



Essex County Council

SQW Biodiversity Net Gain (BNG) Viability Study – Key Points

February 2025

Context

BNG requires a 10% uplift on habitat on all development as per the 2021 Environment Act, this will include Nationally Significant Infrastructure Projects (NSIPs) after November 2025. The law permits Local Planning Authorities (LPAs) to require more than 10% BNG if certain conditions are met, and some LPAs have already done this (e.g. Guildford Borough Council has required 20% BNG). In Essex, 20% BNG will be a requirement in Uttlesford District Council's Local Plan (now out for final consultation), and other Essex LPAs (e.g. Chelmsford City Council) are actively considering requiring more than the statutory minimum 10% BNG.

The purpose of the SQW viability study is to examine the extra cost of 20% BNG in Essex and the impact on financial viability of development projects – if 20% BNG were to be required. The study looks at both NSIPs and other types of development within the Town and Country Planning Act (TCPA), particularly housing.

The SQW study was commissioned by Essex County Council (ECC), in collaboration with the Essex Local Nature Partnership (LNP), to inform local plan making and policy within each LPA.

Key Points

- 1) **The largest cost is implementing the obligatory 10% BNG. The extra cost of 20% BNG is marginal, and insignificant in terms of financial viability**
- 2) The SQW study concludes that, in relation to housing, the maximum extra cost of 20% BNG per dwelling will be £300, and in most cases closer to £100. Costs vary according to a number of factors, such as the size and location of the development, and whether greenfield or brownfield.
- 3) **20% BNG does NOT double the amount of biodiversity units needed.** For example, if a development area's baseline survey shows **10 biodiversity units**, and **5 units** will be lost due to the development, **6 units** will need to be created or enhanced at 10% BNG, and 7 units at 20% BNG. The biodiversity gain is measured against the baseline survey (10 units).
- 4) **SQW modelled the cost implications of 20% BNG** against the BCIS median build rate with adjustments made as a result of input from the Essex Developers Group.
- 5) In relation to housing, costs within the report are based on per dwelling costs, and on habitat delivery either through onsite creation and enhancement or the purchase of offsite units or credits. A price of £25,000 per off-site biodiversity unit was assumed based on a market that is in a very early stage of development.
- 6) This is an Essex wide study, using costs based on averages across the county. There will of course be local variations, and this study is not intended to remove a need for local viability and cost assessments at LPA level.
- 7) The report assumes habitat availability within each Essex LPA area. The LNP is confident of this, based on feedback from farm cluster leaders in Essex who all report high interest among their farmer and landowner members in supplying offsite biodiversity units where BNG cannot be achieved onsite.
- 8) The role that local authorities have in this is of key importance, especially where they are going beyond 10%, adopting local BNP policies which have been viability tested and which by identifying a range of suitable sites, can help manage the strategic deliverability of land for off-site delivery, where on site may not be the appropriate response. This will particularly be important for NSIP schemes. The presence of robust local policy and associated supplementary planning documents also assists in supporting the BNG requirement when in discussion with developers and ensuring it is identified as a key material consideration at the early stages of project development.

The SQW financial viability study is complemented by an "Evidence for Need" study by Essex Place Services on the decline of nature in Essex, and why 20% BNG is needed to help reverse that decline and achieve nature recovery in the county.