



Creating New Nature Markets that Work for Farmers

The Opportunity of Biodiversity
Net Gain

October 2024

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Summary

The new Biodiversity Net Gain (BNG) framework that was launched on 12 February 2024 requires new property developments to deliver a minimum of 10% uplift in biodiversity.¹ As these nature markets develop, converting land for biodiversity preservation or carbon sequestration could provide new revenue opportunities for farmers and landowners. But with the policy journey for these markets incomplete, and concerns arising around the integrity of some of these markets due to their voluntary nature at present, there is hesitancy and uncertainty amongst farmers and landowners about whether and how to take up the opportunities provided by new nature markets.

Drawing on Barclays experience as one of the largest lenders and bankers to agricultural business in the UK, we sought to understand what was needed to deliver credible and well-functioning nature markets that work for farmers. Our insights highlighted that financial viability is the priority for farmers and shoring up reliable income streams will be a driving factor behind decision making on participation in nature markets. Whilst there is openness to farming alongside preserving and restoring nature, this must bring demonstrative economic value rather than solely environmental credentials, which are unlikely to be the primary driver of decision making. Market participation needs to be accompanied by the right government support, with guidance to help farmers make the land use decisions needed to enter the market. The administrative and technical underpinnings of these markets need to be robust to ensure farmers have the right tools to deliver these in a credible way. Right now, scheme take up is being held back as clarity is still needed in key areas of BNG design and implementation. Focus is needed on ensuring local authorities understand and are staffed to deliver BNG, given their key role in implementation.

This report recommends that government can support the delivery of well-functioning markets in two key ways: 1) helping navigate the strategic decisions and trade-offs around land use; and 2) providing a strong and stable policy environment with clear and comprehensive guidance around market functioning, monitoring, and enforcement.

Gap analysis & research question

The UK produces 406.2MtCO₂ of greenhouse gases annually (2022),² with agriculture responsible for 12% of these.³ Decarbonisation of the agriculture sector therefore plays a key part in meeting net zero goals.⁴

Farmers and land managers manage 71% of the UK's land.⁵ Therefore, as well as reducing their greenhouse gas emissions to meet net zero targets, they also play a critical part in restoration and preservation of biodiversity and nature. It is estimated that since the 1970's, nearly all areas of biodiversity in the UK have seen continued reductions,⁶ driven by climate change, agriculture intensification, and the use of pesticides.⁷

¹ HM Government. [Understanding biodiversity net gain](#). 2024

² UK Government. [Agri-climate report 2022](#). 2022.

³ Department for Energy Security & Net Zero. [2022 UK Greenhouse Gas Emissions, Final Figures](#). February 2024.

⁴ Climate Change Committee. [2022 Progress Report to Parliament](#). June 2022.

⁵ Department for Environment, Food & Rural Affairs. [Agriculture in the UK Evidence Pack: September 2022 update](#). September 2022.

⁶ A wide range of species across the UK have been in decline since 1970, with cumulative total decline leaving the UK with less than half its biodiversity remaining. See: State of Nature Partnership. [State of Nature: full report 2023](#). 2023.

⁷ State of Nature Partnership. [State of Nature: full report 2023](#). 2023.

To manage both carbon reduction and biodiversity preservation, the UK government has been exploring innovative, market-driven approaches that create a funding environment for farmers that redirects subsidies towards biodiversity and climate mitigation actions, rather than production or land ownership.

This note draws on Barclays' experience as one of the largest lenders to farmers in the UK to explore attitudes toward new nature markets. It looks to identify the policy changes needed to deliver credible and well-functioning nature markets that give farmers the confidence and tools to engage in these new opportunities.

Markets for nature

Natural capital is the stock of natural resources that are provided by the earth and yield a flow of benefits to people.⁸ Policy makers are increasingly considering how natural capital can be valued, accounted for and preserved. Recognising this potential value, nature markets enable private investment in nature through generation of credits that can be traded. Farmers and other landowners produce credits for achieving stated outcomes (e.g. removal of carbon, increase in biodiversity), which are then bought by actors looking to achieve regulatory requirements, offset emissions, or bolster environmental credentials. This preserves natural capital and provides new income streams for farmers and other landowners.⁹

In 2023, the UK government set out a goal to grow private investment flows to nature to £500m p/a by 2027 and more than £1bn p/a by 2030.¹⁰ However, nature markets are still nascent, often supported by voluntary standards or codes. Whilst emerging compliance markets are adding legitimacy to these markets through formalising aspects of their structure and operation, concerns still exist around the risk of greenwashing, trade-offs and perverse incentives. For nature markets to grow and develop with credibility and integrity – delivering credits that are real, quantifiable, additional and permanent – the market needs clearly defined rules and principles, high-integrity nature investment standards, and institutional arrangements, regulatory roles and market infrastructure.¹¹

The state of nature markets in the UK

There are two main types of nature market in the UK: biodiversity and carbon. The new Biodiversity Net Gain (BNG) framework that was launched on 12 February 2024 requires new property developments to deliver a minimum of 10% uplift in biodiversity.¹² Delivered over a 30-year period, this is calculated in units supported by a robust government taxonomy, that prioritises delivery of biodiversity gains on-site or within the local authority boundary over credits hosted elsewhere in the UK. It is estimated that the introduction of mandatory BNG could generate units with a market value of £135-274m annually.¹³ With large developers and organisations such as the Environment Bank already signing up farmers to sell credits to them, farmers face a choice: take the opportunity early and risk tying up land at non-competitive prices, or miss out on securing a steady long-term revenue stream from their land.

⁸ Natural Capital Coalition. [Natural Capital Protocol](#). 2018.

⁹ UK Government. [Biodiversity Net Gain](#). February 2024.

¹⁰ HM Government. [Nature markets : A framework for scaling up private investment in nature recovery and sustainable farming](#). March 2023.

¹¹ HM Government. [Nature markets : A framework for scaling up private investment in nature recovery and sustainable farming](#). March 2023.

¹² HM Government. [Understanding biodiversity net gain](#). 2024

¹³ Natural England. [What landowners can do now to gear up for the biodiversity net gain market](#). 2023.

For **carbon**, two types of markets exist. The regulated **UK Emissions Trading Scheme** caps the total amount of carbon emissions allowed across various sectors – and whilst land and agriculture currently sit outside the scope, their inclusion has been consulted on and there may be requirements and opportunities in the future for carbon credit development relating to land. In contrast, the **voluntary carbon market** supports the purchase of carbon credits for voluntary use rather than to comply with legally binding obligations. Farmers can use their land for carbon sequestration and register it as credits to sell on the voluntary market which can then be purchased by those seeking to offset their own emissions or to bolster environmental credentials. Whilst the current estimate of the value of the voluntary carbon market in the UK was c.£150m p/a in 2021,¹⁴ this is expected to grow significantly by 2050.

New opportunities must overcome existing concerns and scepticism

As these nature markets develop, converting land for biodiversity preservation or carbon sequestration could provide new revenue opportunities for farmers and landowners. But with the policy journey for these markets incomplete, and concerns arising around the integrity of some of these markets due to their voluntary nature at present, there is hesitancy and uncertainty amongst farmers and landowners about whether and how to take up the opportunities provided by new nature markets. This hesitancy sits within a wider context of low confidence in the previous government's post-Brexit approach to sustainable farming. 61% of Barclays' client livestock and dairy farmers surveyed in 2023 thought that the government was not providing adequate support.¹⁵ This lack of support is the most commonly cited challenge to achieving net zero.¹⁶

Barclays is a key partner in the agriculture transition

Barclays is one of the largest lenders and bankers to agricultural business in the UK, and the UK's first agricultural bank with a history of over 270 years. Through this time, Barclays has provided support and innovative solutions to farmers in the wake of changing practice and adapting to the opportunities presented to landowners. Our partnerships with farmers and the wider agriculture sector look to support their transition to net zero and lower impact farming systems, and investigating carbon and biodiversity credit markets. This includes:

- Offering **green loans** to help fund the purchase of green assets, supporting the transition to renewable energy sources and the decarbonization of agricultural machinery.
- We support peer-to-peer learning through our **Farm to Farm** initiative, that facilitates events for farmers in similar geographic areas to cultivate innovative sustainable farming practices. Over 100 farming clients attended Farm to Farm events in 2023.
- 300+ AgriTech companies are supported via our **Eagle Labs**, including our Eagle Lab Farm at University of Lincoln, and Barclays has £250m dedicated to support farmers make their businesses carbon net zero through **Agri-Tech** solutions.

¹⁴ Climate Change Committee. [Supply and Demand in the UK Voluntary Carbon Market](#). 2022.

¹⁵ Barclays web-based survey delivered by email to current pastoral farming customers (November 2023)

¹⁶ Barclays web-based survey delivered by email to current pastoral farming customers (November 2023)

2024 is a turning point for the future of UK sustainable farming policy

With farmers on 78% of English holdings currently or planning to make changes to their business in the next 3-5 years,¹⁷ there is an important window for finalising agriculture policy that embeds sustainable practices. The introductory years of BNG are widely considered a test period and, if done right, the UK has a unique opportunity to lead the world in development of credible, well-functioning nature markets. We therefore seek to explore the following question in this report:

Research question: What policy changes are needed to deliver credible and well-functioning nature markets that work for farmers, giving them the confidence and tools to engage in the opportunity?

Methodology

We set out to answer the question of what was needed to deliver credible and well-functioning nature markets that work for farmers by drawing on insights from multiple sources:

1. **Barclays-convened roundtable with client housebuilders and farmers/landowners** (*April 2024*), in partnership with the Environment Bank, to discuss the opportunities and challenges of the new Biodiversity Net Gain scheme.
2. **Individual, direct interviews with large owner-occupied farming clients** (*Jan-March 2023*). Barclays conducted 23, one-hour in-depth interviews with farming clients, skewed towards owner-occupied bigger farms that have an agriculture mortgage with Barclays. The farming clients interviewed covered arable, dairy, mixed and poultry farms. Areas of focus included:
 - Views on the impact of the Net Zero 2050 target (including changing government support mechanisms and the drive for more sustainable farm practices);
 - How farms view the future more generally and what they are doing to adapt to the changing climate; and
 - What support they anticipate they might need in doing so.
3. **Web-based survey delivered by email to current farming clients** (*November 2023*), receiving 256 survey responses across dairy farming (14%), hill & upland cattle & sheep (19%), lowland cattle & sheep (32%), and mixed farming (35%). The areas of focus included the importance of net zero, plans to measure carbon impact, plans to implement sustainable farming practices, and how banks and government can best support farmers in the net zero transition.

¹⁷ UK Government. [Farmer Opinion Tracker for England](#). April 2023.

Results

1. **There is strong and almost universal concern amongst farmers around continued revenue generation and the longer-term viability of their business and livelihoods.** This is paired with widespread scepticism around the effectiveness of the post-Brexit agriculture schemes, with limited take up of the new Sustainable Farming Initiative (SFI). As a result, farmers may seek alternative sources of income outside of agriculture production.

"[Top worries are] cashflow, paying the bills."

1,800 acre farm (arable)

"[Top of mind is] long term sustainability of the farm, [and] profitability in the short, medium and long term."

10,000 acre farm (mixed arable, woodland, grass, moorland)

"[Top worry is] how to survive another year."

255 acre farm (beef, sheep, poultry plus arable)

"You can't go green if you're in the red."

1,000 acre farm (mixed arable, sheep equine)

2. **There are mixed results regarding take-up of transition-related activities.** The view across agriculture customers on the importance of net zero is polarised (39% said the net zero agenda was not at all important or not important to decision making, vs 45% who said it was fairly important or very important). More negative sentiment is largely driven by farms with an annual turnover of under £350k. Whilst many farmers are already exploring transition-related activities where this provides financial benefit, almost half of surveyed livestock and dairy farmers (46%) have no plans in place for reaching net zero and have no plan to establish one. The most common challenge is lack of local or UK government support (27%), with cost of equipment, lack of advice and access to lending also substantial issues.
3. **As farmers consider the future financial viability of the farm, there is openness to payment for nature-focused practices and outcomes.** Some farmers are open to the possibility of accessing public or private finance and payments for more nature-focused farming practices, including opportunities to be paid for carbon sequestration and biodiversity generated on their farm. But there is a focus on and concern about whether this will be done in a way that brings benefits to farmers producing and maintaining the credits, and it can be seen as a complex area to navigate. Farmers are still trying to figure out what pays best between competing land use opportunities.

"We've gone into SFI [Sustainable Farming Initiative] because that's the way we're farming already. Definitely believe we can farm alongside nature."

900 acre farm (cattle)

"Might be earnings from carbon, biodiversity. There will definitely be new income streams."

300 acre farm (mixed – arable, cattle, sheep, chickens)

"Investing in non-ag side of the business to push returns on non-farming income."

1,000 acre farm (mixed arable, sheep, equine)

Doesn't really sit well with us – offsetting is silly at the moment [and] we might need the credits ourselves in the future."

1,050 acre farm (arable and beef)

4. **Biodiversity Net Gain (BNG) is seen as a potential opportunity if done right. It is seen as a more immediate opportunity than carbon.** There is openness to the opportunity to farm alongside nature, but the schemes need to be designed well and balance competing priorities if there is to be take-up. Before scheme go-live in February 2024, some farmers were already taking advantage of offers from groups already making large investments in biodiversity sites.

"BNG is much closer to reality – carbon credits probably in 3-10 years."

300 acre farm (arable)

"Massive investment in biodiversity [to adapt to net zero]."

1,000 acre farm (arable)

"Farmers should get the money - If private finance gets involved in biodiversity, carbon etc., the money should flow to farmers on the ground."

300 acre farm (dairy)

"Will do what I can [to adapt to net zero] but only if it fits in with my approach...biodiversity only works if it improves [my] crops. Producing food is what [I] do!"

1,000 acre farm (mixed arable, sheep, equine)

5. **Local authorities are key players in the delivery of BNG, but resourcing and expertise is often missing, and there is a fragmentation between local and national approaches to BNG.** Local authorities will be critical in BNG market development. But understanding of, and expertise in, BNG was seen as lacking in many local authorities and the planning committees who sign off developments. Fewer than 10% of local authorities report that their current expertise and resources will be adequate to deliver BNG, while 85% state they will require additional professional staff to support their new responsibilities.¹⁸ This has led to scepticism on BNG plans, or hesitancy to approve the use of credits achieved offsite or outside the local authority boundary. This, alongside the varying approaches of different local authorities across England, creates contrasts with a nationwide approach being taken by DEFRA, and means landowners face a fragmented market having to adapt to different expectations or requirements depending on developer location.

"The local authorities we deal with don't have a particularly good understanding of BNG."

"Councils haven't got the ability to enforce this."

"[We are] trying to bring unqualified planning committee members around the table to teach them about BNG and the difficulties we face in the industry to get to where we need to get to [to meet the requirement]."

"Local planning authorities are all taking different approaches...to how they treat BNG during the determination process, which is adding to the challenges."

6. **Lack of clarity on several key areas of BNG scheme design and implementation detail is driving hesitancy in uptake.** Most notably this includes the tax treatment of land under BNG, and in particular Inheritance Tax implications of land no longer used for agricultural purposes, and the implication for Discretionary Will Trust arrangements. Landowners we spoke to discussed holding back on supply until clarity can be provided, given the long-term financial implications.

"We've not gone to the market yet [as] we're still uncertain about tax."

"Certainty is a wonderful thing... the moment we have certainty, I've got a [large number] of credits I will bring to market immediately."

"This is the darkest before the dawn...we've got the worst combination of LPAs absolutely rabbit in the headlines, we've got 106's backed up across the country, ...[landowners] have difficult go/not go decision making."

7. **The wider ecosystem surrounding BNG is also critical to its success.** Farmers we spoke to noted struggles in finding the legal support to draft key documents underpinning credit delivery, including the necessary legal agreements to secure BNG (Section 106 agreements or conservation covenants). Finding intermediaries to support with marketing and selling credits produced was also seen as essential to market development and scale up.

"Your route to market for BNG is [currently] fraught with peril...everyone there is having a pop at what's being produced."

"There are all sort of areas to iron out...but we think there's real scope for this to be a thriving and productive nature positive market."

"Biggest challenges we faced initially was trying to find land to get to the [BNG levels] we needed."

8. **Carbon is also considered an opportunity but expected to materialise to slower timeframes than BNG.** There is an acknowledgement of the importance of measurement in benefitting from this income

¹⁸ Association of Local Government Ecologists. [Survey of Local Planning Authorities and their Ability to Deliver Biodiversity Net Gain in England](#). June 2022.

stream – but current measurement practices are lacking. When it comes to measuring carbon emissions, 55% of respondents have no plans to do so (predominately driven by farms with a lower turnover); and for those that have measured emissions, around half are not confident in the results.

9.

“Carbon audits are going to be critical as this is going to be an income stream...I'd be biting the hand off anyone who did a decent [carbon] calculator.”

300 acre farm (arable)

“Only experts understand carbon sequestration and credits. Would need a lot of advice.”

1,235 acre farm (arable)

“Doesn't really sit well with us – offsetting is silly at the moment [and] we might need the credits ourselves in the future.”

1,050 acre farm (mixed - arable and beef)

“Not looking at it yet, but can see [carbon sequestration] could be an income stream.”

1,300 acre farm (arable)

KEY TAKEAWAYS



Financial viability is the priority for farmers and shoring up reliable income streams will be a driving factor behind decision making on participation in nature markets.



Whilst there is openness to farming alongside preserving and restoring nature, this must bring **demonstrate economic value rather than rely solely on environmental credentials**, which are unlikely to be the primary driver of decision making.



Market participation needs to be **accompanied by the right government support**, with guidance to help farmers make the land use decisions needed to enter the market. The administrative and technical underpinnings of these markets need to be robust to ensure farmers have the right tools to deliver these in a credible way.



Scheme take up is being held back as clarity is still needed in key areas of BNG design and implementation. Focus is needed on ensuring local authorities understand and are staffed to deliver BNG, given their key role in implementation.

Policy recommendations

This note set out to consider what policy changes are needed to deliver credible and well-functioning nature markets that give farmers the confidence and tools to engage in the new opportunity presented. The Barclays insights generated (*Section 3*) provides perspectives on what informs decision-making around net zero initiatives on the farm, and the opportunities and challenges that farmers, landowners and developers see in the new Biodiversity Net Gain (BNG) scheme. BNG is seen as a more immediate opportunity than other nature markets such as carbon, and we have rich insights from client conversations across developers and landowners exploring BNG opportunities. We have therefore focused policy recommendations on the immediate priorities for action to support the establishment and development of a credible Biodiversity Net Gain market that can deliver for farmers. Our insights show that lack of government support is considered one of the most frequent barriers to the take up of net zero related actions by farmers.¹⁹ It is therefore critical that policy makers consider how BNG is designed, deployed and communicated to create compelling incentives for scheme take up.

Financial viability plays a critical role in driving farmer decision-making, and government incentives for non-food land use must represent good value if government wants biodiversity aims to be achieved and maintained. Receiving **fair financial return for land use will be a driving factor in participation** – farmers display openness to farming alongside nature but only if it brings benefits and provides income streams alongside their core farming business.

The nature of the BNG scheme design, with heterogeneous values of biodiversity units based on location and biodiversity type, means pricing analysis and land use decisions are complex. Whilst BNG is not a subsidy and therefore government cannot dictate the price that farmers are paid for biodiversity units, the strongest lever the government has to deliver fair pricing is in the **structures and rules surrounding market establishment and participation**. In order for the economics of the market to be right for farmers, the **policy that underpins the market and its operationalisation needs to be established in order to maximise the chances of an efficient and well-functioning market** being delivered.

Government can support the delivery of well-functioning markets in two key ways:

1. Helping navigate the strategic decisions and trade-offs around land use (*Recommendation #1*); and
2. Providing a strong and stable policy environment with clear and comprehensive guidance around market functioning, monitoring, and enforcement (*Recommendation #2*).

Recommendation 1: Support navigation of land use trade-offs

Policy must support farmers to navigate the trade-offs required around land use when considering sustainability issues. This is especially important given the 30-year land lock-up BNG necessitates, meaning the decision on BNG participation requires individual landowners to make judgements about the relative value of their land over a 30-year period. This requires not only a detailed understanding of how

¹⁹ Barclays web-based survey delivered by email to current pastoral farming customers (November 2023)

different types of land could be used for different outcomes but also how this land use may continue to be valued and rewarded by government through incentives over a multi-year time period.

- Government should **publish an overarching Land Use Framework**, providing strategic direction on how government proposes to manage complex trade-offs between competing priorities such as food security, emissions reductions, nature and biodiversity preservation, and health. This provides the essential wider context within which the BNG scheme sits, and supports both landowners and local authorities in their uptake and implementation of BNG.
- Land use changes may have wider impacts, whether that be for **employment, skills, or the wider community**. These implications should be considered by government alongside the ambition of the overall land use framework through the lens of delivering a just transition.
- In this context, government and local authorities should consider how best to **communicate scheme details and benefits to farmers**. Communication should build understanding of the requirements and revenue opportunities from BNG, raise the profile of the BNG scheme, and support landowners in making land use decisions.

Recommendation 2: Rapid clarity on policy gaps and guidance

Clear policy frameworks and guidelines will be essential to deliver a well-functioning and efficient market. Landowners highlighted the importance of certainty in developing and bringing more BNG to the market. Existing gaps in the policy framework should be filled quickly as the requirement on developers is now live and farmers are already facing opportunities to sign up to BNG and habitat banking schemes.

Government should rapidly finalise key gaps in the BNG policy framework. These include:

- **Overarching commitment to BNG.** The new government should confirm its approach and commitment to the Biodiversity Net Gain scheme, as well as the role it sees nature playing as part of its wider policy approach to agriculture. Participants require certainty as they consider whether the lock up land for the long periods of time BNG requires, and following the change in government they are looking for clarity ahead of making decisions. Other players, including local authorities, also need certainty about the path forward to ensure they have staff with the required training and skills to carry out their requirements.
- **Tax treatment.** Clarity should be provided quickly by HMT and HMRC on the treatment of BNG for inheritance tax purposes as well as VAT. The consultation on the taxation of environmental land management and ecosystem service markets closed in June 2023, and a response was published alongside the 2024 Budget.²⁰ This clarified that agriculture property relief (APR) under inheritance tax will be extended to environmental land management from 6 April 2025, and promised a joint Treasury and HMRC working group to clarify the tax treatment around ecosystem service credits and units.²¹ The government should provide an update on this working group should quickly convene, and clarity around the future approach to the relief to ensure that uncertainty around tax treatment is not an impediment to scheme take up.

²⁰ HM Treasury, HM Revenue & Customs. [Taxation of Environmental land management and ecosystem service markets: Government response to the consultation and call for evidence on selected tax issues](#). March 2024.

²¹ HM Treasury, HM Revenue & Customs. [Taxation of Environmental land management and ecosystem service markets: Government response to the consultation and call for evidence on selected tax issues](#). March 2024.

- **DEFRA should provide clarity on expectations on what happens to the status of the land at the end of the 30-year BNG period**, to provide a better basis for estimates of long-term financial requirements and expectations as part of land use planning.
- **Natural England should oversee the continued build out and delivery of the Biodiversity Net Gain register.** The development and population of the public BNG register is seen as essential to help developers navigate the market for BNG credits, for landowners and farmers to find buyers for their credits, and to navigate credit sales aligned with location-based spatial risk multipliers.
- As the BNG credit market grows and develops, **DEFRA should review whether the 6-monthly timeframe for evaluating the prices for statutory credits is appropriate**, to ensure the government doesn't inadvertently create a ceiling for market price. Such review might also consider how any revenue from the sale of statutory credits could be best reinvested to support scheme delivery and wider biodiversity goals.

Specific consideration is needed for how monitoring and enforcement of BNG will be delivered in practice over the 30-year period. This is essential for delivering market integrity and avoiding allegations of greenwashing. Government should:

- **Work closely with local authorities** to consider the funding needed for them to effectively deliver, monitor and enforce the BNG scheme, key for its credibility and integrity. Government should **monitor the deployment of the £10.6m of funding** to help local authorities recruit and expand ecologist teams, and whether its impact is supporting BNG delivery, and **review** whether this envelope is large enough to deliver the standard of monitoring and enforcement needed to create confidence and integrity in the BNG market.
- For market integrity to develop, there also needs to be trusted processes for **monitoring and enforcement of the BNG requirement over the 30-year period**. Local authorities need to consider how they can implement and resource this requirement.
- In turn, local authorities should **assess and plan for how they staff and deliver** BNG requirements in a credible way that creates a level playing field between onsite and offsite credits. This includes particular consideration of how monitoring and enforcement will operate in practice.
 - Local authorities should **upskill their staff** on BNG, including planning committee members reviewing developer applications, to ensure they embed good understanding of the requirements and options for meeting it. Where relevant, they should draw on the support of the Planning Advisory Service, who have been funded by DEFRA to provide advice and training with LA preparations for BNG.
 - This should include **building capacity in understanding, scrutinising and verifying Habitat Management and Monitoring Plans (HMMPs)**. HMMPs will create a pathway and plan against which LAs will be able to monitor the delivery of the BNG – and the requirement for local authority engagement and agreement of the HMMP for offsite and

significant on-site gains will support understanding and buy in – but proper ongoing monitoring of the enactment of the HMMP will need to be resourced and implemented by local authorities.

- Local authorities should consider **innovative ecologist staffing schemes** to address remaining skills gaps, such as a shared resource across multiple local authorities.²²
- Local authorities should clearly **articulate to government any staffing and skills gaps that are undermining their ability to deliver BNG requirements**, being clear on the impact this has on the scale-up and implementation of the scheme.
- DEFRA and Natural England should consider the establishment of a market oversight body to ensure integrity and consistency of the BNG scheme as applied across England.
 - Whilst recognising the value that differing approaches at the local authority level can have in reflecting local nuances, central government should ensure that the core elements of the requirement – including ability to deliver BNG using credits both on- and offsite, as well as in and outside the local authority boundary – are **well understood and consistently applied by local authorities**. This could be delivered as part of Natural England’s remit over BNG monitoring and evaluation.
 - Such consistency will be critical in the development of the market and reducing administrative burden for national developers delivering across multiple local authorities, as well as farmers and landowners selling credits across England.
 - Ensuring consistent approaches across local authorities may also support the **simplification and standardisation of Section 106 agreements**, reducing the legal administrative burden on all parties and speed up the bringing of credits to market. The work of the Planning Advisory Service in developing template Section 106 agreements is a great example and is helping create confidence in the market.²³

For Biodiversity Net Gain policy implementation to be successful, farmers need to have trust and confidence in central government and the wider approach to post-Brexit farming policy.²⁴ There have been concerns from farmers that there is sometimes a lack of understanding in government of what drives revenue on the farm, which can impact effective scheme design. More generally, concerns from the farming community have included the slow pace of progress on the Environmental Land Management (ELM) scheme rollout; a short-term focus and inflexible approach to policy making; ineffective communication on scheme design and changes; and limited understanding of the impacts of new policy on farms and the environment.²⁵

²² Example of out-sourced and county/combined authority natural environment teams include Place Services, Essex County Council. Planning Advisory Service. [Resourcing biodiversity net gain for local authorities](#). May 2023.

²³ Planning Advisory Service. [PAS Biodiversity Net Gain \(BNG\) Legal Agreement and Planning Condition Templates](#). July 2024.

²⁴ National Audit Office. [The Environmental Land Management Scheme](#). September 2021.

²⁵ National Audit Office. [The Environmental Land Management Scheme](#). September 2021.

BNG poses an opportunity to learn these lessons on policy design, communication and implementation to improve reception and take up. There have been positive steps already – the multiple evolutions of the BNG taxonomy indicated positive responsiveness in government to feedback – but there will likely be teething issues as the scheme rolls out. Policy makers at the national and local level should continue to address emerging issues receptively and ensure they understand the challenges and drivers of decision making on the farm. This will increase the likelihood that the new BNG scheme can help advance biodiversity alongside, rather than in conflict with, core agriculture priorities.