Biodiversity Offsetting

This online resource paper provides information about Biodiversity Offsetting, which seeks to compensate for unavoidable damage to biodiversity in one place with biodiversity net gain in another

Definition and Purpose

Biodiversity offsetting is a policy approach that seeks to minimise the environmental impacts of a development project by ensuring that any damage in one place is compensated for somewhere else.

In the UK, biodiversity offsets have been defined as conservation activities that are designed to give biodiversity net gain to compensate for residual losses. Biodiversity offsetting is understood as a 'last resort' in a 'mitigation hierarchy' (see the **Mitigation Hierarchy (/planning/spatial-planning/spds-and-information/green-infrastructure-and-biodiversity/mitigation-hierarchy/)** resource paper), to be adopted only after all measures had been taken to avoid and minimise development impacts and to rehabilitate or restore biodiversity on-site. Biodiversity offsetting is measured using the Biodiversity Metric 3.0.

The **Environment Act 2021 (https://www.legislation.gov.uk/ukpga/2021/30/contents/enacted)** sets out details on Biodiversity credits in Clause 101 under Part 6: Nature and biodiversity.

Key points to consider

- In biodiversity offsetting, ecological gains and losses are represented through numerical scores setting the base for the creation and exchange of conservation credits;
- Ecological losses and gains from a development proposal are calculated through numerical scores, for example a number of biodiversity 'units' in England;
- In England, the Biodiversity Metric 3.0 quantifies the value of habitats on the basis of three criteria: the distinctiveness of the habitat (assessed as low, medium or high), the quality of the habitat (assessed as poor, moderate or good), and the area of the habitats in hectares;
- The creation of biodiversity credits also enables 'habitat banking'. In banking, credits are provided by a conservation or mitigation bank, consisting of a site (or a suite of sites) where resources (e.g. habitats, species, wetlands) are restored, established, enhanced and/or preserved;
- Biodiversity offsetting is controversial. It can be difficult to ensure adequate biodiversity gain is achieved during offsetting, and also onsite, in terms of unprotected species or habitats. However, whilst the legal system sets the rules for protecting wildlife that developers must follow, the system protects only some named wildlife. Hence, while certain species are protected, many are not, which means that development can be 'legally compliant' but still

result in biodiversity loss. The Biodiversity Offset Framework, with its habitat focus, can potentially address this fault.

What this means for spatial planning and development management

Biodiversity offsetting can be a method of providing biodiversity net gain where this is not possible or only partly possible on the proposed site in question. However, understanding offsetting within the wider context of the mitigation hierarchy, it is clear that local authorities need to ensure harm to biodiversity is avoided and minimised, prior to consideration of compensation or offsetting (see the **Mitigation Hierarchy (/planning/spatial-planning/spds-and-information/green-infrastructure-and-biodiversity/mitigation-hierarchy/)** resource paper).

The mitigation hierarchy must be used in the first instance for any offsetting project. The use of offsets needs to be appropriate, and this framework will help ensure that unnecessary impacts of development on the environment are avoided.

Offsetting projects are not risk free, and should therefore only be used on residual impacts, when absolutely necessary. Minimising risk when compensating for biodiversity losses in development will help towards achieving net gain for biodiversity.

In order to achieve no net loss, offsets must be comparable, additional and lasting. A standardised baseline definition from which biodiversity losses or gains are measured is essential for offset schemes to be successful and to be assessed objectively. The choice of baseline can influence the outcomes of an offsetting policy in terms of whether or when the objective of no net loss is achieved.

Although biodiversity offsetting (in the context of BNG) is not likely to become a national mandatory requirement until the latter half of 2023, Craven District Council recommends use of the metric now, in order to achieve compliance with Craven Local Plan policy ENV4: Biodiversity, which already requires BNG wherever possible – please refer to this policy's wording for more information.

Relevant Craven Local Plan policies

- **ENV4: Biodiversity (/planning/accessible-craven-local-plan/#BIODIVERSITY)**
- **ENV5: Green Infrastructure (/planning/accessible-craven-local-plan/#GREENINFRASTRUCTURE)**

Relevant Craven Local Plan policy guidance

- **Green Infrastructure and Biodiversity Supplementary Planning Document**
