



Sustainability Committee inquiry on Biodiversity

Biodiversity Offsets – RSPB Cymru Briefing

With the exception of our Natura 2000 sites and European Protected Species, there is currently little incentive to compensate for damage to valued biodiversity. As a result, biodiversity loss to development continues largely unaccounted for, especially in the wider countryside.

Innovative approaches are needed to overcome this piecemeal loss and damage to valued species and habitats that current planning policy does little to halt. Reliance on the current discretionary and voluntary approach is unlikely to deliver the change necessary.

A well-designed and robustly implemented biodiversity offset system could offer an excellent way to ensure the value of wider biodiversity is taken into account when developers and decision-makers take their decisions. This is because the environment is no longer “free” when any harm must be compensated. Creation of a strong biodiversity offset market has the potential to reduce the environmental damage from development, simplify the planning system, increase funding for conservation and create new ‘green’ jobs. However, a weak and poorly implemented system has the potential to act perversely by accelerating biodiversity loss, especially by allowing the trading of rare and vulnerable habitats and species for commoner ones.

Experience from around the world points clearly to the need for a smartly regulated system to deliver strong biodiversity outcomes alongside a strong market. Initial analysis by the RSPB¹ suggests there is likely to be significant potential for an offsets market in the UK to raise non-government funds for conservation, but that it will require Government intervention to clarify expectations and set rules. A more formal offset system has the clear advantage of being more likely to ensure no net loss of biodiversity.

Based on our experience of habitat compensation in practice and research into offset systems elsewhere in the world, we set out some key requirements:

- The purpose of the system should be to achieve no net loss of biodiversity affected by development as a minimum, with a preference for net gain. This would be greatly assisted if there were a requirement to deliver offsets in line with strategic conservation priorities within an appropriate spatial framework for biodiversity delivery. The concept of ecological restoration zones as outlined in the “Valuing Our Environment” section of the Wales Spatial plan Update 2008 could provide an appropriate vehicle and ensure offsets are in line with national, sub-national and local needs.
- There must be strict adherence to the mitigation hierarchy to avoid unnecessary damage.

¹ RSPB (2010) *Financing nature in an age of austerity*. RSPB, Sandy.

- A level playing field - equivalent and effective standards should apply to all types of offset, and apply universally across Wales;
- Any system should facilitate both “banking” and “in lieu fee” style offset types, dependent on local market conditions. Both should comply with strategic conservation priorities. Banking is preferable as it delivers habitat compensation in advance of damage and works best where there is strong demand for development. In-lieu fee style systems may work better where there is less demand and money needs to be accrued over time.
- Continued reliance on the current discretionary approach outlined in Planning Policy Wales and TAN 5 will be of marginal value. Significantly reducing the level of discretion on whether an offset is required is key, as it has multiple benefits:
 - It increases the likelihood that biodiversity loss and damage will be fully offset, and ensures that, in cases where adverse impacts cannot be fully compensated for developments are not permitted;
 - Ensures that compensation is a last resort, after measures to avoid and/or mitigate damage have been exhausted;
 - It ensures that the true cost to society of any biodiversity loss and damage is addressed;
 - It increases the size of the offset market generated and thereby the level of funding available to biodiversity²;
 - It increases investor confidence in the market³.
- An offset system should address the main gaps that exist in provision of compensation for biodiversity loss and damage e.g. BAP species and habitats, local sites and general biodiversity.
- The rare, threatened and vulnerable should not be substituted by the common and easy to replace. Loss or damage to certain habitats and species should not be facilitated by the system, due to their being irreplaceable, their rarity, their vulnerability or the difficulty in compensating for them.
- A clear, fair and transparent system of quantifying impacts and associated offsets is essential – it should be robust, practical and cost-effective.
- A clear, transparent and robust tracking and auditing system for impacts and offsets is essential and offers a potential role for the private sector to provide cost-effective solutions. It helps:
 - Increase public confidence the no net loss objective and net gain objectives are being met;
 - Increase investor confidence that a market exists.
 - Facilitate monitoring and enforcement.
- Offsets must have financial and legal security to ensure they are maintained in perpetuity.

² Work by the Ecosystem Marketplace suggests the voluntary offset market is less than 1% of the regulated offset market. This is reinforced by a recent study for DCLG in England that showed that less than £7 million was raised by relevant s106 agreements in 2007-08, a figure that is likely to include mandatory compensation for European Protected Species.

³ The 2008 wetland compensation law in the USA increased investor confidence such that there are now 2-300 new wetland compensation banks pending approval, despite the global economic crisis. This is against a historic baseline of 600 banks over 25-30 years.