

Sustainability Committee

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Habitat Banking FAQs

In this document we have explored some frequently asked questions based on our extensive consultations to date across the full range of sectors that would be expected to contribute to the habitat banking initiative. The term habitat banking is used as an all inclusive term, to include, for example, conservation credits and bio-banking.



Q1. What is habitat banking?

A. Habitat banking is a market-based environmental solution to deliver ecosystem service benefits provided by land, including biodiversity conservation, and to address the historical loss of ecosystem service value at landscape and catchment scales. Habitat banking is an effective and efficient means of ensuring that development offsets its impacts on ecosystem services – where the true costs of development include the historically zero-costed resources which are lost as a result of development. The zero-costs applied to biodiversity and landscape have resulted in their observed degradation and fragmentation over time. The fundamental premise of habitat banking is to identify existing or degraded land and habitats that may be restored and/or enhanced and where developers purchase credits used to fund site purchase or management under long-term agreement, for habitat creation, restoration or enhancement. So, for example, arable farmland might be used to create new habitats or managed in a way that promotes better biodiversity and landscape quality, where different types of credits can be used to supply different ecosystem services. Habitat banks are designed to consolidate credits from many smaller development schemes to provide substantial added value to large landscape-scale initiatives. Habitat banking creates economic incentives for restoring, creating and enhancing habitats for the purpose of providing compensation for unavoidable losses to habitats and ecosystem services in advance of development actions, where on-site mitigation is difficult and would not result in such environmental benefits, as has repeatedly been shown in relation to S106 on-site mitigation designs. Habitat banking enables both conservation and development by providing a mechanism for appropriate and necessary development to occur in a more responsible and environmentally sensitive manner.

Q2. What is a habitat bank?

A. The term habitat bank refers to a) privately or publicly owned land managed for its natural resource value and b) the delivering body, such as The Environment Bank Ltd., that brokers arrangements between developers and land owners/managers to provide a ‘no-net-loss’ policy of ecosystem services including biodiversity. In exchange for the creation, long-term protection and management of the land, the ‘bank’ sells habitat credits to developers who need to meet requirements for mitigating and compensating for the environmental impacts of development projects. Habitat banks may involve the consolidation of many small mitigation projects into larger and more ecologically valuable biodiversity conservation projects.

A habitat bank is a free-market enterprise that:

- ❖ Offers land owners economic incentives to protect natural resources for biodiversity conservation or other ecosystem resource;
- ❖ Saves developers time and money by providing a streamlined and more predictable mitigation and compensation process, along with dependability on an efficient provision of mitigation, allowing them to maximise the net developable area of the development land under their control rather than have that area, at substantial cost, be used to attempt mitigation within the development site boundary;
- ❖ Provides protection and management of habitat through long-term agreements.

Q3. What is the role of the Environment Bank?

A. The Environment Bank is the first and only company of its kind in the UK. As such we have developed considerable experience to enable the effective delivery of habitat banking in the UK. We are able to assist with all aspects of the habitat banking process.

The Environment Bank can:

- ❖ Assist land owners in putting their land forward for identification as receptor sites (provided that they have good potential). Environment Bank will assess the credit-worthiness of land put forward by Key Delivery Bodies (landowners, farmers, NGO's, land management companies, utility companies, other organisations that manage land) and register that land to receive credit spend according to a range of criteria;
- ❖ Assist LPAs in identifying and assessing potential receptor sites from the register and matching with the development requirement for credits;
- ❖ Assist LPAs in developing the necessary LDF conservation or ecocredits or habitat banking policy.
- ❖ Broker the arrangements for credit purchase, issuing those credits to the developer;
- ❖ Put into place environmental enhancement strategies and management plans for receptor sites;
- ❖ Manage credit spend or "draw down" from pooled contributions on behalf of LPAs;
- ❖ Monitor credit spending and delivery through reporting practice tailored to assist with an LPA's Annual Reporting Mechanism (ARM).

- ❖ Take action where contractual management obligations are not being met by parties involved.

Q4. Does this concept apply to just housing sites or are other forms of development liable?

A. Any form of development (including changes of use), which reduces the ecosystem services function of the land and which requires planning permission will be the subject of the scheme. This will include infrastructure projects, ports and harbours, energy related development, commercial developments such as business parks, air ports, minerals and waste projects, out-of-town retail development, sport, tourism and leisure developments etc.

Q5. Would the habitat banking system apply to 'brown field' (previously developed land or PDL) as well as 'green field' sites?

A. Essentially, habitat banking is principally aimed at 'green field' sites which all currently perform ecosystem services. However, 'brown field' sites that perform ecosystem services will also contribute to the scheme. 'Brown field' sites within urban areas including the larger gardens associated with low density housing (which is being redeveloped), institutional development, educational establishments, hospitals or similar in large grounds will provide ecosystem services and thereby meet the criteria. 'Brown field' sites beyond urban areas (such as former air fields and un-restored quarries) can provide significant ecosystem services, for example they can be of high biodiversity value, so would, in such instances, be included. Small scale redevelopment schemes, say under 0.25 ha, would generally be excluded. However, this would very much depend upon the characteristics of the area concerned and the LPAs should determine the threshold criteria for habitat credit purchase on schemes within their defined urban areas.

Q6. Does habitat banking allow for the facilitation of development by providing a 'license to trash'?

A. No. Habitat banking is compatible with the current mitigation hierarchy and will apply to sites that have been identified as appropriate for development following LPAs rigorous evaluation which rules out statutorily protected sites and sites with formal nature conservation value designations recognised by the development plan. The scheme's aim is to avoid any further erosion of the land area for nature conservation purposes as these are part of the site's ecosystems services role and are being compensated for by way of the habitat credit purchase scheme. Much of the applicability and use of habitat banking will be for sites below the top tier of conservation protection (eg SSSI's, SPAs, SAC,s) for which statutory regulatory mechanisms are relatively effective (such as implementation of the Habitats Regulations in respect of European sites such that these sites are generally excluded from development pressure). Habitat banking will most likely be relevant to sites below this tier, together with the wider farmed countryside. Application on such a broad range of areas would lead to substantial improvements to resource protection and enhancement in the natural environment. However, there will be some cases such as where IROPI development (development identified as demonstrating imperative reasons of overriding public interest) is required which would affect a European site, in which habitat banking could be used as an effective mechanism.

Q7. If I have land which could be used for credit spending as a 'receptor' site how would I go about getting it identified?

A. We envisage the forward planning system 'calling for sites' as a part of the Local Development Framework (LDF) process. This is currently undertaken to identify potential development sites (i.e. Strategic Housing Land Availability Assessment - SHLAA) and could be initiated by land owners where potential has been identified. We have launched the Environment Bank Ltd. to facilitate a) the sourcing and assessment of receptor sites to include on-boarding selected landowners and managers, b) designing location-specific ecosystem service delivery and c) ensuring the credits are used appropriately and reporting on what is created. We would assess and register your land for the receipt of credit spend.

Q8. Will it affect house prices or the developer's profits?

A. No. The aim is to target the increase in land value created by the grant of planning permission. The cost is therefore borne by the enhanced land value. It may however impact upon those development sites which are the subject of a minimum land value 'option' or other arrangements. Some form of transitional mechanism will therefore need to be put into place which allows such sites to come through the process and for a "start date" to be applied to all future development sites. It is necessary to understand where the developer contribution comes from. It does not come out of the developer's profit. It emanates from the land value. Let us look at a very simple example.

The value of a greenfield site without any planning permission is worth say £15,000 per ha for agricultural use (agricultural land values, all types category, varied between £12,000 per ha in East Midlands to £15,013 per ha in East of England, source Savills land value survey data Sept 2010). Society designates, perhaps with some encouragement from the landowner, that the land is required for housing. With planning permission for housing the land is worth say £1,240,000 per ha before any S106 deducts. For the purpose of this example let us assume that S106 contributions amount to £100,000 per ha. Thus the net receivable to the landowner is £1,140,000; representing a substantial increase in value over existing agricultural use. Many landowners receive rollover relief and thus pay little or no capital gain on the increase in value.

www.hmrc.gov.uk/helpsheets/hs290.pdf

In a majority of cases house builders enter into option arrangements with landowners. These option agreements have differing payment criteria. Generally they provide that the house builder will endeavour to secure planning permission at their own cost and risk. On receipt of planning they will buy the site at a price below open market value (usually about 85% of OMV AFTER deducting costs relating to securing the planning permission plus any S106 and other statutory payments). Thus as you can see it is the landowner who pays, albeit indirectly, for these costs.

Developers/house builders assess the value of developable land by the residual valuation method. Simply, this entails putting a value on the completed development and then deducting all the development costs (construction, fees, statutory payments, interest etc) and applying a profit and cost margin (usually between 10 and 20%). The end calculation is the land value.

Arguably it is disingenuous for the development industry to argue that a further payment for environment loss will stifle house building since it does not affect their 'bottom line'. However, it is important to be aware that if the statutory deducts become too high landowners will decide to restrict the supply of land because the returns will be regarded as inadequate to compensate them. The 'marginal' tipping point will be different for each landowner and there are likely to be regional differences in residual values which a market-based approach to Conservation Credits or Ecocredits would be able to accommodate.

There would need to be criteria established to guard against mitigation provision (through the spending of the credit sum purchased) being delivered on the cheapest land in the country (or even region). Environmental criteria such as ecological coherence, hydrology, soils, absence of disturbance and lack of threat of development, should be overriding principles in determining the location of mitigation banks whilst broadly not disadvantaging people local to the development site.

Q9. What are the benefits to a developer?

A. Quite simply a more predictable outcome in terms of the net developable area, increased speed in the processing of planning applications and reduced costs previously associated with the delays and uncertainties created within the current system. Developers would no longer be required to create and manage, indefinitely, areas of biodiversity and landscape within their developments that were not part of their market offering (eg landscaping done to sell a particular housing design), since their liability for mitigation delivery would cease on the purchase of conservation or eco credits.

Q10. How would developers benefit from purchasing habitat banking credits?

A. Whilst the landscape-scale ecosystem service benefits of habitat banking to society are clear, there are also significant benefits to developers as a result of greater clarity in the planning process, avoidance of costly delays, reduced costs through avoiding the sterilisation of developable land, having to manage small pockets of land for ecology, hence removing a further burden of mitigation delivery from the developer.

Q11. What size of development would use the scheme? Examples?

A. Generally sites which are over say 0.25 ha in scale and which perform an ecosystem service. As can be read above (see [Q: Would the habitat banking system apply to 'brown field' \(previously developed land or PDL\) as well as 'green field' sites?](#)), we see this procedure as applying to primarily green field development sites, for instance, urban extensions and new infrastructure but which may similarly apply to rural brown field sites (or previously developed land – PDL) and certain categories of land within the urban areas which currently perform ecosystem services. We do not however wish to apply this concept to urban regeneration sites unless exceptionally these contain previously undeveloped pockets of land which do, as a result of their scale, contribute to the provision of ecosystem services and are proposed to be developed.

Q12. What type of development do you envisage is most likely to use this approach?

A. Any form of development (including changes of use) which results in a net loss to the ecosystem services provided by that land. For further details refer to previous question.

Q13. Would such a system enable developers to avoid providing for public open space, green corridors (amenity space), playing fields or landscaping within their development proposals?

A. No. The conventional requirement to provide such features in accordance with development plan requirements would remain. The habitat banking mechanism is designed to avoid further losses to the net developable area by ensuring that ecosystem service losses (such as food and energy provision, water quality, quantity and management, climate change mitigation, carbon storage, biodiversity and habitat provision for wildlife conservation, wider landscape quality and amenity value) are converted into a credit purchase to be spent on large landscape or catchment scale 'receptor sites'. This avoids the loss of otherwise developable land to small and inconsequential attempts to address secondary nature conservation interests on site. Developments are likely to continue to have their own landscaping schemes simply in order to increase the market attractiveness of the development.

Q14. What are the benefits to the local planning authority (LPA)?

A. First, it enables the LPA to demonstrate to the local community that land lost for necessary development will be compensated for in targeting credit spending at landscape-scale receptor sites. Currently, there is real difficulty in convincing many local residents that the balance between development and environmental consequences is being achieved. This process brings together the consideration of development allocations or applications and receptor sites as a parallel process available for all to see and understand. Second, it simplifies the processing of planning applications in terms of protracted negotiations and uncertainties, particularly in relation to major projects. Third, through the management of credit spending, performance delivery can be effectively and independently monitored (via accredited facilitators such as Environment Bank) and through the vehicle of the Annual Monitoring Report (ARM) action taken to improve performance, recast priorities etc. This reduces the staff time and resources needed to monitor and manage delivery.

Q15. Does this mechanism apply in a similar way to S106 (Town and Country Planning Act 1990) agreements?

A. It is intended to be a separate and distinct element of the planning application process but will be secured by legal agreement though will not use the existing S106 mechanism. The aim is to treat the credit purchase as a base line cost applicable in all circumstances where there is an identified loss to ecosystem services. Credit purchase requirement would be independently assessed and would be a non-negotiable element in any such application.

Q16. When would the payment for credits be triggered?

A. As implementation of the planning permission commences. It could be geared to the incremental site coverage achieved through development or, say, linked to phasing or completion of buildings and related infrastructure. It would be unlikely to be paid on the grant of planning permission for the simple reason that until a site is developed there is no loss of ecosystem services. However, the trigger mechanism for conservation credit purchase would be contained

within the appropriate legal agreement and entered into before planning permission is granted. There may, however, be some stipulated requirement to deliver mitigation before a development proceeds, as is currently the case in some circumstances. In such instances, there would be a requirement set by the LPA for credits to be purchased prior to development implementation. Upon purchase of the credits the development would be issued with the appropriate permit.

Q17. Who sets the environmental value / cost of a piece of land that is lost to development? Who oversees it?

A. The net developable area of land (including proposed buildings, gardens, roads, surface infrastructure, footpaths, cycle ways, formal playing fields and sports pitches and other hard surfaces, but excluding informal recreation areas, public open space, amenity land and landscaping) will be used to calculate the net land loss to ecosystem services. This is then converted to a credit spend depending upon the ecosystem service performance of the net land area lost to development. We aim to apply a simple formula based upon the per hectare cost of creating similar habitat or ecosystem function, or enhancing existing habitat or ecosystem function (to include its management for a 25 year period) on an area of land acquired for that purpose either through site purchase or management agreement. Having already established a per hectare financial value for a single conservation- or eco-credit, this is then divided into the net land area lost to ecosystem services to the development and the number of credits to be purchased established. This would be overseen by an accredited facilitator (such as Environment Bank Ltd) working with the planning authority. There is likely to be a need for compensation ratios greater than 1:1 in order to facilitate a) net gain rather than no net loss, b) to accommodate different levels of ability to recreate habitats based on time to maturation and functionality etc. So loss of an ecosystem service function which is relatively complex to recreate and which takes a relatively long time to reach ecological maturity (ie. as determined by the balance of risks), may need to purchase, as an example, ten credits for every one impacted by the development.

Q18. How would environment / conservation projects (receptor sites) be chosen?

A. Simply down to their potential to deliver results in terms of environmental improvements including ecosystem services such as biodiversity. Scale or proximity and landscape relationship to other land cumulatively forming a landscape-scale receptor site is critically important. These can be blocks of land, green corridors or networks. There must be connectivity capable of being part of a larger “whole”. There are already a number of well thought out spatial target areas for the restoration and enhancement of natural resources including ‘Living Landscapes’, ‘Futurescapes’, ‘Wetland Vision’, ‘Integrated Biodiversity Delivery Areas’ and ‘Ecological Restoration Zones’ etc. Environment Bank would assess sites within these initiatives and other areas and register them for the receipt of conservation credit spend on the basis of their credit-worthiness.

Q19. My Council will expect all of the credit spend to be within its own administrative area. Why should the credits purchased from development within our area be directed at receptor sites beyond our boundary?

A. The habitat banking system aims to deliver ecosystem benefits within the administrative area and if the Council has a suitable ‘landscape’ or catchment scale receptor site(s) within its administrative area then this is not a problem. We believe that sites of scale are the best way of

achieving ecologically meaningful results and these may be beyond the immediate administrative boundary. The best location for receptor areas will be where they can deliver the best ecosystem service gains. There will, however, be the opportunity to link such sites into the Council's health, well being and education functions enabling say school children and students from the Council's area to use facilities within the receptor sites. There are significant benefits arising from this if neighbouring councils work together on a range or network of sites within their hinterland or further afield. This approach will be consistent with greater cooperation between authorities, providing greater benefits where pooled contributions can, for example, be utilised to create large scale projects. Whilst receptor sites may be located within a given distance to where the development is taking place, this location will not be at the expense of the receptor sites' quality, ecological coherence and geographic literacy. It is usually pointless positioning a mitigation habitat next to the development since that development may need to expand in the future, it may be heavily disturbed by the development and is likely to have limited or no aftercare management. Experience shows that such sites fail. It is a misconception that the public want mitigation sites to be placed in close proximity to a development – what is most important is that the right habitats are put in the right place and receive the right long-term management.

Q20. Once the process is underway how will the public know where these sites are and access them?

A. We envisage public access to many sites, though this will depend upon their ecological sensitivity and management arrangements entered into with land owners. The receptor sites could be placed upon a public register held by the local planning authority. The sites may include fitness trails, nature conservation interpretation facilities, over night accommodation for school children and students undertaking research, visitor facilities, cycle ways and footpaths etc.

Q21. How will we know what has been done with the money raised through the credit system and how effectively it has been spent?

A. The receptor sites will be the subject of legally binding management agreements entered into by Environment Bank with the land owners. These agreements will include a plan-based implementation strategy for a given period or phases based upon a 25 year minimum project period. The implementation of the management plan, the creation of habitats, restoration, enhancement works and other measures will take place as the credits are drawn down. The project will be monitored by the accredited enabler such as Environment Bank Ltd and made the subject of a yearly review which is then fed into the Council's Annual Monitoring Report (ARM). This is likely to be for a period of 5 years. Action can then be taken to either increase/decrease spending or enforce the implementation measures where these have not occurred as recommended by the review of the site's performance.

Q22. How will accreditation be set-up and will the policy need regulation?

A. We envisage that key delivery bodies (KDB's) will need some form of accreditation body or mechanism to ensure best practice. We would recommend that this be evaluated and a system put in place in parallel to the roll-out and implementation of the policy, rather than establish the accreditation mechanism first. There could, for example, be an 'Ofsted' type of assessment undertaken of the banks according to a schedule of commitments to ecosystem service provision.

Regulatory enforcement on the developer would not be necessary if credits are purchased prior to implementation of the development. But regulation of the habitat banks may be required and desirable to ensure delivery of ecosystem service provision.

Q23. Is there national legislation covering environmental mitigation for development projects? Or are there regional variations depending on the planning authority itself?

A. The short answer is yes to both. European and national environmental legislation applies to the consideration of potential environmental impacts from proposed development projects which fall into certain categories of type and scale. Mitigation strategies form a required part of the planning application process, however our experience is that piecemeal, disparate and ad hoc mitigation has generally failed to deliver particularly in respect of land lost to ecosystem services. At the regional and local levels the development plan contains many policies which seek to minimise environmental impacts but similarly are too crude and result in cumulatively ineffectual results, not least because of the lack of current enforcement.

Q24. What are the differences between your approach and the current environmental mitigation practices?

A. We see this as more effective in being able to reflect the true cost of the use of land and hence land lost to ecosystem services for society's legitimate development needs. The generation of "pooled" credit spending from contributor development sites can be targeted at landscape-scale receptor sites. By virtue of the potential scale of the receptor sites, together with independent and regulated delivery and management of the credit spending, this procedure will deliver far more effective environmental mitigation and, more importantly, considerable enhancement. The latter is a reflection of the potential identification of receptor sites which can deliver considerably greater environmental benefits than current site specific mitigation strategies. Our approach will enable significant investment into the natural environment from development which would, without mitigation, further erode the ecosystem service function of land.

Q25. What are the benefits to the community affected by the development if the credits aren't spent locally?

A. If it is not possible to identify a landscape-scale receptor site within the area which is regarded as local to the development then it will be necessary to ensure that the credit spending on the receptor sites is linked to local education initiatives, so that, say, local school children or students can access various sites. The community in general could treat some or parts of receptor sites as "country parks" made accessible through improvements to local footpath networks, cycle ways, bus routes etc. It would also be possible for local communities to have a say in the running and management of many of the receptor sites, the priorities for access and public use. We essentially see this initiative as being able to assist in reconnecting the urban population with the countryside and nature, with health, fitness and well-being objectives.

Q26. What will motivate land owners / managers to get involved? The potential for conservation funding on their land? Or a more acceptable / speedier approach to development of their land?

A. First, it offers land owners a potential additional income stream in being able to implement and manage a credit spending scheme on their land. The land can remain within their ownership and

control. It may assist some land owners in being able to bring into effect land management practices more appropriate to the localized characteristics of their land than currently with resultant environmental benefit. This seems particularly appropriate where marginal agricultural land is involved, where there is land regularly liable to flood or land within water catchment areas which, with management and say the re-introduction of traditional farming techniques could assist in flood prevention whilst earning an income. The credit spend may well make the decision to revert to such practices more economically viable than currently could be the case. Second, land owners and farmers are best placed to manage the receptor sites in accordance with a binding management agreement. In terms of land owners with potential development sites it makes the net developable area more predictable and, as with the developers, assists in reducing delays and costs in the processing of planning applications. Additionally it will hopefully reduce the amount of objection to planning applications as local people can see the whole development / environmental mitigation picture more clearly than currently.

Q27. What needs to happen before such a scheme forms part of everyday development planning?

A. For a policy mechanism to be formally adopted by Government.

Q28. Do you have a model for how habitat banking will work ?

A. Yes. The operation of the Conservation Credits mechanism would involve a number of participants in the process. Their roles are briefly described below :

Local authorities

Local authorities are responsible for discharging duties in relation to planning and development control. In our 'model' they would have responsibility for assessing planning applications, determining with internal and external advice, the amount and type of credits that the developer would be required to purchase from EBL in order to trigger the development. They would not sell credits themselves nor would they establish habitat banks to receive credit spend as this would conflict with their planning permission function and could divert funds from the natural environment into core administrative budgets. Planning decisions would hence be free from the politics associated with local provision of environmental benefits. Location would be determined by a different group working with EBL (see below) based on ecological coherence, hydrology, geology, connectivity and what is best for ecology and ecosystem service delivery.

Developers

The developments being brought forward would be assessed for their compliance with policy by local authorities as they are at present. Local authorities would require developers to purchase credits. Once credits are purchased from EBL the unencumbered development would be allowed to proceed and the developer will have discharged their duties and liabilities with respect to mitigation provision upon the purchase of those credits.

Key delivery bodies

These are the bodies, companies, individuals (eg landowners/farmers) or organisations (eg. NGO's) that would be contracted by EBL to create and manage (ie implement) the new habitats or

manage existing ones in a particular way. They would be contracted to EBL according to a management plan. In some cases the KDB could be a local wildlife trust or a conservation body. The KDB's would be responsible for planning local stakeholder engagement as part of the process of implementation. In many instances, local involvement with implementation would be encouraged and there could be opportunities to provide recreation where consistent with the objectives of the management plan for that particular project. The KDB would be responsible to EBL for the delivery of the project. EBL would require the receipt of an audit report annually for the first 5 years of the project. Contracts with KDB's would be for a period of 5 years though management plans would be *in perpetuity*. If a KDB wished to terminate the contract for example because they wished to sell the land or to put the land to an alternative use, such as a development, there would be a mechanism for the assessment of impact/footprint and they would be required to purchase new credits to offset the impact.

National Advisory Board

EBL has identified that there is substantial merit in establishing a national advisory board to The Environment Bank for the full range of potential projects likely to come forward. EBL have secured the services of the three main NGO research and management bodies who have specific expertise at national level in relation to the three broad habitat types we are likely to be engaged with. These bodies are The Wildfowl & Wetlands Trust, The Woodlands Trust and Plantlife. Their role would be to provide independent advice to The Environment Bank on all projects in accordance with a MoU between EBL and each of them separately. Their involvement would be complementary to, rather than in conflict with, the roles of the wildlife trusts or other conservation bodies who would provide the local/regional relevance to specific projects and could take on the on-the-ground implementation, which the three national bodies have stated they would not wish to do. Having this advisory board is expected to provide greater capacity and influence for the overall objectives of EBL and to ensure we can operate at a national level for the benefit of the natural environment. In addition, Dr Jo Treweek, Dr Stewart Thompson and Cara Reece will provide specific expertise on mitigation bank designs and the use of metrics to measure losses from development sites. Dr Thompson is also an Associate of EBL. Dr Treweek is an internationally recognised expert on mitigation banking design and assessment of offsetting requirements for the full range of development types we would encounter. Cara Reece was, until recently, a programme manager with Bushbroker in Australia but is now based in the UK.

Environment bank – the Financial Institution

We believe that the best model for delivery is a Financial Institution that can source receptor sites for the receipt of Conservation Credits, creating a registry and database of providers. EBL, as the UK's leading financial institution for Conservation Credits, would contract directly with the Key Delivery Body (KDB) for the creation of new and restoration of existing sites. An accreditation body (eg. government) would accredit EBL to operate and local authorities would work with EBL and stakeholders to secure local geographical literacy to habitat creation and restoration based on proximity principles taking account of what is best for ecology, nature conservation, landscape connectivity and other ecosystem services – providing the right habitats in the right places. In addition, EBL would accredit the Key Delivery Bodies and draw upon them, through tailored contracts, for implementation on the ground.

EBL would also be involved in the trading of credits which would leverage additional funds from mainstream investors who would require a return on their investments over set time frames. To this end EBL would establish a trading platform which would provide investment opportunities for outside investment into ecosystem service markets. This is a further advantage of a transparent private sector model over a model in which local authorities and KDB's would establish habitat banks since the latter would be unlikely to attract external investment and would compromise their planning permitting and consultee roles respectively.

EBL would hold a database of prospective receptor sites (with identified KDB's) which would be listed on the trading platform. EBL would also broker the arrangements between developers and receptor sites, matching the credit purchase requirement that they would provide, with the appropriate receptor project. An independent assessor would determine the 'habitat hectares' affected by the development which in turn would be used as the basis of a metric for calculating the credit purchase requirement. EBL would assess the credit value/worthiness of land put forward by a KDB and would calculate the cost of purchase of the credits from EBL by the developer. EBL would control the contract with the KDB and would orchestrate appropriate monitoring of the implementation by the KDB, providing a feedback report to the local authority to ensure that their annual reporting mechanism is facilitated.

The Environment Bank is the first company of its kind in the UK, and provides the mechanism by which effective ecosystem service function, such as biodiversity conservation and landscape improvement, can be delivered by taking a strategic approach, enabling landscapes of substantial worth to be created, managed and maintained within a long-term framework.

Visit www.environmentbank.com for more information. Contact details: Professor David Hill at dhill@environmentbank.com or Rob Gillespie at rgillespie@environmentbank.com for further information and advice on: Novel mitigation solutions; Purchasing credits; Being a contributing landowner; Discussing your own development project.