

PROPOSED NATURE RESTORATION FUND

The Chancellor has a solution she hopes will speed up development. The developer pays and it is the Government who mitigates the 'Nature' damage done by purchasing offset mitigation from landowners elsewhere. BNG remains unaffected.

In December the Government released a Policy paper; Planning Reform Working Paper: Development and Nature Recovery, aimed at 'getting Britain building again'. The proposals made in this paper are likely to have significant implications for both developers trying to get planning permission and landowners looking to sell Natural Capital by providing mitigation projects on their land, in this case Nutrient Neutrality.

Some of the key objectives included:

- Moving responsibility for identifying actions to address environmental impacts away from multiple project-specific assessments in an area to a single strategic assessment and delivery plan
- Moving more responsibility for planning and implementing these strategic actions onto the state,
- Allowing impacts to be dealt with strategically in exchange for a financial payment that helps fund strategic actions. Simultaneously ensuring a simple user experience for developers as well as greater environmental gain.

Currently developers sometimes need to secure mitigation for environmental harm before being granted planning permission. To summarise, the suggestion is to move away from the private market solely supplying NN credits from isolated projects and bring the process of finding/allocating mitigation for a development under the umbrella of a Government approved 'delivery body'. Such as Natural England. Developers will then simply pay a tariff directly to this body to meet (some of the) environmental obligations. The intention is that, by negating the need for both surveys and any potential onsite mitigation, this will create a smoother, less costly process whilst supporting wider environmental objectives.

It is worth noting that the environmental obligations which will be met using this Nature Restoration Fund go beyond Natural Capital, the primary focus of this piece, and include all obligations which could be more efficiently managed at a strategic scale. Examples include, but are not limited to, both protected species and protected sites.

In relation to Nutrient Neutrality, there was some concern that this tariff system would remove the option for landowners to maximise elements of their Natural Capital, and Government run mitigation schemes would form the bulk of land used. We are now hoping though, up to 90% of mitigation sites should be provided and run by private landowners. This is highly encouraging as it provides some security to landowners whose projects will be in the catchments selected for a Delivery Plan, suggesting that the Government's first course of action will be to buy, not create, their own credits. If not in a Delivery Plan area, landowners will be able to continue selling credits on the private market. The downside of this new proposal being that, if in a Delivery Plan, the price per credit may be lower than what could be achieved in the open market (conversely, from a developer's point of view, Government credits may be a higher price than could have been negotiated elsewhere). We are waiting to hear if landowners and developers will have the option to sell/buy privately if in a Delivery Plan area.

Prices are expected to be calculated by the relevant delivery body who will calculate the cost of these interventions, and the proportionate costs allocated to relevant developments as they come forward. This suggests that they could vary and be dependent on the project, however we do not know how the price will be fixed, either for developers or landowners.

There was a risk that these proposals may harm the emerging Biodiversity Net Gain marketplace. This policy paper, however, makes a clear bold statement:

*'These proposals are **not** expected to have any substantive impact on the implementation of mandatory Biodiversity Net Gain.'* *'BNG incentivises nature positive choices on development sites, with a developing private marketplace for off-site biodiversity units which the government continues to fully support'.*

The paper reiterates the government's commitment to growing nature markets among landowners as a means of improving the country's biodiversity.

The first tranche rollout is expected to begin alongside the progress of the Planning and Infrastructure Bill. Assuming the bill receives Royal Assent then Delivery Plans will be expected to go live around this point. This is likely to be well into 2026.

Before this happens, it is hoped that there will be clarification on certain points:

- Will the proposed changes affect the ability to stack BNG and a nutrient mitigation scheme on the same land?
- Is Natural England going to be the only delivery body, are others being considered?
- Will additional funding be given to the delivery body to implement the proposed 'delivery plans'?