

Briefing

Biodiversity offsetting: friend or foe?

A Friends of the Earth position paper

The Government is proposing to introduce biodiversity offsetting to the UK in 2014 and has issued a Green Paper setting out its proposals¹.

Biodiversity offsetting is a market-based tool that assesses loss of biodiversity, usually to built development like housing or infrastructure such as roads, and requires losses to be replaced elsewhere, in so far as this is possible.

Environment Secretary Owen Paterson often cites offsetting schemes in Australia and other countries as evidence of its efficacy but he has so far refused to make public the details of what he witnessed when he visited schemes in Australia in 2013 (see page 4).

Friends of the Earth opposes the use of biodiversity offsetting in the UK because there is no convincing evidence that it will be an effective way to protect and enhance biodiversity and because the approach has significant risks as shown in this briefing.

Urgent solutions are certainly needed to protect and restore nature in the UK. But by focusing on biodiversity offsetting as *the* solution to biodiversity loss the Government is starting in the wrong place (see Background on page 3).

Biodiversity offsetting is a dangerous distraction and a licence to trash nature at a time when the science shows that nature needs extensive restoration nationwide. Instead of promoting unproven, unreliable offsetting schemes that are likely to worsen conditions for nature in the UK, the Government should be stepping up its efforts to restore nature and to increase its protection through the planning system and development decisions.

¹ <https://www.gov.uk/government/consultations/biodiversity-offsetting-in-england>

The main risks of biodiversity offsetting:

- The loss of original habitats and biodiversity is often irreplaceable. Ancient woodlands (over 400 years old) clearly cannot be 'replaced' with new trees. But for any habitat a 'replacement' site will not contain the same features, and reintroducing biodiversity is fraught with problems. Yet Defra's consultation paper put forward the idea of a 'free-trading system' where any type of habitat could be provided as an offset as long as it generates "sufficient biodiversity units" to be traded.
- Offsetting is likely to facilitate the destruction of biodiversity in areas of high development pressure in return for habitat creation where land is cheaper. Defra's Green Paper suggests that net losses of biodiversity in areas where there is greatest value in development.
- Biodiversity will not be incorporated into new development as developers decide to pay for biodiversity in another location. Defra's Impact Assessment published with the Green Paper listed "increasing net developable area²" as a main benefit of biodiversity offsetting.
- Undesignated local nature sites could be most vulnerable but access to nature locally is important to communities whether or not it is regarded as 'distinctive' or important by some measure invented by policy makers. In January 2014, Owen Paterson told *The Times* that an offset site should be "reasonably local" but defined this as being "about an hour away" by car³.
- Measuring the value of wide 'ecosystem services' is complex and is not reflected in any of the Government's current proposed metrics for offsetting. For example, the value of services provided by nature such as pollination by bees, clean water provided by healthy soils or flood mitigation from naturally functioning rivers are not captured.
- Enforcing the provision of offsets or the long term management of the compensatory site is likely to be problematic. Evidence from offsetting overseas shows a gap between the principles and the practice and in the UK the risk is that damage is done to the existing habitat on a promise of a properly functioning and managed system yet compensation is not adequately provided and / or the new site is not necessarily maintained in the long term.
- Notably, the Government is proposing a new system of 'conservation covenants' to secure the long term management of offset sites but it has also conceded that a future planning application could overturn a conservation covenant, further weakening the confidence that offsetting would have integrity over the time needed for nature and wildlife to recover or establish and for ecosystems to function.
- The proposals could lead to further weakening of existing regulations such as the Habitats, Birds and Water Framework Directives which form important backstops for nature.

² [the biodiversity offsetting Options Impact Assessment](#)

³ <http://www.thetimes.co.uk/tto/environment/article3965473.ece>

Background

Proposals for offsetting in the UK were originally set out in the 2011 Natural Environment White Paper as part of the Government's plans to halt biodiversity loss and restore ecosystem function.

Natural England's state of the natural environment report in 2008 found that "*Over the last 50 years or so England's natural environment has suffered serious losses...Many of the surviving wildlife rich sites form a small isolated and fragmented resource.*"⁴

In 2011 the National Ecosystem Assessment⁵ (UK NEA) found 30% of our ecosystem services are declining with many others in a reduced or degraded state. And in 2013, the *State of Nature* report provided a stark warning. Based on examination of long term trends it found 3 in 5 UK species declining. 60 per cent of species have declined in the past 50 years of which 31 per cent are in 'strong decline'.⁶

Clearly action for nature needs to be stepped up but biodiversity offsetting is not the solution.

Government enthusiasm for offsetting

Defra's original proposals were that offsetting should only be used as a last resort after all other options for extending and increasing biodiversity and avoiding its loss to development and other threats have been exhausted. Specifically, developers should have to take steps to avoid or mitigate any damage before offsetting would be considered.

However in March 2013 the business led Ecosystems Market Task Force (EMTF) set out much bigger ambitions for biodiversity offsetting claiming it would "*revolutionise conservation in England*" and urging Government to introduce a mandatory scheme. Since then Owen Paterson has expressed enthusiasm for offsetting as a main plank of his Government's approach to biodiversity and his department, Defra, issued a Green Paper on biodiversity offsetting in September 2013.

The consultation asked *whether* an offsetting scheme should be introduced in England, but in October 2013, while the consultation was still open, Owen Paterson told MPs on the Environmental Audit Committee (EAC) that if legislation was required to introduce offsetting he would "make a bid" for legislative time in 2014, making it clear that he had already decided to go ahead with an offsetting scheme.

Lack of evidence that offsetting works

Defra set up a series of pilots to test voluntary biodiversity offsetting. But its consultation on offsetting was published ahead of completion of the pilots, now expected in June 2014. To

⁴ Natural England State of the natural environment, 2008, conclusion 7
<http://publications.naturalengland.org.uk/publication/31043?category=118044>

⁵ UK National Ecosystem Assessment (UK NEA), 2011 <http://uknea.unep-wcmc.org/Default.aspx>

⁶ State of Nature report, 2013 www.rspb.org.uk/Images/summary_tcm9-345844.pdf

date there is no published evidence from the pilots that offsetting is delivering any benefits to biodiversity.

When MPs on the EAC questioned Mr Paterson about the evidence to back his claims and proposals he admitted that there was not much from the UK pilots and said that instead “The lessons I really learned were from going to Australia”.

Based on experience from Australia and other countries Defra claimed in its consultation that offsetting “guarantees that there is no net loss from development”, but it has not published the evidence for this. In response to a Parliamentary Question from Caroline Lucas MP, Defra Minister George Eustice recently confirmed that “A detailed record of discussions during the trip to Australia is not available”⁷.

Not everyone shares Mr Paterson’s enthusiasm about the outcomes of offsetting in Australia. The State of the Environment Report for Victoria, published at the end of 2013, was critical of the existing offsetting scheme because offsets tended to protect existing areas of vegetation rather than creating new habitat to replace that which has been lost. The report concluded that the regulations “inevitably lead to an overall loss of native vegetation”⁸.

Dr Philip Gibbons of the Australian National University, and one of the Australian Government’s advisors on offsetting, has noted that the introduction of offsetting in the state of Victoria has coincided with an increase in the rate of deforestation, and he is working with colleagues to establish whether this is linked to the offsetting policy.

The situation in New South Wales is no more convincing. Dr Philip Gibbons and Professor Jochen Zeil of the Australian National University recently wrote in the *Canberra Times* that “We like to think of Canberra as Australia’s bush capital so it is ironic the ACT government has adopted a policy whereby conserving our biodiversity is becoming dependent on its destruction... This approach is broadly known as biodiversity offsets and is now a feature of government policy in many countries”. The academics say that the Government is claiming as offsets conservation activities that should have occurred anyway “and in doing so is simply saving money at the expense of threatened species”⁹

An alternative approach

There is a need to improve protection for biodiversity in the planning system. But it does not follow that a new market-based system of offsetting is needed to do this. Instead the planning system should be strengthened in the following ways:

⁷ <http://www.theyworkforyou.com/wrans/?id=2014-02-11a.186971.h&s=speaker%3A24910#g186971.q0>

⁸ <http://www.ces.vic.gov.au/victorias-environment>

⁹ <http://www.canberratimes.com.au/comment/its-becoming-harder-to-see-the-trees-for-the-revenue-20140128-3112b.html>

The 'mitigation hierarchy' needs to be more strongly applied. This requires avoidance of damage to be the first consideration in a planning application followed by mitigation of unavoidable damage and compensation *only* as a last resort.

A recent survey of local authority planners revealed that very few understood how to apply the mitigation hierarchy and that they lack expert advice on biodiversity protection¹⁰. Guidance to planners and an increase in ecological expertise at local level would be a logical first step to improving the implementation of this important policy.

National planning policy must be more explicit about protecting nature and ecosystem services. Currently the emphasis is on economic growth over environmental protection not hand in hand as Ministers so often like to claim.

The National Planning Policy Framework (NPPF) and associated guidance should be revised to make it clear that development proposals will be expected to contribute to the ambition set out in the NPPF of "moving away from a net loss of biodiversity to achieving net gains for nature". If this cannot be demonstrated the NPPF's presumption in favour of sustainable development should not apply and development should be refused.

The ambition set out in the NPPF to achieve biodiversity gain should be delivered through clear policies in local and neighbourhood plans that map existing sites for biodiversity and opportunities to improve connectivity and resilience. These should be included in Strategic Housing Land Availability Assessments. This will require robust Planning Practice Guidance on Biodiversity that makes it clear that protecting and enhancing biodiversity is central to delivering sustainable development and must be demonstrated for a plan to be compliant with the NPPF.

Clear guidance on incorporating nature into new development is also needed. Instead of aiming to increase net developable area as is envisaged under offsetting new development should aim to create new space for nature and include green infrastructure. In doing so we will benefit from developments that are better for our well-being and more resilient to a changing climate.

Although offsetting is primarily seen as a planning tool there are other ways of delivering biodiversity protection and gain outside of the planning system including better use of farm subsidies to boost biodiversity on farmed land and better enforcement of existing habitat and species protection regulations.

Case Studies

Kent: The British Trust for Ornithology (BTO) has raised concerns about an offsetting proposal in Kent where development is proposed on a site important for nightingales. The BTO raises concerns about the significant time delay in establishing a suitable new habitat for nightingales and the difficulties of establishing and managing the new habitat.

"To maximise the chance of success a number of key considerations must be taken into account, all of which are detailed in the main body of this report. It must be stressed that even if these are all incorporated into a habitat creation plan, the establishment and persistence of a large Nightingale population cannot be absolutely guaranteed. Meeting the

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http://www.cieem.net/data/files/Resource_Library/News/ALGE_Report_on_Ecological_Compentence_and_Capacity.pdf

requirements of the species as thoroughly as possible is especially important at a time when nationally the range of the species is contracting and the overall population is declining.”¹¹

Gloucestershire: Gloucestershire Wildlife Trust objected to a planning application for 100 new houses on species rich grassland. The applicant has proposed biodiversity offsetting as a way of mitigating for the damage caused. Roborough Fields is a Key Wildlife Site due to the rich variety of hay meadow plants and the invertebrates it supports. This is a rare and important habitat as 97% of hay meadows have been lost in the UK since 1945.

Dr Colin Studholme of GWT called the concept of offsetting **“fundamentally flawed”** adding that *“First it is not possible to recreate some ancient habitat types, such as the grassland community at Rodborough Fields, and second it does not take into account the fact that a local community might be losing their much-loved wildlife area and the compensation for that loss is carried out somewhere else.”¹²*

Tyneside: An application for 366 houses in North Tyneside was initially rejected due to the adverse effects the development would have on biodiversity. The Northumberland Wildlife Trust said that the loss of open farmland habitats would particularly harm farmland birds. But when Bellway Homes took the case to appeal the inspector overturned the decision with the support of Communities Secretary Eric Pickles and recommended approval. Part of the reason for overturning the decision was the promise of offsetting. The Environment Bank, the private company positioning itself as an offsetting broker seems to have played a leading role in the decision: *“The Environment Bank has expressed confidence in the ability to deliver offset requirements and that there is a reasonable prospect of delivering a scheme”.*¹³

Sheffield - Smithy Woods: Smithy Woods is an ancient woodland alongside the M1 motorway. Dating back over 850 years, it is an irreplaceable piece of the UK's landscape and heritage. It is a haven for a wide range of ancient woodland flora, birds, and butterflies and of significant historical interest, as well as being a place for local people to walk and enjoy a green space. It is also an important part of an ecological network running through Sheffield. Extra Motorway Services has lodged an application to build a motorway, car park and slip road on top of Smithy Woods; new trees would be planted nearby as part of a biodiversity offsetting scheme. It will take those new trees 850 years plus to have the same ecological value Smithy Woods has now. There is no overriding need to locate a service station at this location – but instead of considering alternative sites that would avoid devastating an irreplaceable habitat the developer has gone straight to the option of offsetting. This is an indication of how developers would use offsetting should it be introduced more formally into English planning policy.

¹¹<http://www.medway.gov.uk/pdf/Nightingale%20habitat%20compensation%20report%20FINAL%2018%2010%2012.pdf>

¹² <http://www.gloucestershirewildlifetrust.co.uk/news/2013/07/11/wildlife-trust-objects-rodborough-fields-planning-application>

¹³ <http://saveourwoods.co.uk/articles/nppf/biodiversity-offsetting-permits-previously-rejected-housing-development/>

Conclusions

Habitat restoration and creation is not best secured by allowing for the tradable destruction of habitats elsewhere. Other means of securing restoration should be given preference over trading schemes. These should include for example better use of incentives via CAP to encourage habitat on farmland, and stronger enforcement of requirements on landowners to manage designated wildlife sites as well as delivering biodiversity gain through strong local planning policies. Many large areas of England are 'deserts' in terms of biodiversity, a situation which means that our ecosystems are already fragile.

The evidence is that biodiversity and ecosystems in the UK need rapid and urgent restoration and recovery, and that is where the Government should be concentrating its efforts, especially since its progress on protecting and improving the natural environment is lagging behind the need for urgent and extensive action.¹⁴

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¹⁴ <https://www.gov.uk/government/publications/biodiversity-2020-simple-guide-and-progress-update-july-2013>