1 A pragmatic framework for local operationalisation of national-level biodiversity impact 2 mitigation commitments

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# 20 Abstract

21 Countries around the world are attempting to navigate complex trade-offs between 22 biodiversity and other land use objectives such as infrastructure expansion, with many 23 adopting 'net outcomes' policies that aim to ensure economic development leaves 24 biodiversity better off than before. The implementation of net outcomes policies often occurs 25 on a project-by-project basis, which can lead to implementation missing opportunities for 26 integrated thinking that delivers across multiple objectives. Here, we present a new practical 27 framework for delivering a biodiversity mitigation strategy that achieves multiple societal 28 objectives whilst being applicable at the scale of an individual project. This framework is also 29 a pilot methodology for implementing a newly-proposed mechanism in the UK for accounting 30 for the value of biodiversity in public policy (via proposed additions to the Treasury's Green 31 Book). We apply the framework to the case study of a major development in Oxfordshire 32 subject to Biodiversity Net Gain legislation. Three offsetting strategies are co-created with 33 local stakeholders, which all meet the required biodiversity gains, but differ with regards to 34 social equity and the bundle of ecosystem services delivered. Making these contrasting 35 project characteristics transparent and comparable empowers local stakeholders to choose 36 the offset strategy that meets their local preferences across these often-competing priorities, 37 whilst helping contribute to overarching strategic development goals.

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# 40 1. Introduction

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42 Commitments made by 196 countries under the Kunming-Montreal Global Biodiversity 43 Framework of the Convention on Biological Diversity require countries to act together to "halt 44 and reverse biodiversity loss by 2030" towards a world in 2050 where nature and humanity 45 are thriving (Convention on Biological Diversity 2022). Target 1 of this Framework requires 46 that all areas are under "participatory, integrated and biodiversity-inclusive spatial 47 planning..." by 2030, and Target 14 requires "the full integration of biodiversity into policies, 48 regulations, planning and development processes". This is critically important because with 49 finite land area, trade-offs between land uses are inevitable. Trade-offs between national and 50 global commitments to nature recovery and investments in infrastructure development are 51 particularly likely (Spaiser et al. 2017; zu Ermgassen et al. 2022). For example, there are 52 substantial investments in infrastructure already in the pipeline, such that 70% of the 53 infrastructure envisaged to be on this planet by 2050 is yet to be built (UNEP & IEA 2017). 54 However, opportunities do exist for aligning nature recovery actions with infrastructure 55 development (Kiesecker et al. 2010).

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57 A "net outcomes" approach to ensuring that overall biodiversity is not depleted as a result of 58 developments is gaining traction worldwide (Bull et al. 2020). This recognises that in many 59 countries, infrastructure expansion is necessary to enhance human wellbeing (Haberl et al. 60 2019), but that in order to fulfil national and international obligations to halt and reverse 61 biodiversity loss, new developments must have an overall positive impact on biodiversity. This 62 can be done in two ways: i) accommodating nature and even enhancing it within the footprint 63 of developments, with appropriate design; ii) investing in nature recovery in areas which are 64 not scheduled for infrastructure development, to compensate for losses incurred elsewhere.

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Operationalising a "net outcomes" approach to the mitigation of biodiversity losses (either 66 67 towards no net loss of biodiversity, or a net gain) requires a framework to structure actions. 68 The Mitigation and Conservation Hierarchy provides such a framework, which encompasses 69 ongoing direct and indirect impacts (Arlidge et al. 2018, Milner-Gulland et al. 2021). 70 Narrowing to the project level, the use of the Mitigation Hierarchy for direct biodiversity 71 impacts within the footprint of a development is mandated in many jurisdictions (zu 72 Ermgassen et al. 2019). This requires developers first to take preventative measures (avoid 73 impacts on biodiversity to the extent feasible, then reduce them), followed by compensatory 74 measures (restoring impacted biodiversity, and then offsetting any residual impact through 75 action elsewhere), towards a target of no net loss or net gain of biodiversity (Baker et al. 76 2019). Much attention has focussed on establishing scientific principles for the final offsetting 77 step, including accounting for imperfections and uncertainties in implementation (Moilanen 78 and Kotiaho 2018), with much less attention on avoidance of impact in the first place (Phalan 79 et al. 2017). Additionally, the criterion that each step must be implemented "to the extent 80 feasible" before moving on to the next step is vague and its interpretation is generally left to 81 the discretion of the developer (Kramer et al. 2009). Monitoring for ongoing compliance with 82 promised biodiversity enhancements is generally lacking (zu Ermgassen et al. 2021). Together 83 these issues tend to incentivise over-promising of biodiversity gains and underestimation of 84 losses, a focus on the cheapest options for mitigation in the short term (Clare et al. 2011), and 85 focus on the compensatory rather than preventative steps of the Mitigation Hierarchy (Phalan 86 et al. 2017).

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Governments, industry bodies and NGOs provide guidance and best practice principles for
mitigating the impacts of development on biodiversity at the project level (e.g. Baker et al.
2019). However, in order for mitigation of biodiversity impacts to be fully integrated into
national-level planning as required by Targets 1 and 14 of the KMGBF, there is a need to bring
biodiversity considerations into public procurement and decision-making across all
departments of government, bringing biodiversity in alongside factors such economic growth,
health, poverty reduction, and the provision of housing and education. One particularly

95 salient consideration is the balancing of the costs and benefits of economic developments for 96 local residents, against the national-level costs and benefits that economic development can 97 bring. At the local level, access to the benefits from biodiversity can be critical to human 98 wellbeing (Diaz et al. 2018; Jones et al. 2019). Developments that bring national-level benefits 99 (such as power generation, or transport infrastructure) may limit access to these local 100 benefits. If biodiversity losses are compensated for via offsets, these offsets can themselves 101 exacerbate local alienation from nature (Kalliolevo et al. 2021), for example if they involve 102 restricting public access to natural areas. Hence good practice guidelines have been 103 developed for ensuring that local people are no worse off, and preferably better off, as a 104 result of a development and associated biodiversity offsets (Bull et al. 2018).

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106 England is an interesting and topical case study as to how these complex interrelationships 107 between biodiversity and development are playing out at national and local levels. In 2021, 108 the UK's Treasury (Finance Department) published the Dasgupta Review of the Economics of 109 Biodiversity, which made the economic case for transforming humanity's relationship with 110 nature towards sustainability (Dasgupta 2021). As one element of the response to this 111 Review, a Treasury-convened group explored approaches to bringing biodiversity into the 112 "Treasury Green Book", which guides cost-benefit analysis for all public procurement (Groom 113 et al. in review). This group recommended a Target Cost Based approach to biodiversity valuation, which avoids the direct monetisation of nature in favour of an implicit social 114 115 valuation for biodiversity based upon commitments made in government policy (such as 116 signatory of the Kunming-Montreal Global Biodiversity Framework). This is analogous to the 117 approach taken for climate change, and is justified by the challenges of monetisation of 118 biodiversity value (Aldy et al. 2021). England is also interesting because of the raft of new 119 policy around land use prompted by Brexit, including the 2021 Environment Act that 120 mandates a minimum 10% Biodiversity Net Gain for new developments. The same act also 121 required local councils to develop and deliver Local Nature Recovery Strategies (LNRSs). In 122 2024, the new government committed to building 1.5 million new houses over the next 5 123 years and relaxing planning restrictions in order to allow this to happen (HM Government 124 2024). Commitments have also been made to ensuring that communities are able to access 125 nature, particularly lower-income and nature-deprived communities (Defra 2023a). In order 126 to support the Biodiversity Net Gain policy, substantial work has gone into developing a 127 metric to calculate losses and gains in biodiversity as a result of land conversion for housing 128 or other infrastructure (Defra 2023b). This metric is now being considered for use by other 129 countries around the world (Duffus et al. in review).

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131 Despite the guidance available, an issue remains as to how to operationalise national-level 132 policy aspirations at the scale of individual projects, within a broad and complex policy 133 context. Such decisions tend to be made on a case-by-case basis, based upon proposals put 134 forward by the developer and scrutinised by a Local Planning Authority. In this paper, we 135 apply the Target Cost Based approach recommended by Groom et al. (in review) for the 136 Treasury Green Book to the case of a large housing development. Our methodology can be 137 conceptualised as an application of the Natural Capital framework to individual 138 developments, subject to a biodiversity constraint (Bateman and Mace 2020; Day et al. 2024). 139 Here we show how the Target Cost Based approach could be operationalised in the real world, 140 taking broader considerations into account. In so doing, we highlight the challenges of real-

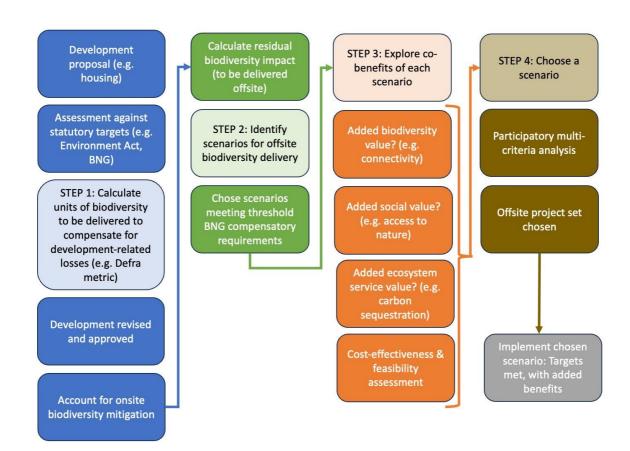
- world project-scale decision-making, and suggest an operationalisable framework to support
   the delivery of Biodiversity Net Gain in line with national-level policy commitments.
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# 144 **2. Methods**

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146 The Target Cost Based approach requires a biodiversity target to be expressed in policy, and a metric for calculating whether that target has been reached. The biodiversity outcomes of 147 the development under consideration must at a minimum meet that target. However, 148 149 ensuring best value for the public purse requires that a range of scenarios with different 150 configurations of biodiversity actions to deliver against this target are considered. The 151 configuration chosen should be the one that maximises the cost-effective delivery of other 152 benefits important to public policy. These could include the provision of ecosystem services 153 such as flood control or carbon storage, or the fulfilment of public preferences for new or 154 enhanced natural spaces (Figure 1).

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- Figure 1. Stylised example of a process for choosing an appropriate scenario for delivering offsite biodiversity compensation for a development project, in line with the Target Cost Based approach to biodiversity valuation, showing the steps which we illustrate in our case study.
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- 161 England has a number of biodiversity targets enshrined in the Environment Act, including 162 halting the decline in species abundance by 2030 and reversing it by 2042. Regarding the 163 biodiversity impact of new development, the key target is a Biodiversity Net Gain of 10% for
- all new developments in England, as measured using the Defra Statutory Biodiversity Metric
- 165 (henceforward "Defra Metric"). We chose to use this target and metric for our case study.

167 We then searched for a suitable case study site for the operationalisation of the Target Cost Based (TCB) approach. We chose a large housing development outside Oxford (c.1500 168 houses) which is currently being delivered. At the time of this study, the developer had 169 170 publicly submitted its outline plans for Biodiversity Net Gain, together with the detailed 171 metric calculations underpinning these plans. The development involves converting 172 agricultural land to housing and other public amenities, with new habitats for nature. The development sits partially within the Nature Recovery Network for Berkshire, 173 174 Buckinghamshire and Oxfordshire (Smith et al. 2022), which will influence the spatial 175 conservation priorities for the counties' LNRS. It also lies adjacent to an existing Site of Special 176 Scientific Interest (a site formally designated as having high biodiversity value and afforded 177 partial legal protection). The proposed development borders an area of existing housing with 178 high levels of social deprivation, where other research has been carried out by members of 179 the authorship team, focussed on local relationships with nature, their perceptions of the 180 potential impact of new housing on access to nature and, relatedly, the acceptability of trade-181 offs in offset design and delivery. We do not identify the development as the aim here is to 182 provide a case study for our framework, rather than to critique a particular housing development. Although we did engage with the developer directly, and improvements were 183 184 made to their BNG plan as a result, all the data we use for this analysis are based on their 185 original planning proposal, which is in the public domain.

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# 187 Step 1: Calculate units of biodiversity to be delivered

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189 This initial step involves determination of the extent of the biodiversity compensation 190 required as a result of the impact of the development. In our case study, the housing 191 configuration and associated biodiversity enhancement plans had already been decided upon 192 by the developer, so we could not explore scenarios for delivery of biodiversity through a mix 193 of on-site and off-site actions. This development, like the vast majority of developments 194 deemed BNG-compliant in the English planning system to date (zu Ermgassen et al. 2021), 195 had calculated that it could achieve all its Biodiversity Net Gain requirements through habitat 196 enhancement and creation on-site rather than resorting to off-site offsetting of 197 uncompensated biodiversity impacts. However, our analysis of the submitted Biodiversity Net 198 Gain plans for on-site habitat enhancement and creation identified 145.8 units of biodiversity 199 gain which were promised but highly unlikely to be ecologically feasible and realistically 200 deliverable within the development footprint (see Supplementary Material 1 for reasoning). 201 This results in an overall 18% loss of biodiversity units, rather than the required 10% gain.

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203 We therefore first established which habitats were feasible to deliver on-site via biodiversity 204 enhancement and creation, and then explored scenarios in which the 145.8 additional units 205 could be delivered off-site in order to reach the developer's BNG target. We used Defra Metric 206 Version 3.1 to carry out this analysis, rather than the most up-to-date Statutory Biodiversity 207 Metric because this was the version submitted by the developer in their initial plans, however 208 changes between these iterations of the metric are minor. In future implementations of this 209 framework for other projects, opportunities to explore different scenarios for biodiversity 210 delivery in a mixture of onsite and offsite actions should ideally be available *a priori*, rather 211 than needing to identify units for scenario analysis *post-hoc*.

# 213 Step 2: Identify scenarios for biodiversity delivery

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215 To provide a realistic example of how to operationalise the Target Cost Based approach, we 216 explored three scenarios of potential actions to deliver Biodiversity Net Gain, which differed 217 in their focus in ways which reflect some of the most pressing priorities for local councils, 218 residents, and nature conservation organisations. These scenarios were developed in 219 consultation with the local Wildlife Trust (Berkshire, Buckinghamshire and Oxfordshire 220 Wildlife Trust) and drawing insights from research carried out with local residents directly 221 affected by the development to understand their priorities for nature (Butler et al. in review). 222 The scenarios were also informed by previous research on the optimal design of Biodiversity 223 Net Gain strategies for nature and people (e.g. Faccioli et al. 2024, Simpson et al. 2022, 224 Mancini et al. 2024, Sullivan and Hannis 2015), and by our knowledge of the ecological, social 225 and institutional context of the local area in which we were working.

226

The two key dimensions which were prioritised to different degrees in our scenarios were: i) public access to green space and ii) additional biodiversity value. Both of these dimensions are explicitly named as objectives of BNG policy (NAO 2024), so an additional way in which our research is valuable is in highlighting potential trade-offs between the different existing policy objectives associated with BNG.

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233 The three scenarios we developed for allocating biodiversity units to offsite offsets were 234 therefore: i) A scenario which prioritises local access to nature for the residents most affected 235 by the new development; ii) A scenario that maximises the additional biodiversity value of 236 the offsite land parcels; and iii) A scenario which balances public access and biodiversity value. 237 Each of these scenarios involved identifying particular parcels of land which would be used 238 for biodiversity offsets, and calculating the gain which would be realistically achievable 239 through transitions from their current habitat type to a future more biodiversity-rich habitat 240 type.

241

242 Even given the constraints of the configuration of the Oxfordshire landscape, a very large 243 number of scenarios for allocation of particular land parcels to biodiversity offsets could be 244 envisaged. One option for cutting through this complexity would be to use a Systematic 245 Conservation Planning tool such as Marxan to produce solutions in a quantitative 246 optimisation process (Smith et al. 2022). However, in line with our research aim, we chose to 247 trial a locally-informed, iterative method for more feasibly operationalising the TCB approach. 248 We started with parcels of land that we judged to best meet the criteria for the particular 249 scenario, and then added and subtracted parcels until the target number of biodiversity units 250 was reached. This also aligns with recommended practice for exploring the options for 251 delivering best value projects in the Treasury Green Book (HM Treasury 2022), and with 252 general practice in industry, in which developers will only consider a limited range of sites 253 based on practicalities such as land ownership.

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We assumed that all parcels of land identified could in principle be acquired for use as offsets (i.e., through sale or lease from current landowners). We only considered area habitats (no hedgerows or rivers) and only those currently used as cropland, with the entire field as the discrete parcel. This was because cropland has a low baseline biodiversity value within the 259 Defra Metric, maximising biodiversity enhancement opportunities per hectare, and because 260 this is the land type most usually acquired for housing development and associated 261 biodiversity offsets (zu Ermgassen et al. 2021; Rampling et al. 2024). Fields were acquired in 262 rough order of the potential additional biodiversity units achievable per hectare until the 263 threshold of 145.8 units was reached and exceeded. All land was assumed to be acquired at 264 the same time as the development, so there was no a priori habitat creation (e.g. via habitat 265 banking). We also assumed that higher levels of public access led to lower condition scores 266 and lower distinctiveness habitats. For the full calculations for each scenario, see 267 Supplementary Material 2.

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We iterated options until we reached three configurations that fulfilled the priorities of the three scenarios, while also delivering at least the 145.8 units of biodiversity required for legal compliance with the 10% Biodiversity Net Gain associated with the development. We then sense-checked these configurations with BBOWT colleagues, following discussion of habitats that are typical of conservation NGO habitat banks. This includes the principle that poor condition habitats are unlikely to be promised by a conservation habitat bank.

# 276 Step 3: Explore the co-benefits delivered by each scenario

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278 In this step of the TCB approach, co-benefits are compared. The approach suggested for the 279 Treasury Green Book is to monetarily value these co-benefits, and use this value to choose 280 the best option (Groom et al. in review). However, we decided to take the approach of 281 comparing the three options against key dimensions of co-benefits which could be defensibly 282 quantified. This could then form the basis for multi-criteria decision analysis (e.g. Esmail & 283 Geneletti 2018, Andonegi et al. 2021), a Discrete Choice Experiment (e.g. Faccioli et al. 2024), 284 or a full monetary valuation if desired (e.g. Wam et al. 2016). However, in many cases, the 285 value of the process we describe for developers or local planning authorities is likely to lie 286 simply in the explicit laying out of the outcomes of a set of potential scenarios with regard to 287 the different priorities that they are trying to trade off, as a foundation for deliberation. Hence 288 this is where we focussed our analyses. The dimensions against which we assessed the 289 scenarios are shown in Table 1.

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Table 1: Dimensions against which scenarios are compared, starting with basic descriptive elements,
 then additional biodiversity benefits beyond those expressed in the metric units, then the economic
 and social values, and finally carbon as an example of an ecosystem service.

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Dimension (unit)	Description	Source/method
Descriptive elements		
Total number of biodiversity units delivered	Needs to be >145.8 units but as close as possible	Defra Metric 3.1 calculation; See Supplementary Material 2
Additional area of non-urban habitat (ha)	Total area covered by the offset; relates to the cost of land purchase/lease as well as representing the area of habitat that contributes to overall greenspace	GIS calculation

Mana distance from summer	Coloulated frame Level	
Mean distance from current housing to offset site (km)	Calculated from Local Community Centre to centre of each parcel	GIS calculation; See Supplementary Material 2&3
Additional biodiversity benefits	· · ·	
Proportion of habitat created which is within Nature Recovery Network (%)	Measure of the broader strategic significance of the biodiversity units	GIS calculation
Proportion of area contributing to priority habitats (%)	Measure of potential broader contribution to nature conservation	GIS calculation
Restoration potential (unit change per ha)	Excluding feasibility, time-lag and strategic significance multipliers, to give a raw estimate of the level of biodiversity enhancement that could be obtained	Defra Metric 3.1 calculation; See Supplementary Material 2
Economic and social values		
Total cost of delivery of biodiversity units (£) Utility to local residents	Taken from the statutory credit prices provided by Defra, without the spatial risk multiplier (SRM) (x2) to give an indication of the typical cost of specific types of habitat creation. Lowland Meadow is not included as it is a very high distinctiveness habitat, so the cost per unit for this habitat type is estimated from the statutory credit price trajectory moving from medium to high distinctiveness grasslands Modelled coefficient for utility based on expressed values for distance from the development site, public access and biodivercity value	Defra guidance (https://www.gov.uk/guidance /statutory-biodiversity-credit- prices); See Supplementary Material 2 Butler et al. (in review); See Supplementary Material 4
Ecosystem service	biodiversity value.	
Additional carbon generated (MgC/ha)	Vegetation and soil carbon stock mean value	Mean estimates for both aboveground and belowground biomass for different habitat types extracted from Cantarello et al. (2011)

- 297 3. Results
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# 299 **3.1 Scenarios**

Our three scenarios for biodiversity delivery all met the criteria for Biodiversity Net Gain but
with very different spatial configurations and additional outcomes for people and nature
(Figure 2).

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# 305 Scenario 1: Maximise value to local residents

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307 This scenario is informed by local public opinion and accessibility above all. The locations of 308 the biodiversity offsets are determined by selecting fields which are very accessible for local 309 people living in existing dwellings who will lose access to greenspace from the new 310 development (Figure 2a). The habitat types chosen for the biodiversity uplift are influenced 311 by what people living in this place feel is important, based on local consultation (Butler et al. in review): diversity in habitats; restoring what used to be there; and producing natural areas 312 313 which feel within the character of the landscape. The potential additional value for 314 biodiversity is low, however, owing to high levels of access preventing high conservation value 315 habitats from forming. This means that a greater area is required to achieve Biodiversity Net 316 Gain. Due to their positioning, these new areas do not lie within the Nature Recovery 317 Network, and have low connectivity value for nature. The habitat created is also relatively 318 fragmented, with small pieces woven into the urban area.

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# 320 Scenario 2: Maximise biodiversity value

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322 These offsets are of the type that would be identified by actors such as conservation NGOs as 323 good candidates for habitat banking, based on maximising the per hectare biodiversity value 324 of the sites. As distance to people's place of residence is not a consideration, sites are 325 prioritised solely for additional biodiversity potential on top of the BNG requirement (Figure 326 2b). Habitat types are determined by priorities for the county and extending areas within 327 existing designated sites. Each of the four sites included in the offset set is within the Nature 328 Recovery Network, thereby contributing to strategic priorities for biodiversity recovery at the 329 landscape scale. The sites are largely inaccessible to the public, preventing damaging levels 330 of access impacting the restoration of sensitive habitats. They either connect existing 331 nationally or locally designated conservation areas or buffer such areas against potential 332 human disturbance or encroachment. For example, parcel 2.1 (Supplementary Material 2) 333 connects two fragments of nationally important SSSI woodland. Since site management is 334 carried out by conservation NGOs and there is no access to the site, there is a strong chance 335 of high conservation value habitats being achieved, in good condition, giving greater 336 restoration potential per hectare.

337

# 338 Scenario 3: Balance access and biodiversity values

The offsets in this configuration are generally accessible for people but also benefit the wider landscape and biodiversity. The locations of the offsets are determined by the proximity to nearby existing protected sites that are likely to be impacted by the development, and the location of existing developer-owned land (thereby reducing the cost to the developer). In 344 this case, the development site lies adjacent to a predominantly wooded nature reserve (and 345 Site of Special Scientific Interest), thus the offsets are nearby or adjacent to the development 346 (Figure 2c). The aim is to divert the public to the newly created habitat, and so buffer the SSSI 347 by mitigating potential development-induced increases in public pressure. The sites are 348 accessible to the new community within the development, but are harder to access for the 349 original residents who have had green space compromised by the new development. The 350 majority of the area feeds into the Nature Recovery Network, and has high connective value 351 for biodiversity. Habitat types to be created have been selected to extend the SSSI habitats 352 and connect to similar habitats previously isolated by arable fields, for example joining up the 353 wooded SSSI to nearby woodland fragments. However, high levels of public access will 354 prevent high conservation value habitat in good condition from establishing. 355

a) 358 b)

c)



Figure 2. Habitat configurations for delivering Biodiversity Net Gain under three different scenarios. a) Maximise value to local residents; b) Maximise biodiversity value; c) Balance access and biodiversity based on developer priorities. The pink blocks represent the habitats created, and the red line designates the boundary of the proposed development, next to an area of existing housing. 367 For b) the blocked blue area is the Nature Recovery Network. Note the difference in spatial scale for 368 b). The hatched green area in c) is the Site of Special Scientific Interest. See Supplementary Material 369 2 for details on habitat type and condition.

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#### 372 3.2 Performance against assessment criteria

374 The scenarios perform quite differently against the assessment criteria (Table 2). In all cases, 375 realistic configurations could be found that produced a biodiversity uplift of the required level 376 (close to 145.8 units, using the Defra Metric). The amount of land required to achieve this was 377 very different between the biodiversity-focussed scenario (scenario 2) and the other two; this 378 is because, in the biodiversity-focussed scenario, options are available which score highly on 379 habitat distinctiveness and condition if the requirements for local implementation and public 380 accessibility are loosened. If the amount of biodiversity uplift per hectare is high, then the 381 number of hectares required to reach the target is lower. This has knock-on effects on the 382 cost of land purchase, making scenario 2 overall cheaper than the locally-focussed and 383 balanced scenarios.

384

385 Prioritising local residents' values for offsets (scenario 1) lowers the potential additional biodiversity value of the habitats, since they are not strategically allocated for landscape-scale 386 387 conservation and generally lie outside of the Nature Recovery Network. The overall gain in 388 social utility from this scenario, calculated from a Discrete Choice Experiment aimed at the 389 general Oxfordshire population (Butler et al. in review), is only slightly higher than the least-390 preferred scenario (scenario 2: biodiversity). This is because, in the latter, the longer distance 391 and lack of access were balanced by local attitudes towards a potential increase in 392 biodiversity, which residents valued relatively highly. The balanced scenario (scenario 3) gave 393 substantially more utility in this simple analysis, because despite the reduction in access

- 394 compared to local values, the relative increase in biodiversity value more-than-compensated
- 395 for this. However, it is important to note that the nuances of site placements and residents'
- 396 values for particular areas are not well represented in Choice Experiments.

# 398Table 2. Performance of the three scenarios against a range of criteria for decision-making (listed in399Table 1). The best-case values are in bold, and worst-case in italics, in each case.

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Assessment	Scenario 1: Local values	Scenario 2: Biodiversity values	Scenario 3: Balanced values	Proportional difference between options (from lowest to highest values)
Total biodiversity units delivered (Defra Metric)	148.35	145.99	147.02	-
Additional area of nonurban habitat under management (ha)	91.7	55.7	66.9	1 : 1.2 : 1.65
Mean distance from local residents (m)	1537	8215	1950	1:1.27:4.34
% of habitat creation within the Nature Recovery Network	7.2	100	95.9	1 : 12.32 : 12.89
% area contributing to priority habitats	0.0	46.1	17.2	1 : 17.2 : 46.1
Restoration potential (unit change per ha without multipliers)	2.05	10.80	3.09	1 : 1.51 : 4.27
Unit delivery price (£)	£6,942,360	£6,789,120	£7,311,920	1 : 1.02 : 1.08
Utility to local residents, (coefficients)	0.0108	-0.0118	0.140	1 : 1.92 : 12.86
Carbon change (vegetation and soil carbon stock mean (MgC))	8599	4800	10391	1 : 1.79 : 2.16

401

402 The specifics of a given development are important in determining various outcomes. In 403 particular, acquisition and ongoing management costs depend upon a range of factors 404 beyond just the size and type of the land parcel, such as who currently owns the site and 405 whether they would prefer to sell to the developer or a land manager (such as a conservation 406 NGO), or to manage the land themselves. In this case, the land parcels identified in scenarios 407 1 and 2 are in private ownership, while those in scenario 3 are already owned by the 408 developer so implementing biodiversity enhancements on these would be an opportunity cost rather than a land purchase cost. 409

411 Finally, there is a lot of policy interest in the potential added value of biodiversity offsets for 412 ecosystem service provision, such that the UK National Ecosystem Assessment 413 (http://uknea.unep-wcmc.org/Resources/tabid/82/Default.aspx) discusses the need for 414 Environmental Net Gain rather than Biodiversity Net Gain. Ecosystem services that could 415 come into an evaluation of which scenario to choose might include flood risk mitigation, 416 carbon sequestration, or recreational value. In our analysis we focussed on carbon 417 sequestration potential, because this is one of the more robustly quantifiable ecosystem 418 services. Two of the scenarios have a large component of woodland creation, in order to 419 enhance biodiversity values and provide landscape connectivity; this also sequesters more 420 carbon. The local values scenario has less sequestration potential because its mix of newly 421 created habitats includes mixed woodland habitat preferred by stakeholders, whilst the 422 balanced values scenario creates deciduous woodland only.

423

## 424 4 Discussion

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426 A Target Cost Based approach to incorporating biodiversity values into public policy enables 427 decisions to be made about biodiversity investments without calculating a monetary value 428 for biodiversity. This is useful because monetising biodiversity is fraught with conceptual and 429 practical pitfalls (Nunes & van den Bergh 2001). Instead, the societal value of biodiversity is 430 inferred from policy commitments made by democratic governments (such as Biodiversity 431 Net Gain, or halting and reversing declines in species population abundance). The question 432 however is how best to operationalise this approach, such that biodiversity targets are met 433 in a cost-effective way which also accounts for other societal values for biodiversity. One 434 approach would be to focus simply on the cost of delivery, and choose the cheapest set of 435 biodiversity enhancements that meet a BNG target. This could be seen as tempting both for 436 developers, and for local authorities seeking to maximise the delivery of other policy priorities 437 such as affordable homes or transport infrastructure that developers might otherwise provide 438 as part of their requirement to provide social value outcomes (in the UK, these are specified 439 under a section 106 planning consent agreement).

440

441 However, two things mitigate against this as the best approach. Firstly, the values that local 442 residents have for biodiversity are complex, place-based and deep-rooted (Diaz et al. 2018, 443 Griffiths et al. 2020). Cost-efficiency plus a Section 106 agreement are unlikely to replace 444 these values, particularly as values for nature are intertwined with the need for procedural 445 and recognition equity through full participation in the planning process (Brennan and 446 Sanchez 2012). Secondly, all biodiversity metrics are inadequate at representing the full suite 447 of biodiversity, and the Defra Metric is no exception. For example, it is habitat-based and 448 appears not to capture species richness or abundance well (Duffus et al. in review, Marshall et al. 2024). Therefore, the units calculated using the Defra Metric (or any other approach to 449 450 quantifying gains and losses in biodiversity) will always need to be supplemented with more 451 nuanced and case-specific considerations that encompass a wider conceptualisation of 452 biodiversity and set biodiversity gains and losses in the broader context.

453

The framework for operationalising the Target Cost Based approach to Biodiversity Net Gain which we have developed and trialled here strikes a balance between pragmatism and rigour, and could be useful as a way to expose and weigh up the social, economic and ecological outcomes of a range of scenarios for delivering BNG. As a robust method that is relatively
straightforward to implement, it would allow Local Planning Authorities, developers, or other
interested parties to explore the implications of different configurations of biodiversity
offsets on a range of dimensions.

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462 In our operationalisation of the TCB approach, each of the three options (focussed on 463 biodiversity gains, local access, or a balance) were beneficial on some of the ecological and 464 social dimensions but not all. Broadly, as would be expected, the scenario focussed on 465 meeting local needs produced large natural areas close to homes - large, because the areas 466 were likely to be of lower biodiversity value and so more land was needed to fulfil the BNG 467 requirements. On the other hand, areas selected for high biodiversity value required less land 468 and gave high levels of biodiversity enhancement on a range of criteria beyond the basic BNG 469 requirements, including contributions to priority habitats and the Nature Recovery Network. 470 The total management costs did not vary strongly between these scenarios, indicating a larger 471 cost per hectare for the biodiversity-focussed scenario.

472

In contradistinction to the findings of Mancini et al. (2024), who analysed the "bang for buck" of BNG offsets on agricultural land at the national level, we found that a scenario aiming to balance both ecological and social criteria at the local level performed relatively well. Mancini et al. (2024)'s modelling suggested that local offsets (as incentivised by current BNG policy) are severely suboptimal on both social and biodiversity criteria. This difference is attributable to our ability, when faced with the specifics of a particular local situation, to find sites which can feasibly supply reasonable levels of both social and biodiversity benefit.

480

481 Importantly, although our analysis emphasised the differences between pathways to 482 achieving offsite biodiversity gain, in fact delivering natural areas valued by local residents 483 and areas of high-quality biodiversity is not mutually exclusive. A potential approach to 484 achieving both would be to deliver a proportion of the required offsite BNG units through a 485 "local values" pathway and a proportion through a "biodiversity values" pathway. This could 486 allow for the creation of locally accessible greenspace in addition to what is provided by on-487 site BNG, whilst also feeding finance into ambitious nature recovery projects with higher 488 restoration potential.

489

490 Currently, it appears that the vast majority of biodiversity units under BNG are likely to be 491 delivered on-site by developers (zu Ermgassen et al. 2021). This is facilitated by the ease with 492 which the Defra Metric can be used to generate enough on-site biodiversity units despite the 493 conversion of a substantial proportion of the area into the chosen infrastructure. However, 494 our case study demonstrates that these calculations need to be reality-checked to ensure that 495 they are actually deliverable; in this case we found a substantial proportion of the promised 496 onsite biodiversity units were not deliverable (Supplementary Material 1). In the context of a 497 housing project such as we have analysed, a high level of human pressure is likely, and 498 promised biodiversity maintenance actions require ongoing investment of resources. Once 499 the developer has handed over the site to users, there is little incentive to continue to provide 500 the care and maintenance required for biodiversity gain (e.g. maintenance of hibernacula, 501 freshwater ecosystems and wildflower areas). Compliance with the BNG stipulations attached 502 to planning permission is hard to monitor, particularly if the local planning authority is under-503 resourced. Potentially, if a framework such as the one proposed here was widely available

and used, this could encourage Local Planning Authorities to ask more of developers. This could include contributing to off-site nature recovery and to meeting nature priorities for existing local residents, as well as raising their ambition regarding actions for biodiversity onsite. Conservation NGOs would then be empowered to participate in providing sites for offsets that are strategically positioned to maximise biodiversity value, and which have a better chance of delivering for nature than developer-managed sites.

510

511 Participatory processes are particularly important for local residents to feel that 512 developments and associated offsets are responding to their needs and priorities (Brennan 513 and Sanchez 2012). Studies such as Faccioli et al. (2024) show that there are strong overlaps 514 between what people value and what is needed for biodiversity enhancement, as well as 515 divergences. But setting these processes within an inclusive, strategic spatial planning 516 framework is vital to ensure that project-level decisions genuinely contribute to landscape-517 scale nature recovery, and to sustainable development under Targets 1 and 14 of the Global 518 Biodiversity Framework. Such a planning framework would enable other priorities which aren't considered here - such as food production - to be included in decision-making, as well 519 520 as minimising leakage of biodiversity impacts outside of the immediate project area. 521 Importantly, in order to minimise trade-offs and find synergies, it is important to have clarity 522 on which of the Government's many priorities should be targets or constraints, and which are 523 dynamically optimisable. For example, if ambitious targets for house-building, nature 524 recovery, food production and renewable energy infrastructure all must be met in the same 525 space, without any flexibility, it is highly unlikely that an optimal solution will exist, let alone 526 a set of potential scenarios to select between (zu Ermgassen et al. 2022). Therefore, a viable 527 pathway towards sustainable development will also require broader systemic re-examination 528 of how best to provide for human needs, and of opportunities to reduce the planetary impacts 529 of infrastructure, beyond its immediate footprint.

530

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536

## 537 Author contribution statement

T.B.A.: Methodology, Investigation, Software, Visualisation, Writing – Review & Editing.
N.E.D.: Methodology, Investigation, Writing – Review & Editing. A.J.B.: Investigation,
Software, Writing – Review & Editing. H.C.N.: Methodology, Investigation, Writing – Review
& Editing. S.O.S.E.z.E.: Methodology, Investigation, Writing – Original Draft, Writing – Review
& Editing. P.A.: Methodology, Validation. E.J.M.G.: Conceptualisation, Methodology,
Visualisation, Writing – Original Draft, Supervision, Funding acquisition.

544

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#### Supplementary Material 1: Discrepancy table.

The difference in units between the on-site habitat creation/enhancement proposed by the developer and the habitat creation/enhancement deemed likely to occur given current conditions and expert knowledge of habitat creation feasibility (for example, based on expected levels of public pressure, expected achievable and enforceable management, existing neighbouring habitats, and site fertility scores).

Impossible/ infeasible within development footprint	Likely baseline habitat (the parcels are aggregated so cannot be matched up)	Creation/ enhancement	Promised parcel as labelled by developer	UKHab that the developer is promising	Developer's promised units	Proposed habitat by us (more likely)	Proposed units by us	Difference in developer's and our units	Reasoning for lack of feasibility and the disagreement in habitats
Infeasible	Cropland	Creation	Long grass/ tussock mix	Moderate ONG	124.72	Poor ONG	69.39	55.33	Creation of moderate ONG from cropland is difficult for three broad reasons here: (1) establishment of an ONG that matches the UKHab description with indicator species is difficult from cropland with high chemical input and enrichment. High fertility will prevent ONG indicator species from establishing even with seeding. No baseline parcels tested were below 10mg/kg P. (2) Ongoing management to maintain moderate ONG is difficult and time- consuming with correct cut timings, which haven't been explicitly mentioned in the Biodiversity Enhancement and Management Plan (BEMP). (3) These previous two reasons are exacerbated by the on-site nature of the parcels – easy access in a highly populated area within the development suggests moderate ONG will be hard to maintain – as it will suffer from trampling and pollution/enrichment. Bare ground, sub-optimal species, and damage all contribute to lower condition score.

Infeasible	Cropland	Creation	Wildflower grass mixes	Good ONG	83.61	Poor ONG	37.06	46.55	See above, except this time even harder to achieve good condition ONG from scratch.
Impossible	Cropland	Creation	Amenity grassland within residential areas	Poor MG	20.84	Un-vegetated garden	0	20.84	MG is being promised here within residential areas. No gardens (vegetated or otherwise) are included in the metric at all, so it has to be assumed that their summed area comes under "amenity grassland within residential areas". In the BEMP, no indication was given whether the developer would introduce an agreement that gardens were to be managed by residents in a particular way, therefore the highest that can be promised here is un-vegetated garden as there is no agreement residents will not remove grass.
Infeasible	Cropland	Creation	Amenity grassland	Moderate MG	0.24	Poor MG	0.14	0.1	Amenity grassland (as described by the developer) can be used for any recreation e.g. football pitch. So we cannot be certain that this habitat will achieve even 2+ floral species per metre squared. 6+ floral species are necessary for moderate condition MG.
Infeasible	Cropland	Creation	Native wet woodland	Moderate wet woodland	13.85	Poor wet woodland	9.89	3.96	Creation of moderate wet woodland from scratch (cropland) will be very difficult here within the target time to completion. Woodland condition scoring depends on criteria such as: presence of veteran trees (new creation = no ancient trees and there was no indication in the BEMP to create rotholes etc. for artificial veteran tree establishment), lack of enrichment and disturbance (influenced massively by previous chemical input plus easily accessible greenspace and damage), presence of deadwood (which was not mentioned in the BEMP until we influenced it), presence of ancient woodland indicators or even NVC communities (unlikely given the timeframe of creation), lack of invasive species (which are present in the surrounding residential areas already).

Infeasible	Cropland	Creation	Native woodland	Moderate other woodland; broadleaved	28.13	Poor other woodland; broadleaved	20.08	8.05	Same as above. We would argue only poor woodland creation is possible from cropland here.
Impossible	Cropland	Creation	Ornamental planting	Poor mixed scrub	0.27	Introduced shrub	0.14	0.13	Mixed scrub as a habitat type is reserved for self-established mostly native species, potentially with some wild-growing invasives, not for ornamental hedges and plants. There is a category for this in the metric: introduced shrub.
Impossible	Moderate traditional orchard	Enhancement	7	Moderate -> good traditional orchard	3.41	Moderate -> moderate traditional orchard	0	3.41	To move from moderate to good condition traditional orchard, there needs to be ancient or veteran trees created, which seems unlikely if there currently aren't. Furthermore, you must achieve many of these criteria: ground flora must be 9+ species per metre squared, at least 95% of trees are free from damage, less than 10% of ground cover is sub-optimal species e.g. white clover, nettles etc. These all seem infeasible in a residential orchard in the middle of a development.
Infeasible	Poor other woodland; broadleaved	Enhancement	16	Poor -> moderate other woodland; broadleaved	7.41	Poor -> poor other woodland; broadleaved	0	7.41	Enhancement from poor to moderate other woodland; broadleaved requires prescriptive management of which there was no detail e.g. preventing enrichment in a residential area with previous high chemical input, leaving deadwood if fallen, creating new veteran trees, seeding NVC communities, restricting disease, removing invasive plant species. This all seems unlikely in an accessible residential area that is close to houses.
TOTAL								145.78	

#### Supplementary Material 2: Biodiversity Metric 3.1 calculations, satellite maps, and individual attributes for each parcel.

Baseline Habitat	#	Area (ha)	Habitat created	Estimated cost per unit for habitat creation	Habitat distinctivenes s	Habitat condition	Strategic significance	Spatial risk category	Units delivered	Unit change	Unit change * cost per unit	Distance of centroid to Local Community Centre (m)
Croplan d	1.1	15.4	Other neutral grassland	£42,000	Medium	Poor	Low	Compensatio n inside LPA boundary or NCA of impact site	57.36	26.56	£1,115,520	710.64
Croplan d	1.2	27.0	Other woodland; mixed	£48,000	Medium	Poor	Low	Compensatio n inside LPA boundary or NCA of impact site	90.38	36.38	£1,746,240	1053.47
Croplan d	1.3	4.1	Other neutral grassland	£42,000	Medium	Poor	Low	Compensatio n inside LPA boundary or NCA of impact site	15.27	7.07	£296,940	1383.39
Croplan d	1.4	2.5	Modified grassland	£42,000	Low	Good	Low	Compensatio n inside LPA boundary or NCA of impact site	11.69	6.69	£280,980	1444.46
Croplan d	1.5	2.0	Ponds (non- priority habitat)	£125,000	Medium	Poor	Low	Compensatio n inside LPA boundary or NCA of impact site	7.72	3.72	£465,000	1113.37
Croplan d	1.6	9.6	Modified grassland	£42,000	Low	Moderate	Low	Compensatio n inside LPA	33.30	14.1	£592,200	1344.77

Scenario 1: Local Values +148.35 units, average distance to Local Community Centre = 1537m, 0% area Priority Habitat

								boundary or NCA of impact site				
Croplan d	1.7	12.4	Mixed scrub	£42,000	Medium	Poor	Low	Compensatio n inside LPA boundary or NCA of impact site	47.86	23.06	£968,520	1380.92
Croplan d	1.8	7.6	Other woodland; broadleave d	£48,000	Medium	Poor	Low	Compensatio n inside LPA boundary or NCA of impact site	25.44	10.24	£491,520	1580.84
Croplan d	1.9	5.1	Other woodland; mixed	£48,000	Medium	Poor	High	Compensatio n inside LPA boundary or NCA of impact site	19.63	9.43	£452,640	2553.96
Croplan d	1.1 0	6.0	Other woodland; mixed	£48,000	Medium	Poor	High	Compensatio n inside LPA boundary or NCA of impact site	23.10	11.1	£532,800	2804.82

Units at baseline: 183.40

Units post-development with no multipliers: 371.80

Difference with no multipliers: +188.40

### Scenario 1: Local Values



Baseline Habitat	#	Area (ha)	Habitat created	Estimated cost per unit for habitat creation	Habitat distinctiveness	Habitat condition	Strategic significance	Spatial risk category	Units delivered	Unit change	Unit change * cost per unit	Distance of centroid to Local Community Centre (m)
Cropland	2.1	10.6	Other woodland; broadleaved	£48,000	Medium	Moderate	High	Compensation inside LPA boundary or NCA of impact site	57.15	35.95	£1,725,600	5793.89
Cropland	2.2	19.4	Other neutral grassland	£42,000	Medium	Moderate	High	Compensation outside LPA or NCA of impact site, but in neighbouring LPA or NCA	112.02	73.22	£3,075,240	7488.65
Cropland	2.3	18.0	Lowland meadows	£54,000*	V. High	Moderate	High	Compensation outside LPA or NCA of impact site, but in neighbouring LPA or NCA	57.40	21.4	£1,155,600	9369.41
Cropland	2.4	7.7	Lowland meadows	£54,000*	V. High	Good	High	Compensation outside LPA or NCA of impact site, but in neighbouring LPA or NCA	30.82	15.42	£832,680	10209.16

Scenario 2: Biodiversity Values +145.99 units, average distance to Local Community Centre = 8215m, 46.1% area Priority Habitat

Units at baseline: 111.40

Units post-development with no multipliers: 712.80

Difference with no multipliers: +601.40

\* Lowland Meadow is a very high distinctiveness habitat (not included in statutory credit prices), so the cost per unit for this habitat type is estimated from the statutory credit price trajectory moving from medium to high distinctiveness grasslands.

### Scenario 2: Biodiversity Values



Baseline Habitat	#	Area (ha)	Habitat created	Estimated cost per unit for habitat creation	Habitat distinctiveness	Habitat condition	Strategic significance	Spatial risk category	Units delivered	Unit change	Unit change * cost per unit	Distance of centroid to Local Community Centre (m)
Cropland	3.1	32.3	Other woodland; broadleaved	£48,000	Medium	Poor	High	Compensation inside LPA boundary or NCA of impact site	124.34	59.74	£2,867,520	1781.89
Cropland	3.2	12.4	Other neutral grassland	£42,000	Medium	Moderate	High	Compensation inside LPA boundary or NCA of impact site	95.47	70.67	£2,968,140	1929.07
Cropland	3.3	10.7	Modified grassland	£42,000	Low	Moderate	High	Compensation inside LPA boundary or NCA of impact site	42.68	21.28	£893,760	1997.31
Cropland	3.4	11.5	Lowland mixed deciduous woodland	£125,000	High	Poor	High	Compensation inside LPA boundary or NCA of impact site	18.34	-4.66	£582,500	2090.96

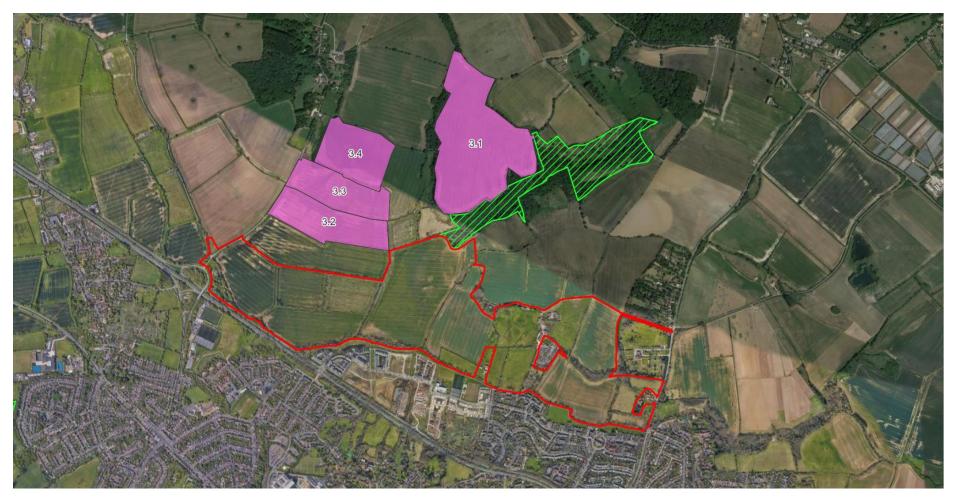
Scenario 3: Balanced Values +147.02 units, average distance to Local Community Centre = 1950m, 17.2% area Priority Habitat

Units at baseline: 133.80

Units post-development with no multipliers: 340.20

Difference with no multipliers: +206.40

### Scenario 3: Balanced Values





Supplementary Material 3: Distances of each habitat creation parcel to Local Community Centre.

#### Supplementary Material 4: Computation of dimension 'utility to local residents'.

To calculate the utility scores for each scenario a linear utility function, parameterised by the results of a Multinomial Logit Model (MNL), was used to populate a matrix of scenarios based on combinations of choice attributes in R (RStudio, 2020). Utility in this context, in line with Random Utility Theory (Czajkowski & Hanley 2012; McFadden, 1974, 1980), assumes a utilitarian-welfarist epistemology, reflecting an individual's subjective judgement of welfare provided by sets of non-market goods. Using the results of a separate study (Butler, Groom and Milner-Gulland, in-print) the MNL modelled the preferences of 396 regional residents for Biodiversity Net Gain offset outcomes associated with local housing development. The original choice experiment was of an unlabelled, symmetric design and consisted of five qualitative attributes which represents material outcomes of the development-offset process that could be retro-fitted to the scenarios outlined in this paper. These included outcomes related to proportion of the BNG that was delivered offsite (i.e., outside and away from the boundaries of the new development site); the distance of the offset site from the original site of impact (which was within 5km, 20km or 50km of any given respondent's home); the level of species richness produced by the biodiversity net gain offset in its final form; the presence/absence of public access at the offset site; and the provision of affordable housing within the new development.

The linear utility function is the default or standard specification within the choice experiment and analysis literature (Sennhauser, 2010) as opposed to non-linear specifications (such as stepwise or quadratic) and assumes that the marginal utility associated with the substitution of one attribute for another is constant. Goodness of fit testing and comparison (i.e., Akaike information criterion; Bayesian information criterion; and McFadden adjusted R<sup>2</sup>) indicated that a linear form was superior. The linear specification for the choice model estimated can be seen as a linear additive function expressed as  $U_{ij} = \beta X_j S_i + \varepsilon_{ij}$  where (U) denotes the utility value derived by an individual (*i*) in alternative (*j*), which is dependent on the observable characteristics of that outcome ( $\beta$ ) and the systematic element (X) of the alternative *j* and the socio-economic characteristics of the individual ( $S_i$ ), in addition to a random error element ( $\varepsilon$ ) that varies over alternatives and individuals.

For the purposes of demonstration, utility scores were computed for attribute combinations that broadly correspond to our scenarios. A simple linear utility function containing only the coefficients and systematic element was considered sufficient for the purposes of this abstract exercise, while error term is implicitly accounted for in the probabilistic framework of the MNL. We are also satisfied with mean effect, or *expected utility*, rather than its variability across the population and therefore excluded  $S_i$ . This can be expressed in the equation ( $U = \beta 0 + \beta 1 \cdot a1 + \beta 2 \cdot a2 + \beta 3 \cdot a3$  ...).  $\beta 0$  denotes the coefficient of the constant which can be ignored here given it does not vary across alternatives, while the rest (i.e.,  $\beta 1$ ;  $\beta 2$ ...) denote coefficient values for each attribute to be multiplied by the severity, or level, of that attribute (i.e., a1, a2...).

The MNL estimates for each attribute included in the original analysis were (standard errors are in parentheses):

Offsite %	6	Distance	Public access	Species Richness	Affordable Housing %
.118	[ <i>.03</i> ]	13 [. <i>03</i> ]	.679 [ <i>.05</i> ]	.459 [.04]	.263 [. <i>03</i> ]

Therefore, the basic utility function used to calculate scores is:

 $U = .118 \cdot Offsite - .13 \cdot Distance + .679 \cdot Public access + .459 \cdot Species richness + .263 \cdot Affordable housing$ 

For the purposes of this demonstration, we assume that each variable can take one of three levels, effectively Low (or zero), Medium, or High, which we describe below as Levels 1, 2, or 3. As the formula is linear and additive, while the theoretical scenarios constructed do not incorporate trade-offs that might associated with the provision of affordable housing, it is assumed for each scenario that the level for the affordable housing is constant, being fixed at the reference level of 10% (i.e., level 1), which reflects the minimum counselled by the UK government's National Planning Policy Framework. This would therefore not necessitate any additional investment or economic opportunity cost from the standing of stakeholders involved. The proportion of the offset that is delivered offsite (i.e., offsite %) is also held constant at 50% (i.e., level 2) for the purposes of this analysis (although in reality the units are not divided equally in this fashion). This is to reflect the fact that this value does not vary between options, given that every offset is necessitated by the same deficit and delivery of units in order to achieve the additional 10% target.

The application of the linear function to compute utility for each scenario was performed in R by first generating a matrix of utility scores for every possible combination of attribute level while allowing for increments of 0.5 (except for affordable housing which was fixed at level 1; and offsite % which was fixed at level 2). Access was coded binarily from 0 (= no public access) to 1 (= public access). Therefore, coefficients reflect the difference in utility relative to the reference category. This means that for this exercise we are not able to say whether absolute utility is negative or positive.

In this case, as the relationships are linear, each level additional to the reference level results in a proportionate gain in utility. For example: Species richness at level 1 (= b \* 1 = 0.458); at level 2 (= b \* 2 = 0.918); at level 3 (= b \* 3 = 1.377).

To enable useful comparison the utility scores for our three scenarios within this hypothetical space of possible options and the distribution of values, we normalised scores using 0 as a midpoint so that scores fell between -1 and 1 following min-max normalisation routine (*i. e.*, *Normalised*  $U = \frac{U - \text{Min } U}{Max U - Min U} x 2 - 1$ ? The *maximum utility* identified = 2.426, while the *minimum utility* = 0.568, ?relative to the reference point of 10% affordable housing, 10? access?

#### Scenario 1 (Local values)

This encapsulates the principle of nearby net-gain for local people, maximising for closeness and accessibility, but incurring a trade-off whereby it supposed that the level of biodiversity (here conceived as species richness) that can be realistically supported under these circumstances is penalised. The *distance* of the net-gain site from the site of development is assumed to be minimal, therefore a2 = 1; *public access* is assumed to be present at the net-gain site, therefore a3 = 1; while the level of *species richness* supported by the net-gain site is assumed to be minimal, therefore a4 = 1.

The computation for this scenario (*s1*) is as follows:

Varied attribute levels: Distance = 1; Access = 1; Species richness = 1

 $U_{s1} = (0.118^{*}2) - (0.13^{*}1); + (0.679^{*}1) + (0.459^{*}1) + (0.263^{*}1)$ 

 $U_{s1} = 0.236 - 0.13 + 0.679 + 0.459 + 0.263 = 1.507$ 

 $U_{s1} = 1.5073 (SE = 0.079)$ 

Normalised  $U_{s1} = \frac{1.507 - .568}{2.426 - .568} \times 2 - 1 = .01$ 

Normalised U<sub>s1</sub> = .0108

#### Scenario 2 (Biodiversity values)

This reflects a biodiversity banking approach, maximising for biodiversity outcomes, at the cost of public access and closeness. The *distance* of the net-gain site from the site of development is assumed to be maximal, therefore a2 = 3; *public access* is assumed to be non-existent at the net-gain site, therefore a3 = 0; while the level of *species richness* supported by the net-gain site is assumed to be high, therefore a4 = 3.

The computation for this scenario (s2) is as follows:

**Varied attribute levels**: Distance = 3; Access = 0; Species richness = 3

 $U_{s2} = (0.118^{*}2) - (0.13^{*}3) + (0.679^{*}0) + (0.459^{*}3) + (0.263^{*}1)$ 

 $U_{s2} = 0.236 - 0.39 + 1.377 + .263 = 1.486$ 

 $U_{s2} = 1.486 (SE = 0.169)$ 

Normalised  $U_{s2} = \frac{1.486 - .568}{2.426 - .568} \times 2 - 1 = -0.11$ 

Normalised  $U_{s2} = -0.0118$ 

#### Scenario 3 (Balanced values)

This conveys a developer-led approach and therefore tries to incorporate the observed trends to date while providing a useful alternative for comparison. This is characterised by local off-site provision convenient for the developer rather than the local community, balanced access, and moderate biodiversity outcomes due to the public having some access. The *distance* of the net-gain site from the site of development is assumed to be minimal, therefore a2 = 1; *public access* is assumed to be moderate but restricted at the net-gain site, therefore a3 = 2; and the level of *species richness* supported by the net-gain site is also assumed to be moderate, therefore a4 = 2.

The computation for this scenario (s3) is as follows:

**Varied attribute levels**: Distance = 1; Access = 0.5; Species richness = 2

 $U_{s3} = (0.118^{*}2) - (0.13^{*}1) + (.679^{*}0.5) + (.459^{*}2) + (0.263^{*}1)$ 

 $U_{s3} = 0.236 - 0.13 + 0.34 + 0.918 + 0.263 = 1.627$ 

 $U_{s3} = 1.627 (SE = 0.107)$ 

Normalised  $U_{s2} = = \frac{1.627 - .568}{2.426 - .568} \times 2 - 1 = 1.627$ 

Normalised  $U_{s2} = 0.140$