that were delayed until after launch. Defra will continue to work on BNG policy, for example, to finalise its approach to spending income from the sale of statutory biodiversity credits.

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## Part Three

### Risks to realising benefits from statutory biodiversity net gain

#### 3.1 This part:

- sets out risks to statutory biodiversity net gain (BNG) achieving the benefits that government intends; and
- assesses how far the Department for Environment, Food & Rural Affairs (Defra) and Natural England have established arrangements to understand and respond to risks and opportunities for statutory BNG.

#### Overview of key risks to statutory biodiversity net gain

**3.2** **Figure 7** overleaf presents our view of some key risks to statutory BNG following its launch. It includes risks that Defra identified and is monitoring or seeking to mitigate, and risks we have identified from other sources. Defra's reporting included a wider range of risks to statutory BNG: at 12 February 2024, it had 13 open risks, with four rated 'high' and one – the lack of an agreed approach to spending the funds from Natural England's sale of statutory biodiversity credits – rated 'very high' after mitigations. By the end of March 2024, Defra had closed this risk and instead recorded it as an issue, rated 'medium'.

#### Risks to system regulation and accountability

**3.3** Defra recognises a risk that the “absence of a clear and transparent regulatory framework for BNG with fragmented accountability” could cause “gaming and abuse of system”, and lead to reputational risks and “a missed opportunity to secure best ecological and social returns on sums invested.” Defra's statutory BNG and 'green finance' teams are working together to look at improved governance for all nature markets, meanwhile Defra is tolerating this risk.

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## Figure 7

Key risks to statutory biodiversity net gain (BNG) achieving the government's intended benefits

**We consider the following to be key risks the Department for Environment, Food & Rural Affairs (Defra) and Natural England must manage**

Defra does not retain oversight of the statutory BNG system, after it closes its project board and associated governance, and so fails to respond adequately if elements of the policy do not work in the way it expects them to.

Defra does not have complete information about whether or how well local authorities are set up to manage statutory BNG locally, in terms of local authorities having:

- sufficient access to ecologists to assess developers' plans; and
- the ability (in terms of capacity or expertise) to take on legal responsibilities for monitoring and enforcing proposed environmental enhancements, over and above their discretionary planning enforcement powers.

The private nature market does not scale up sufficiently to meet demand for off-site biodiversity units, which would increase reliance on government to create or enhance habitat to generate the net gain in biodiversity that the policy intends (as provider of last resort through statutory biodiversity credits).

Habitat banks are set up or run inappropriately, financial abuse or misappropriation discredits statutory BNG and government does not have legal powers to regulate them.<sup>2</sup>

Defra, as biodiversity provider of last resort, does not have an approach to spend income from the sale of statutory biodiversity credits to create or enhance habitat.

Defra and Natural England's ability to monitor progress and evaluate the impact of statutory BNG is limited by:

- information that is not available as expected, is incomplete or is inaccessible;
- delays in accessing information; and
- the lack of a standardised, national approach to verifying and recording biodiversity gains.

### Notes

- 1 Statutory BNG is an approach to development that leaves biodiversity in a measurably better state than before development took place.
- 2 Habitat banks are parcels of land where habitat creation, enhancement and management can begin before any off-site units are sold to a development.
- 3 Statutory biodiversity credits present a last resort mechanism for developers to meet their biodiversity net gain obligations if they have otherwise been unable to secure this on- or off-site. On-site gains are those that occur within development site boundaries. Off-site gains occur elsewhere.

Source: National Audit Office judgements following analysis of Department for Environment, Food & Rural Affairs and Natural England documentation

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**3.4** Our 2024 report *Delivering value from government investment in major projects* highlighted that, while ownership and accountability for delivering value can be best placed with other organisations after delivery, there should be leadership that focuses on the delivery of value, supported by clear accountability and responsibilities.<sup>20</sup> Defra has clearly delegated ongoing activities, with Natural England responsible for the statutory biodiversity register, credits sales service, and monitoring and evaluation. Defra will retain control of policy and elements that it considers high risk. In February 2024, Defra and Natural England finalised a non-binding Memorandum of Understanding that gives a shared understanding of Defra's and Natural England's responsibilities.

**3.5** Defra and Natural England are in the process of agreeing what BNG governance will exist after April 2024, to be led by Natural England. Having launched statutory BNG for major and small developments, Defra is closing its statutory BNG project; and expects that its BNG project board will not meet after April 2024. Defra told us that, as policy owner, it will set out how it will oversee the system in line with statutory requirements and taking into account roles of other organisations in delivering statutory BNG, including local authorities. This will also include whether – and if so, how – Defra will intervene if elements do not work in the way it expects them to. Defra started to reduce the size of its statutory BNG project team from April 2024; however, it has increased the size of its policy team working to understand and support the off-site market. Natural England told us that Defra should retain sufficient capacity and capability to make any necessary policy interventions as statutory BNG embeds, given the possibility that it will encounter snagging points requiring policy leadership.

**3.6** Responsibility and accountability for habitat creation or enhancements on land committed to statutory BNG sit outside central government, and are governed by the terms of individual legal agreements. Land managers<sup>21</sup> who commit to make enhancements, and developers who commit to make significant on-site enhancements,<sup>22</sup> must set up legal agreements to be accountable to either a local authority or a designated responsible body (see also paragraph 3.9). Defra does not plan to seek assurance as to how well on- and off-site biodiversity gains are being enforced by local authorities or responsible bodies. Enhancements for statutory BNG must last for at least 30 years: if land managers, developers or land management companies no longer meet their commitments during this period, the local authority or responsible body may take enforcement action, including legal action. If a responsible body ceases to be a responsible body, the Environment Secretary will automatically become the custodian of any relevant legal agreements; however, when acting as custodian, they are not liable for fulfilling the responsible body's obligations under those legal agreements.

20 Comptroller and Auditor General, *Lessons learned: Delivering value from government investment in major projects*, Session 2023-24, HC 554, National Audit Office, February 2024 (accessed 1 March 2024).

21 The government defines a 'land manager' as any of the following: a landowner; farmer; estate owner; habitat bank operator; facilities, property or estate manager; land agent; land advisor; or a planning authority, or developer, using land they own.

22 The government defines a 'significant enhancement' as areas of habitat enhancement that contribute significantly to the proposed development's BNG, relative to the biodiversity value before development. It provides examples, such as areas of habitat creation or enhancement that are significant in area relative to the size of the development.

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Risks arising from responsibilities or expectations of local authorities, including monitoring, compliance and enforcement

**3.7** Local authorities are responsible for operating the planning system locally through which the government has implemented statutory BNG. Defra has followed the ‘new burdens’ process to fund local authorities to deliver new requirements from statutory BNG. In June 2023, Defra completed an assessment for the period November 2023 to March 2026. It assessed that the additional requirements associated with statutory BNG in this period could be met by less than one full-time equivalent (FTE) post, including either 0.33 FTE or 0.66 FTE to assess plans and statutory biodiversity metric calculations submitted with planning applications (depending on estimated demand); and 0.2 FTE for monitoring statutory BNG and discretionary enforcement (see paragraph 2.11).

**3.8** Defra’s assessment recognised that statutory BNG increased local authorities’ need for ecologists to meet their responsibilities under planning policy. While local authorities may employ ecologists with new burdens funding, they are not required to. Defra set out in its 2023 new burdens assessment that it is for individual local authorities to decide how they access ecological expertise, and could also pool resources or use consultancies. Defra funded a 2021 survey of local planning authorities’ ability to deliver statutory BNG (see paragraph 2.11); however, it does not have more recent, complete information about ecologist capacity in local authorities. Our 2023 report, *How to deliver effective regulation locally*, highlights the importance of central government working with local government to understand their capacity and capability and address constraints.<sup>23</sup> In March 2024, Defra’s BNG project board indicated that it is planning to use “all levers available” to understand local authority capacity, including holding webinars, engaging with organisations such as ADEPT (the Association of Directors of Environment, Economy, Planning and Transport), and softer methods such as blog posts highlighting best practice.

**3.9** Statutory BNG will only work as the government intends if local authorities and other bodies designated as responsible by the government take on specific legal responsibilities for monitoring and enforcing most habitat creation or enhancements for at least 30 years.<sup>24</sup>

<sup>23</sup> Comptroller and Auditor General, *Lessons learned: How to deliver effective regulation locally*, Session 2022-23, HC 1373, National Audit Office, May 2023 (accessed 2 October 2023).

<sup>24</sup> Significant on-site enhancements are areas of habitat enhancement that contribute significantly to the proposed development’s BNG, relative to the biodiversity value before development. Examples of significant enhancements include creating a wildflower meadow or a nature park.

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- Legal agreements between local authorities and either landowners or developers are essential to allow land to be registered for statutory BNG and to secure most long-term benefits through monitoring and enforcement. Defra expects that one type of legal agreement will generate income for local authorities through fees: it is up to each local authority how they calculate fees and when they are paid. Some local authorities and representative bodies we spoke to highlighted limited capacity or inexperience (such as with calculating fees) as barriers to undertaking fee-paying legal agreements. Local authorities can choose to secure on-site gains through other planning powers (see paragraph 3.10) but may not charge a fee.
- If a local authority does not take on legal responsibility to oversee habitat creation or enhancement on land in its area (for example a local authority cannot do this for enhancements on land it owns), a landowner may enter into a different type of legal agreement (a 'conservation covenant') with a designated 'responsible body'.<sup>25</sup> At the start of May 2024, Defra had designated five responsible bodies.

**3.10** Local authority monitoring of compliance and ensuring enforcement of long-term statutory BNG commitments may also be limited by the current planning process.

- Where there is no separate legal agreement in place (for example, for on-site gains that do not meet the definition of 'significant'), local authorities are responsible for monitoring developers' compliance with biodiversity gain plans through other planning powers, and for taking enforcement action at their discretion. An academic review of voluntary BNG in 2023 (before statutory BNG was launched) found a governance gap for on-site gains that risked them being unenforceable.<sup>26</sup> Planning enforcement guidance from the Department for Levelling Up, Housing & Communities (DLUHC) states that local planning authorities have discretion to take enforcement action when they regard it as expedient to do so.
- The time limit for local authorities to take enforcement action once a breach in planning conditions is known is 10 years, whereas biodiversity gain sites must be maintained for at least 30 years.

<sup>25</sup> A conservation covenant agreement is a private, voluntary agreement to conserve the natural or heritage features of land.

<sup>26</sup> E Rampling, S zu Ermgassen, I Hawkins and J Bull, 'Achieving biodiversity net gain by addressing governance gaps underpinning ecological compensation policies', *Conservation Biology*, volume 38, issue 2, April 2024 (paper first published October 2023; accessed 30 April 2024).

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## Risks with the new biodiversity units market

**3.11** The government decided in 2019 that a private nature market would be a central element of statutory BNG; however, Defra does not intend to monitor or influence the market if issues arise or if it does not emerge as government expects. Defra intends that the market will provide developers with the option of purchasing biodiversity units from land managers. This nature market for biodiversity units is the first that the government has promoted to support developers' compliance with a legal requirement, although voluntary nature markets have operated for several years.<sup>27</sup>

**3.12** Defra is confident that the market for biodiversity units will grow, although it has less confidence about its potential to meet demand for particular habitats. At the start of May 2024, 10 weeks after statutory BNG launched, two gain sites offering in total 35 hectares were on the statutory biodiversity register. In November 2023, Defra's BNG project board identified the readiness of the biodiversity units market as "a growing concern". A Defra assessment in December 2023 estimated its total land area but not the type or quality of proposed enhancements. Until statutory BNG launched, Defra and Natural England could not have a statutory biodiversity register, and therefore relied on market feedback to inform them of environmental improvements land managers were gearing up to offer and how they translated into biodiversity units available for developers to purchase. ADEPT has expressed concerns to Defra about local authority readiness for off-site BNG, including how geographic variation in the biodiversity units market might disadvantage local authorities in areas where there is less potential for them to generate income from legal agreements. In 2021, analysis commissioned by Defra identified 58 local authorities with a risk of scarcity of off-site biodiversity units in their areas.

**3.13** Defra has increased its capacity for work on the biodiversity units market since launch: it has work underway to understand its early development, working with stakeholders to encourage a variety of habitat types. As at March 2023, Defra had provided £10 million to support 86 projects through the Natural Environment Investment Readiness Fund (NEIRF). Defra told us around half of the projects are relevant to statutory BNG, and it plans a further round of NEIRF funding to provide more support for farmers to enter nature markets, including the BNG off-site market. Defra also told us it has committed to invest £30 million in the forthcoming Big Nature Impact Fund, to encourage larger investors to enter nature markets.

<sup>27</sup> For example, the voluntary nature markets linked to the Woodland Carbon Code, launched in 2011, and the Peatland Carbon Code, launched in 2015.



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## Risks with statutory biodiversity credits

**3.14** Should biodiversity units of the right type or quantity not be available from the private market, Defra's solution is for developers to buy statutory biodiversity credits. The Environment Secretary has a legal power to act as biodiversity provider of last resort. Defra is responsible for setting and reviewing the price of statutory biodiversity credits, while Natural England is responsible for selling them on behalf of the Environment Secretary. Developers that cannot meet their statutory BNG requirements on- or off-site can make a one-off payment to Natural England, with the requirement calculated by the statutory metric.<sup>28</sup>

**3.15** Defra published statutory biodiversity credit prices in July 2023 and has committed to review these every six months. It set these prices with regard to its expectations of the private biodiversity units market, based on a range of estimated factors that include biodiversity units market profit margins, allowances for administration costs, and optimism bias. Defra set prices above its estimates to encourage market competition.

**3.16** As at March 2024, Natural England had developed a statutory biodiversity register, a registration service for gain sites, and a credits estimator tool. A contingency service that relies on digital forms is in place for the sale of statutory biodiversity credits, and the allocation of biodiversity gain sites to a development. Natural England expects to launch a fully digital platform for these aspects by June 2024.

**3.17** The Environment Act specifies that income from the sale of statutory biodiversity credits must be used to enhance habitat; although it does not need to be used to create or enhance the same type of habitat that was devalued by the original development. Defra and Natural England have been developing their approach to spending income from the sales of statutory biodiversity credits since 2020. Defra has not yet been able to identify a mechanism that is legal, and consistent with, for example, HM Treasury rules on managing public money. As a result, at the start of May 2024 it is still exploring a range of options to fulfil the government's role of biodiversity provider of last resort. Defra told us that it does not expect demand for statutory biodiversity credits to start until summer 2024 due to the timescales involved in planning applications. Natural England will give income from the sale of statutory biodiversity credits to HM Treasury until an approach is in place.

<sup>28</sup> Defra's prices for statutory biodiversity credits are based on 54 different habitat types (such as grassland, and peat lakes) and range from £42,000 to £650,000.

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## Risks to monitoring and evaluating

**3.18** Defra and Natural England are still developing their approach to monitoring and evaluating statutory BNG. Defra and Natural England are working to improve what information is available, as they do not yet have access to consistent information across all elements of statutory BNG (on- and off-site gains, and statutory biodiversity credits) to support an overall assessment of its impact.

- Defra is legally required to report on income from the sale of statutory biodiversity credits, and how these funds have been spent. The first report is due in February 2025.
- Information about expected on-site gains is part of individual planning applications, accessible via local authority planning portals. At the start of May 2024, Defra and Natural England do not have access to aggregate information about on-site gains from local authorities.
- Defra is exploring what information it can gather about statutory BNG from local authority reporting required by the new biodiversity duty.<sup>29</sup> The duty requires local authorities to report every five years. Defra is completing a separate assessment of new burdens on local authorities from this reporting.
- There is no standardised, national approach to verifying or to recording the verification of biodiversity gains for statutory BNG. Land managers and local authorities or other responsible bodies make their own arrangements through legal agreements.

**3.19** Natural England has published a policy evaluation plan (September 2023), which sets out its approach to defining and assessing the impact of statutory BNG until 2025, including its value for money. It relies on data that are either not available as it expected, or difficult to combine to give a complete picture of the policy's application or impact. Natural England expects to publish a year one evaluation report in March 2025, although it has delayed a planned environmental impact assessment of statutory BNG until 2025. Without information that is complete and of good quality there is a risk that the government will not know whether statutory BNG is working as intended, and could miss insights useful for Defra's wider work to leverage green finance for environmental improvement.

<sup>29</sup> Biodiversity duty reporting, introduced by the Environment Act, requires relevant organisations to report on actions taken to improve the environment. For local authorities, this includes actions to meet statutory BNG obligations; information about any biodiversity gains resulting, or expected to result, from biodiversity gain plans; and future plans to meet BNG obligations in the next reporting period.

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## Appendix One

### Our audit approach

#### Our scope

**1** This report examines the progress the Department for Environment, Food & Rural Affairs (Defra) and Natural England have made in implementing statutory biodiversity net gain (BNG), and whether they have done so in a way that maximises benefits and effectively manages risks. It:

- assesses the government's approach to implementing statutory BNG, and how it expects the policy to contribute to its biodiversity objectives;
- examines how the government designed and launched statutory BNG; and
- considers key risks the government will need to manage as it seeks to maximise the value statutory BNG can provide.

**2** In developing our audit questions underpinning the evaluative criteria, we drew on our April 2021 guidance, *Framework to review programmes*, which comprises key audit questions developed from our experience and learning in auditing major programmes.<sup>30</sup> The framework groups audit questions into the four elements we consider when we audit programmes and projects: purpose; value; set-up; and delivery and variation management. We also drew on our good practice guides, and our lessons learned reports *Lessons learned: Delivering programmes at speed*, *Lessons learned: How to deliver effective regulation locally*, and *Good practice guidance: fraud and error*.<sup>31,32,33</sup>

**3** We reached our independent conclusions based on our analysis of evidence collected from August 2023 to April 2024. We used both qualitative methods (interviews and document review) and quantitative methods to collect and analyse evidence. Details of the methods are below.

**4** This report does not consider aspects of BNG that relate to nationally significant infrastructure projects or marine environments, as the government is at an earlier stage in developing its policy approach to these.

<sup>30</sup> National Audit Office, *Framework to review programmes update April 2021*, April 2021 (accessed 2 October 2023).

<sup>31</sup> Comptroller and Auditor General, *Lessons learned: Delivering Programmes at Speed*, Session 2021-22, HC 667, National Audit Office, September 2021 (accessed 2 October 2023).

<sup>32</sup> Comptroller and Auditor General, *Lessons learned: How to deliver effective regulation locally*, Session 2022-23, HC 1373, National Audit Office, May 2023 (accessed 2 October 2023).

<sup>33</sup> National Audit Office, *Good practice guide: Fraud and error*, March 2021 (accessed 2 October 2023).

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## **Our evidence base**

### Interviews

**5** We undertook 36 interviews with staff from 14 different organisations. These organisations included central and local government, other public bodies, and wider stakeholders. We covered topics based on the focus of our review as set out in paragraph one, and tailored questions to the responsibilities and expertise of each interview participant.

**6** We carried out all interviews online, with each typically lasting one hour. Interviews took place from August 2023 to March 2024. We did not audio record the interviews but took detailed written notes of each and reviewed these to identify common themes and insights to inform our findings.

### **Departmental officials and other public sector bodies**

**7** We undertook 23 interviews with Defra, Natural England and the Department for Levelling Up, Housing & Communities (DLUHC) officials responsible for aspects of implementing statutory BNG.

- We spoke to Defra and Natural England officials about topics including:
  - policy development and legislation;
  - governance, project and risk management arrangements;
  - spending by other organisations;
  - workstreams including developing a statutory biodiversity metric, statutory biodiversity register, statutory biodiversity credits and a credits sales platform; support for local authorities and wider stakeholder engagement and communications; and
  - policy monitoring and evaluation.
- We spoke to DLUHC officials about planning legislation and guidance; developing secondary legislation to make changes to the Town and Country Planning Act that would allow statutory BNG to come into force.

**8** We also spoke to officials from two other public-sector bodies: the Office for Environmental Protection and Guildford Borough Council.

**9** These interviews informed our study approach as well as our findings. Our questions focused on their perspectives on the government's implementation of statutory BNG, to understand their engagement and involvement, and how Defra is working with them and other partners.

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## **Wider stakeholder interviews**

**10** We spoke to wider stakeholders, including members of industry and industry representatives, academics, wildlife conservation, and voluntary and membership organisations:

- the Interdisciplinary Centre for Conservation Science, University of Oxford;
- Chartered Institute of Ecology and Environmental Management (CIEEM);
- Local Government Association;
- Local Government Association's Planning Advisory Service;
- Association of Directors of Environment, Economy, Planning & Transport (ADEPT);
- The Wildlife Trusts;
- Future Homes Hub;
- Home Builders' Federation; and
- Joe's Blooms Limited.

**11** The purpose of these interviews was to capture a range of views to inform our findings. We used these interviews to develop our understanding of statutory BNG, and the progress government has made.

## Round table discussions with local planning authorities

**12** With support from ADEPT we carried out two round table discussions with representatives from local planning authorities. ADEPT provided information to its members, and local authorities contacted us to join the round tables. We invited all six local authorities that responded.

**13** During the roundtable discussions we sought to understand participants' views on statutory BNG and to find out about their engagement and involvement in its implementation. We used these interviews to develop our understanding of statutory BNG and progress government has made. The round tables took place in February 2024. They were carried out online and lasted one hour, with detailed notes being taken.

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## Document review

**14** We reviewed more than 1,800 published and unpublished documents, most of which were provided by Defra and Natural England. We carried out our review from August 2023 to April 2024. Documents reviewed covered the period from December 2018 to April 2024. We reviewed the documents against a framework we developed that reflected the evaluative criteria outlined in paragraph one and related sub-questions. We then summarised the findings and identified key themes and insights against our audit questions to inform our conclusions.

**15** We reviewed documents from Defra and Natural England to understand how the government is implementing statutory BNG. This included a review of:

- governance documents such as terms of reference, minutes, risk registers and papers for the various governance forums associated with overseeing and managing implementation of the policy;
- ministerial submissions;
- departmental documentation such as the business case and impact assessment; and
- published documents such as official guidance.

**16** The other documents we reviewed were provided by interview participants and identified through our own review of key literature. We reviewed these documents to understand the perspectives of wider stakeholders on the government's implementation of statutory BNG.

## Quantitative analysis

**17** We report published and unpublished quantitative data to understand government spending on implementing statutory BNG, and local authority planning authority attitudes to the ecologist resource required to deliver and implement BNG. The key datasets were:

- Unpublished financial data which we used to understand spending on implementing statutory BNG, including how much funding Defra allocated to other organisations.
- Published survey data on local authority attitudes to ecologist resource required to deliver and implement BNG. The survey was funded through a grant provided by Defra and presents the findings of surveys undertaken by the Association of Local Government Ecologists in England during February 2021.

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National Audit Office

Design and Production by NAO Communications Team  
DP Ref: 014048-001

**£10.00**

**ISBN: 978-1-78604-550-8**