Report to the Cabinet

22 September 2025

Wards: All

Hull City Council Strategic Approach for Biodiversity Net Gain (BNG)

Report of the Executive Director Regeneration

Report Status:
This item is not exempt
Click here to select grounds for exemption

This is a key decision. The matter is in the Forward Plan
0042/25

1. Purpose of the Report and Summary

1.1. The purpose of this report is to raise awareness of Biodiversity Net Gain (BNG) and to determine the strategic approach Hull City Council wish to take in managing, resourcing and governing the process.

BNG is a way of minimising impacts, preserving ecosystems and improving or creating new multifunctional habitats. BNG makes sure development has a measurably positive impact ('net gain') on biodiversity, compared to what was there before development ('BNG baseline'). In addition, it provides an opportunity for the Council to minimise development cost burdens for our own development projects and for those of key stakeholders and developers. It also provides a clear opportunity to raise revenue for the Council and to ensure the effective management of open spaces and underutilised land within Hull city boundaries.

BNG has implications for:
1) developers;
2) local planning authorities ("LPA"); and
3) land managers wanting to sell BNG units on the BNG market
In England, BNG became mandatory from 12 February 2024 under Schedule 7A of the Town and Country Planning Act 1990 (as inserted by Schedule 14 of the Environment Act 2021). Developers must deliver a BNG of 10%. This means a development will result in more or better-quality natural habitat than there was at

the start of a development.

1.2. Statutory introduction of the BNG has significant implications for the council in numerous respects:

As a developer, the Council will need to deliver BNG as part of securing and implementing a planning permission;

As an LPA the Council is under a duty to regulate the delivery of BNG through conditions and/or planning obligations (S106 legal agreements) ; and

As a landowner with a substantial portfolio of land the Council has the potential and the opportunity to provide BNG units locally to facilitate our own development as well as private sector development in the city. In utilising the existing capacity and potential of its land, the Council will have to make a decision as to how such land and the BNG units are to be managed: by way of direct in-house management, contracting out the management arrangements or through a joint approach with neighbouring authorities.

1.3. The Council needs to have a strategic resourced approach to the statutory requirement to ensure we deliver the maximum benefits for our city, enabling sustainable economic growth and complying with legislation. The consequences of not having a proactive BNG strategy are widespread with delays and added costs to any development, housing or infrastructure projects which require planning, and the continual loss of habitats across the city. Not having a local BNG strategy will also impact on viability of development, the cost to the Council (as a developer), as well as significantly hinder the Council's ability to deliver on our affordable housing targets. It would also result in opportunities being missed for retaining and creating multiple benefits across the city by creating green open spaces that fulfil a wide range of benefits to the local community and ecology of the area. An effective approach to BNG enables the Council to deliver positive action in response to both the climate and ecological emergencies (the 5th Ambition of the Community Plan).

1.4 BNG can be delivered through on-site units which has implications for densities and the development designs proposals. It can also be delivered through off-site units (habitat enhancements provided outside of the development generally on land owned by a 3rd party) and BNG statutory credits which should be utilised as a last resort.

1.5 Atkins Realis have recently undertaken an assessment of 69 Hull City Council owned open spaces to determine the feasibility of using these for creating habitat banks which would provide offsite BNG units within the City Council boundary. The work produced RAG (red, amber, green) maps, a report and a strategy for how to

take the work forward including the resource implications. A decision is required on several elements on BNG as stated in this report.

1.6 Firstly, approval will be required to recruit and appoint a specific BNG officer post in the Council whose time will be prioritised to work on BNG, as a minimum the postholder will be required to ensure that the Council complies with its statutory duties, providing relevant advise to the Council's Planning Services, as well as carrying out monitoring and reporting on BNG (including that already secured to date). At present there is a £27k fund from DEFRA which can be used to resource agency support for 4-5 months. Following this, commitment is required to retain this post as they would be able to provide the detail required in a timely manner for the next 2 decisions set out in 1.7 and 1.8. It is expected that once habitat banks are created the income would sustain this post in a longer term.

1.7 Secondly, the Council will be asked to consider and to accept in principle the use of Council owned land for the creation of habitat banks. The decision on individual sites would require the resourcing mentioned in 1.6 above to provide the data and undertake any consultation. Any future work in this area would build upon the work produced by Atkins Realis which provided a baseline for the 69 assessed open space sites across the city. Overall, it has been estimates that these sites have the potential to create 1648.77 BNG units. Based on the existing housing targets (Local Plan 2016-2032) and taking a conservative approach that 50% of BNG units could be provided on-site, there is a demand for 17 off-site BNG units per annum. Much more detail is required to individually survey the 69 sites, work which will require a multi-departmental approach between the Property and Assets Team and Planning teams on the designation and future allocation of the identified sites. This will need to be done in consultation with local communities to understand the existing use of the sites and aspirations for the future of these open spaces to determine whether using the site for BNG aligns with community use. There are 12 steps to producing habitat banks which are listed further on in the report. Any sites to be designated for BNG purposes would then be allocated for such use within the Local Plan, which is currently undergoing a review. Clearly a balance between other open space needs, housing and employment uses will need to be considered.

1.8 Thirdly, following on from point 1.7 above, preferred legal and governance structure for the management of the habitat banks (taking into the consideration our existing BNG obligations) will have to be assessed, with recommendations presented to the Cabinet for approval. At present, it is anticipated that the following option of management structure would be considered:

a) run the habitat banks in-house;

b) lease the open spaces to a commercial 3rd party such an already established habitat bank provider, to manage the BNG units and maintain the land;

c) lease to a charity;

d) run the habitat banks in a collective with the neighbouring authority;

e) potential combination of some or all of the above options.

2. Recommendations

2.1 Cabinet agree:

2.2 To delegate to the Assistant Director Economic Development and Regeneration and Assistant Director Streetscene in consultation with the Assistant Director Property and Assets and the relevant Portfolio holders for the creation of habitat banks for BNG purposes on HCC owned land.

2.3 To approve the creation of a specific BNG Officer post to work alongside the Open Space Development Officer (Ecology) in the Council. This will be initially funded by the £27k ringfenced grant from Defra. This will enable taking forward the next steps in the work produced by Atkins Realis, and to support the Council with the ongoing BNG monitoring and reporting obligations. It is recognised that additional support such as community engagement, finance and legal provision may also be required.

2.4 To delegate to the Assistant Director Economic Development and Regeneration and Assistant Director Streetscene in consultation with the Assistant Director Property and Assets to develop an in-house governance structure to deliver the requirements identified in Table 1.0.

3. Reasons for Recommendations

3.1 It will ensure that Hull City Council complies with legislation, such as meeting the 2050 net zero targets, and uses the opportunity to maximise the benefits that BNG brings to a dense urban environment. As explained in the summary, 10% BNG became a statutory requirement for major planning applications from February 2024, and all other sites from April 2024. As an urban authority with limited open space, we need to take a strategic approach to the allocation and management of the open spaces within the city to ensure that they fulfil the requirement of multi-functional areas whilst enabling us to comply with legislation.

3.2 The creation of a clear strategy for managing BNG will support the delivery of Ambition 5 of the Community Plan, “Responding to the climate and nature emergency”. In addition, well managed open spaces which provide ecological benefits to the local community will support the delivery of Ambition 1 of the Community Plan by supporting the creation of safe and welcoming neighbourhoods.

4. Key Organisational Impacts

4.1 Impact on other Executive Committees (including Area Committees) and decision makers:

4.1.1 BNG places a significant resource and financial implications on the Council; however, once the process is established it will become self-financing. Through the planning process, there is the ability to charge for the provision of off-site units and the associated maintenance required to provide the biodiversity for the statutory minimum of a 30-year period.

4.1.2 The Council has been successful in securing £27k of a Defra grant which can be used to resource an interim agency support. However, it is recognised that a longer-term solution is required to assist with the current monitoring and reporting on BNG obligations, establish the stakeholder relationships, lead on the process for implementation of habitat banks, presenting recommendations that would work for local communities, present developer with local solutions to their BNG requirements, and support the Council in furtherance of their local and national duties and obligations.

4.2 Contribution to the delivery of the Community Plan, the Council Plan and/or Area Plans:

4.2.1 The recommendation to resource BNG to enable habitat banks to be created on open spaces in Hull aligns with almost all the Ambitions in the Community Plan. By working with the communities to understand how they use the existing open spaces and how either the retention or creation of BNG on these spaces would align with their priorities, it would help provide well designed and maintained green spaces as they would have an associated revenue to ensure they deliver the habitat required. This is one of the key priorities of residents in Hull.

4.2.2 As BNG is mandatory for planning, the provision of off-site units within the city is critical for ensuring that development remains viable. The metric for measuring BNG has a spatial factor which deems habitat created outside of the LPA boundary more expensive, thus incentivising the retention as close to the loss of habitat as possible. If developers in Hull must go outside of the city to create BNG then it will affect the viability and quality of homes and provision of commercial development for employment.

4.2.3 There is an obvious alignment between the responding to the climate and nature emergency. By resourcing BNG and creating habitat banks within the city boundary we will maximises the opportunities to protect and improve ecosystems, with the potential to provide flood, climate and health and wellbeing benefits.

4.3 Impact on other key strategies/business plans:

4.3.1 The recommendation to resource and create habitat banks for BNG will strengthen existing policies and objectives in the Local Nature Recovery

Strategy, Local Flood Risk Management Strategy, Blue Green Plan, Open Spaces Strategy, Corporate Property, Housing Strategies, Climate Change Strategy, and aligns with the Strategic Property Board. The commitment to the creation of habitat banks and commitments to maintain them will also be significant in the review of the Local Plan.

4.4 Equalities Impact Information

4.4.1 The creation of habitat banks and their management will create new habitats across the city and provide spaces for people from all backgrounds to enjoy.

5. Consultation

5.1 If the principle of creating habitat banks is agreed, then significant community consultation will be required on a site-by-site basis to establish how the community uses the open spaces and how BNG may align with the existing use and future aspirations for the sites. Without this vital step there is the risk that community acceptance and ownership would be missing.

6. Background

6.1 The most recent State of Nature report, published in 2023, details that there has been a 19% decline in the average abundance of wildlife in the UK since the 1970s, including a 54% reduction in the distribution of flowering plant species. This is despite legislation and policy to protect biodiversity and wildlife. Although certain sites and species are protected, there are limited mechanisms to value, maintain, enhance, and create wildlife habitats beyond protected sites. As a result, habitat loss and degradation will continue, due to development, reducing the carrying capacity for our wildlife. BNG acts in addition to existing habitat and species protections. However, where legislation protects species and habitats, BNG can be utilised to create new multifunctional ecosystems as well as enhance existing habitats.

6.2 Some statistics that the Local Government Association have compiled on the BNG outlines the following benefits for people : 82% of people agree that being in nature makes them happy; for every £1 invested in its specialised health or social needs projects which connect people to nature, there is a £7 social return; urban nature provides £15 billion of benefits to the economy every year.

6.3 The Environment Act 2021 has strengthened BNG requirements and made it a mandatory process with a legal duty on Local Authorities to monitor and report. The Act sets out the following:

- **Minimum 10% gain required calculated using Biodiversity Metric & approval of net gain plan**

- All off-site and significant on-site **habitat must be secured for at least 30 years** via obligations/ conservation covenant
- Habitat can be delivered on-site, off-site or via statutory biodiversity credits
- There will be a national register for net gain delivery sites
- The mitigation hierarchy still applies of avoidance, mitigation and compensation for biodiversity loss
- Will also apply to Nationally Significant Infrastructure Projects (NSIPs)
- Does not apply to marine development
- Does not change existing legal environmental and wildlife protections

6.4 The implementation of BNG is through the planning process. All applications (unless exempt) must include a baseline BNG metrics. The metrics have been produced by Natural England, and will be used nationally to enable a standard, consistent approach in calculating the levels and types of habitats on site. The baseline metrics will use habitat as the proxy for the biodiversity value and will show what the existing value is so the 10% gain can be measured. The applicant will have to show how they will provide the 10% habitat enhancement either by retaining part of the development site as habitat and enhancing it, habitat mitigating it off-site or by compensating through purchase of a BNG credits. All of these factors would be secured through planning conditions and/or S106 agreements.

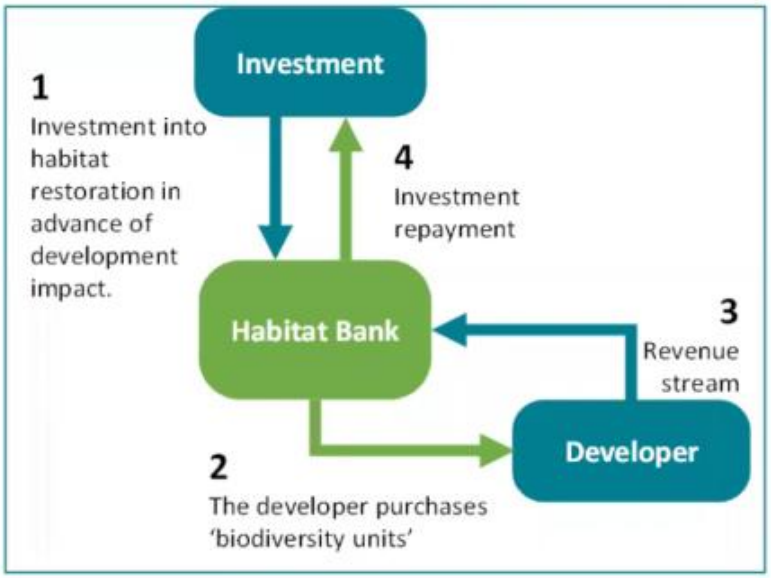
6.5 BNG is measured, and the units are calculated, using the statutory BNG metric. One of the elements of the metrics is a spatial multiplier. This means that the further away the off-site units are from the development site, the more units are required to compensate, which in turn increases costs for the developer. Therefore, having a local BNG provision within the LPA's boundary assists with the viability of development.

6.6 This is alongside the benefits of the retention and enhancement of habitats and biodiversity in Hull. There are numerous community advantages such as the provision of maintained open spaces and access to nature which provide amenity, recreation, health, and wellbeing facilities.

6.7 BNG needs a joined-up approach across many different Council sectors as a way of taking action to address the climate and ecological emergency. BNG links into place-making and infrastructure to ensure that development delivered is aligned to Local Nature Recovery Strategies (LNRS) which are currently being produced. LNRS will aim to identify key locations that could be utilised for nature recovery. A map will be produced that assesses local wildlife sites and the green networks, linking the required habitats to maximise the ecological benefits. It also links with the implementation of blue green infrastructure such as sustainable drainage (SuDs) which helps reduce flood risk to communities.

7. Issues for Consideration

7.1 The most commonly and readily piloted implementation mechanism for local BNG provision are habitat banks. They are a form of green finance that enables investor support to tackle environmental issues through financially contributing to the creation and maintenance of habitat and ecology. The illustration below shows the habitat bank concept:



7.2 There are many practical steps to create habitat banks relating to ecological surveys, legal and finance advice, planning processes, community engagement, registering sites and promoting/selling units. This requires project managing and resourcing as its over and above the existing capacity and resource within any of the existing teams involved. Currently there is only one qualified ecologist within the Council who as the Open Spaces Development Officer has to manage Grounds and Open Space functions alongside supporting the planning process on statutory issues such as Environmental Impact Assessments and Habitat Regulations, required to facilitate economic growth.

7.3 The table below shows the steps required, the progress against these steps and the actions required to move forward.

Table 1.0

Steps	Progress	What is required
Create a team – this needs representatives from Planning, Open Spaces/Ecology, Grounds, Legal, Finance, Property	No formal team created but informally staff in Planning, Property, Open Spaces and Flood management are working on this.	Resource to lead and manage the team through the appointment of a specific BNG Officer. Leading comms with internal stakeholders- executive directors, key councillors and Portfolio Holders.

Background research- how to measure BNG units, legislative requirements, selling BNG, prelim budgets and potential costs	As above	Resource required to commit to this. There is no staff member totally committed to BNG so at present it's individuals managing this alongside existing workloads.
Assess demand for BNG units	Completed as part of the Atkins Realis BNG and SuDs work	Needs reviewing with new Local Plan figures.
Assess potential supply- identify strategic habitat priorities, map areas and choose initial sites	Completed by Atkins Realis who carried out a BNG baseline assessment for 69 Council owned open spaces. The work has RAG rated the sites based on potential BNG units that could be delivered on each site.	There needs to be a further piece of work to review the 69 sites alongside other constraints, opportunities and a huge amount of community engagement to prioritise which sites to take forward as habitat banks.
Carry out an ecological assessment	Initial BNG baseline assessments carried out using Atkin's desktop tool.	Ecology resource needed to validate the baseline assessments with site visits and local knowledge.
Put together a financial plan	Little progress. The Atkins work has looked at the potential income from selling BNG units and provided analysis and figures	Need to establish if the appointment of an external finance specialist is required or if the process can be administered internally. Estimate costs and create a working aggregated financial model.
Engage with potential buyers	Little progress- limited to reactive action	Needs time and resource to create promotional material and reach out to developers and businesses. Also needs to be reflected in local planning policy and associated guidance.
Consider options for preferred legal and governance structure	Little progress	Requires time spent on assessing the available options such as: lease land to 3rd party (commercial) , lease land to 3rd party (charity), run habitat bank in-house, run habitat bank in a collective with neighbouring authorities.

		Preferred option along with advantages and disadvantages needs presenting to Cabinet for decision.
Get legal advice	Legal have been involved in terms of the statutory duties through the planning process	Need legal input on governance structure and legal set up documents need drafting
Obtain necessary approvals	Limited progress	Need to have completed the other steps before seeking approval but on a practical level this will involve time and resource for someone to engage with decision makes and for papers to be produced for the likes of Cabinet.
Launch your habitat bank	No progress	As above

7.4 As stated in table 1.0 above, further resources are required to progress using existing HCC open spaces for BNG delivery. This is due to the establishment of habitat banks requiring innovative working methodologies and processes with many moving parts and multiple stakeholders. The lessons taken from the national picture is that its critical to have someone in place dedicated to this task. They need to be skilled at creating consensus, continuing momentum throughout the statutory minimum of 30 year period and overcoming competing interests and barriers to delivery.

7.5 One major stakeholder is the community who visit and utilise the existing open spaces which have a potential to become habitat banks. The key to successfully creating biodiversity will be the integration of the ecology with all the other elements of functionality the spaces provide. Understanding how the communities use the space and their aspirations for the area will be fundamental. For example, aligning with Right to Grow, space for sport, reducing flood risk, carbon sequestration, dog walking and making room for nature. Understanding and working with the communities will help to determine the extent and design of BNG to gain community acceptance and ownership.

8. Options and Risk Assessment

The options available are:

8.1 To support the principle of establishing habitat banks in Hull and to support resourcing the process through the recruitment of an ecologist to ensure habitat banks are created in a timely manner, with community support and maximising opportunities for multiple benefits.

8.2 To have no habitat banks in Hull and leave developers to create BNG outside of the city.

The preferred and recommended option is identified in 8.1 which is the creation of a habitat bank and resource to manage these. This supports the delivery of development by providing a local BNG outcome which benefits the local community. In addition, it generates income to support the management of these spaces.

9. Comments of the Monitoring Officer (Town Clerk)

9.1 Biodiversity Net Gain became a statutory requirement for major planning applications from February 2024, and all other sites from April 2024. The above report provides a useful and accurate overview of what the BNG is and its main elements.

9.2 *BNG Officer post*

9.2.1 BNG is delivered through a planning process and has been applied by the Council's Planning Team to all new planning applications (unless limited exemptions apply) since the requirement came into force, and is secured by a statutory condition. In addition to the statutory condition, the Council's Planning Team requires developers to pay a BNG monitoring contribution, secured by a S106 agreement, to ensure that sufficient funds are in place for the ongoing monitoring of compliance with the Biodiversity Gain Plan and the Habitat Management and Maintenance Plan.

9.2.2 Monitoring fees are currently being charges pursuant to the powers under Section 111 of the Local Government Act 1982 which provides *"… a local authority shall have power to do any thing … which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions"* or under Section 1(1) of the Localism Act 2011 that gives a local authority the power *"…to do anything that individuals generally may do."* However, in due course relevant policies should be recommended to introduce monitoring fees on a policy basis. Having a post dedicated solely to BNG will assist the Planning Team to ascertain the costs applicable to monitoring and reporting and put relevant proposals in place.

9.2.3 Since the introduction of BNG, numerous planning applications have been permitted to which BNG requirement was applied. Currently, the Council has no process/resource in place to record the nature of the proposed habitat, the number of units secured, etc. All of this information should be documented and feed into the Council's statutory reporting requirement under the Environment Act 2021. It is noted that the first biodiversity report must be published by the LPAs by 26 March 2026 – meaning that the work to compile the relevant information must start now (especially in light of the potential generated backlog).

9.2.4 Thus, it is considered that introduction of an additional post (BNG Officer post) is fundamental to achieve the Council's compliance with BNG reporting

requirements, as well as monitoring of ongoing BNG obligations and providing a lead on further work for the creation of local habitat banks.

9.2.5 In light of the above, it is suggested that further consideration is given as to potential funding of the proposed post, as already secured BNG monitoring costs, in addition to £27k Defra funding, may allow the Council to sustain the position(s) for a longer period of time until it becomes fully self-funding. It is further stressed that since the introduction of the statutory BNG, demand for expert ecologists have risen significantly, making it extremely difficult for any local authority to attract, and indeed secure, appropriately qualified officers in post. Thus, if the Council can attract interest from the qualified professionals in this field, consideration should be given to making the post permanent as it would significantly reduce applicable costs (in comparison to locum rates) ensuring reasonable and appropriate use of the public funds.

9.2.6 Caution should be exercised in considering the use of BNG monitoring fees to fund the post, as these funds can only be used for the purpose for which they were secured, i.e. monitoring compliance with statutory BNG conditions. Due to a lack of policies in this area, Section 106 agreements, unless specifically agreed by the parties otherwise, place an obligation upon the Council to accurately record expenditure of these funds.

9.3 *Local Habitat Banks*

9.3.1 Building on the work of Atkins Realis, further work on the creation of local habitat banks (HBs) is supported. Any strategy for the introduction of HBs needs to be based on a robust evidence-based assessment for each presented option, taking into the account initial financial commitment that the Council will have to make in terms of recourse and registration charges. Demand for local BNG of available habitat nature should also be further assessed, although it is noted that demand can partially be regulated through appropriate planning policies requiring all developers to adhere to a BNG hierarchy (Articles 37A of the Town and Country Planning (Development Management Procedure) (England) Order 2015).

9.3.2 It is noted that at this stage the recommendation is to develop an in-house governance structure to deliver the requirements identified in Table 1.0 above. As part of this, further recommendation will be presented to Cabinet for approval of a preferred legal and governance structure for the management of the habitat banks. As such, there is no legal risks attached to this recommendation.

9.4 In conclusion, Option 8.1 is supported as it would provide the Council with much needed expert resource who will ensure ongoing compliance with the Council's statutory BNG obligations and take a proactive role in formulating strategic approach for the creation of local habitat banks.

10. Comments of the Section 151 Officer (Director of Finance and Transformation)

10.1 The contents of the report are noted. The recommendations are supported as they allow the opportunity to maximise benefits of BNG by taking a strategic approach to

the management of Open Spaces and satisfying obligations placed on the Council. It is noted that further assessment of governance and financial structures will be undertaken. The proposal to create a dedicated post will be funded in the short term via Defra grant income and then from within the approved budget for Streetscene services until potential BNG income can support it.

11. Comments of the Assistant Director OD & HR and compliance with the Equality Duty

11.1 The content of the report is noted and the request for staffing recognised. There are no equality issues arising for the council from this decision.

12. Comments of Overview and Scrutiny

12.1 This report is due to be considered by the Economy and environment Overview and Scrutiny Committee at its meeting to be held on 11 September 2025. Any comments or recommendations agreed by the Commission will be submitted to Cabinet for consideration Ref. (Sc8878)

13. Comments of the Portfolio Holder for Environment

13.1 I support the recommendations for taking forward BNG. The principle offers the opportunity to ensure that development in Hull is implemented to a high standard, taking into account biodiversity, and our communities needs and aspirations for high quality green open spaces and access to nature. (PF0067).

Alex Codd, Assistant Director Economic Development & Regeneration

Contact Officer: Rachel Glossop Telephone No.: 612129

Andrew Wilson Telephone No.: 612767

Officer Interests: None

Background Documents: - none

Implications Matrix

I have informed and sought advice from HR, Legal, Finance, Overview and Scrutiny and the Climate Change Advisor and any other key stakeholders i.e. Portfolio Holder, relevant Ward Members etc prior to submitting this report for official comments	Yes
I have considered whether this report requests a decision that is outside the Budget and Policy Framework approved by Council	Yes
Value for money considerations have been accounted for within the report	Yes
The report is approved by the relevant Director/Assistant Director	Yes
I have included any procurement/commercial issues/implications within the report	N/A
I have considered the potential media interest in this report and liaised with the Media Team to ensure that they are briefed to respond to media interest.	Yes
I have included any equalities and diversity implications within the report and where necessary I have completed an Equalities Impact Assessment and the outcomes are included within the report	Yes
Any Health and Safety implications are included within the report	Yes
Any human rights implications are included within the report	Yes
I have included any community safety implications and paid regard to Section 17 of the Crime and Disorder Act within the report	N/A
I have liaised with the Climate Change Advisor and any environmental and climate change	Yes

issues/sustainability implications are included within the report	
I have considered how the decision may contribute or impact on culture and heritage within the city.	Yes
I have included information about how this report contributes to the Community Plan/ Area priorities within the report	Yes
I have considered the impact on air quality, carried out an appropriate assessment and included any resulting actions or opportunities necessary to improve air quality in the report.	Yes