

Biodiversity Net Gain: One year on

April 2025

Insight into the ongoing
challenges for home
builders



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Introduction

Biodiversity Net Gain (BNG) is an approach to development that ensures that habitats for wildlife are in a better state at the development's completion than before projects began. Under this framework, developers must achieve a minimum 10% net gain in biodiversity, as measured in biodiversity 'units'.

The home building industry has embraced the principle of BNG and is committed to creating places that protect and enhance the natural environment. Indeed, BNG is considered an important part of demonstrating that new homes and environmental benefits can be delivered together.

One year on from BNG's introduction, home builders across the country are creating developments that support both nature and communities.

However, as would be expected with any new legislation, challenges have emerged in the implementation of BNG. This report, based on a survey of the home building industry, combined with data obtained from local authorities using the Freedom of Information Act, highlights several outstanding obstacles, including:

- Insufficient resources and staffing within local authorities
- A disproportionate burden on small and medium-sized home builders
- A lack of guidance and clarity in some areas.

To ensure BNG is a success, it is vital to address these issues. Doing so will not only fully realise the benefits of BNG, but also ensure that the implementation of BNG does not cut across other government priorities such as increasing housing supply and supporting SME home builders.



How does BNG work?

BNG was introduced through the Environment Act 2021. It became mandatory for major sites in February 2024 and for small sites in April 2024.

Statutory biodiversity metric

First, the Government's 'statutory biodiversity metric' must be used to measure the biodiversity value of a site before development. The metric measures biodiversity value in standardised biodiversity 'units', considering the type of biodiversity asset as well as its condition and rarity.

Once the initial biodiversity value of a site is determined, the metric then calculates how many units are required to achieve a minimum 10% net gain, requiring any lost biodiversity to be replaced with assets of equal or higher quality.

For small sites - currently defined as developments with one to nine dwellings or sites smaller than one hectare - a Small Sites Metric (SSM) is available to calculate biodiversity value where delivery will be on-site.

The statutory biodiversity metric must be completed by an ecologist. The SSM must be completed by a 'competent person', but this does not have to be an ecologist.

Mitigation hierarchy

Once the metric is completed, the Biodiversity Plan must outline how a minimum of 10% BNG will be achieved and then secured for at least 30 years.

BNG follows a mitigation hierarchy that prioritises avoiding biodiversity loss. When net gain is required, however, it can be achieved through three main routes:

- On-site (within the development itself).
- Off-site, which must be registered.
- The purchase of statutory biodiversity credits, used only as a last resort.

It is an option to combine all three of these strategies, but developers must apply them in the specific biodiversity gain hierarchy, with on-site gains encouraged in the first instance.



Methodology

To identify ongoing challenges with BNG one year on from its introduction, the Home Builders Federation (HBF) conducted a comprehensive survey of the home building industry:

- Over 70 respondents completed the survey, including large national builders and SME home builders, housing associations, regeneration partnerships, and planners.
- 59% of respondents were SME home builders, providing valuable insight into the specific challenges faced by smaller developers.
- There were respondents from all regions of England, ensuring a well-rounded understanding of which issues are uniform across the country.

In addition to the industry survey, HBF submitted a large-scale Freedom of Information (FOI) request to local authorities in England. The FOI exercise sought information on staffing and resources within local authorities, as well as other issues related to BNG.

All levels and types of local authority were surveyed. HBF received responses from over 80% of local authorities - allowing for a reliable and representative assessment of their current resourcing constraints and approaches to BNG.

Overall industry experience of BNG

HBF's industry survey first asked respondents about their overall experience of BNG.

Many expressed support for BNG, highlighting that biodiversity is now being considered at a much earlier stage of the development process than before, and noting that positive changes for communities and nature are already being delivered.

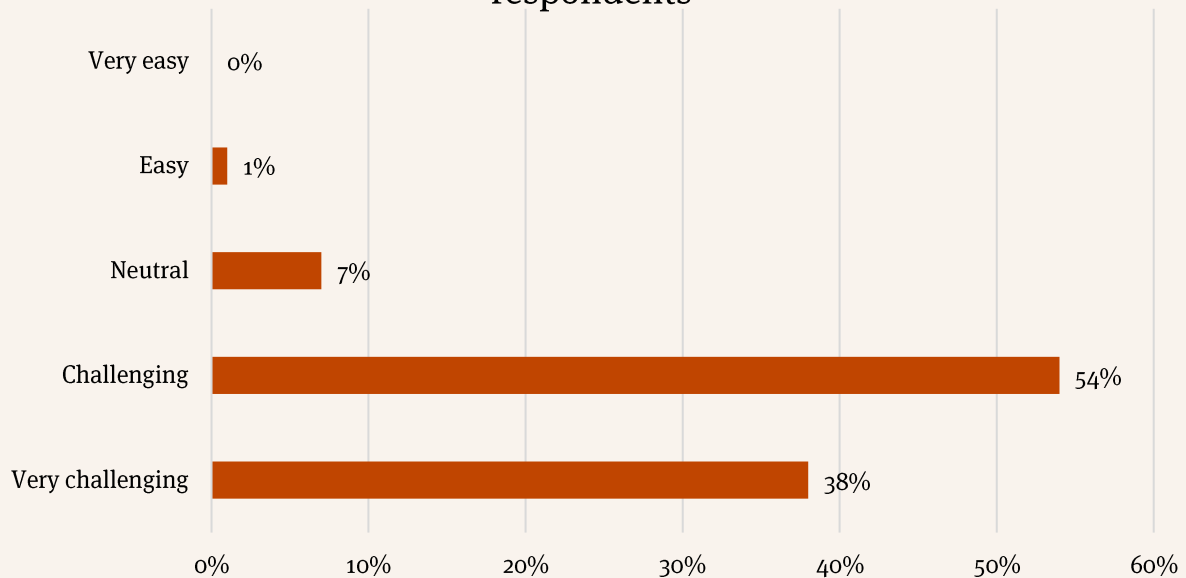
However, it is clear that the first year of BNG has been challenging for many home builders:

- 92% of respondents have found the implementation of BNG difficult overall.
- This includes 38% who described it as 'very challenging', while a further 54% found it 'challenging'.



- SME home builders faced even greater difficulties, with 98% saying that they had found the implementation of BNG challenging.

"How has your company found the implementation of BNG so far?", HBF industry survey respondents



The rest of this report outlines the most significant implementation challenges faced by home builders since BNG's introduction.

Local authority capacity

Planning delays

Delays in securing planning consent have long been a significant barrier to the delivery of much-needed homes. [HBF, Close Brothers and Travis Perkins research](#) found that 93% of SME home builders identify planning delays as the most significant barrier to growth.

Furthermore, recent HBF [FOI research](#) revealed:



- 80% of councils operate at below full staffing capacity in their planning departments.
- Nearly half of all councils report that they saw a staff turnover of more than 10% in their planning department in the previous year.
- In the 2023/24 financial year, there was an average of £200,000 spent per council on agency workers in local authority planning departments, amounting to an estimated total for councils across England and Wales of just under £64 million.

The additional resourcing impact of BNG on an already over-stretched and complex planning system mustn't be overlooked. Indeed, local authorities have taken on significant additional responsibilities following the introduction of BNG in early 2024, including approving developers' plans to meet BNG requirements; overseeing on-site and off-site gains; and monitoring and enforcement of BNG.

The home building industry is concerned that a shortage of ecologists and insufficient resourcing of local authorities is further slowing down the planning process and thus the delivery of new housing.

HBF's industry survey confirms that the industry has experienced further delays in the planning process since the introduction of BNG:

- Overall, 94% of respondents said they had experienced delays in processing planning applications due to BNG.
- 90% say they have experienced delays specifically due to insufficient BNG expertise or resources within local authorities.

Addressing these wider resourcing challenges is vital - not only for the effective implementation of BNG, but also to ensure that local authorities can manage the higher number of applications needed to achieve the Government's ambition of 1.5 million new homes during this parliament.

BNG is "causing an additional delay in the planning process on top of already lengthy determination timescales."

HBF industry survey respondent



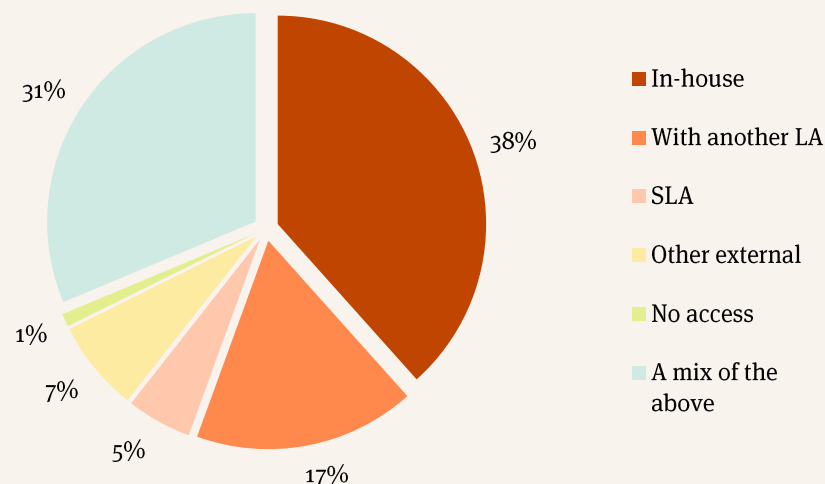
Local authority access to ecological expertise

To better understand the resource and staffing challenges facing local authorities, HBF's FOI request of local authorities asked councils how they access ecological expertise.

The responses reveal that:

- Nearly 40% of local authorities do not have access to in-house ecological expertise.
- 44% of local authorities use external consultants or Service Level Agreements (SLAs) with external bodies for ecological expertise.
- 30% share expertise with other local authorities through an SLA.

How does your local authority access ecological expertise?



While outsourcing ecological expertise may offer a temporary solution, it is often more expensive and time-consuming in the long run compared to maintaining permanent staff.

Furthermore, relying on external expertise means that local authorities often lack sufficient knowledge and experience of the local council and local area, leading to inconsistencies in decision-making and delays. External or agency staff may also not



have the same level of accountability or investment in long-term projects, which can negatively impact service quality. Given these benefits, it is concerning that four in ten councils do not have in-house ecologists.

Recruitment of new ecologists

Even among the 60% of councils that *do* employ in-house ecological staff, many have not expanded their teams since BNG was introduced - despite the significant additional workload and requirements that overseeing and monitoring BNG requires.

Our FOI request shows that, among those local authorities that employ in-house ecologists:

- 1 in 3 have not expanded their ecology teams since the introduction of BNG.
- Only a third of local authorities have staff dedicated *solely* to BNG, with most ecologists balancing a focus on BNG with other council services.

The Department for Environment, Food and Rural Affairs (Defra) has offered new burdens grant funding to cover the initial costs of BNG – ranging from £26,807 or £43,467 per local authority – but it is clear that this funding has not been enough to meet all the demands BNG places on local authorities.

For instance, the [National Audit Office](#) estimates that Defra’s grant equates to just 0.66 full-time equivalent (FTE) ecologists per local authority, whereas [previous surveys](#) suggest that at least one additional FTE ecologist per council is necessary to effectively implement BNG.

Furthermore, HBF’s FOI survey results show that councils have spent an average of £23,000 on consultants for BNG over the past year. This constitutes the majority of the Defra funding, before the costs of hiring new staff or providing training for existing staff are even taken into account.

Retention and turnover

Finally, many local authorities are also struggling to retain the ecological and planning staff they already employ. HBF’s FOI results show that, among those councils that employ in-house ecologists and planners:

- A quarter of councils have seen ecologists leave their role within the past year.



- Around 1 in 3 councils now have fewer senior planners than they did five years ago.
- Around a quarter of staff recruited to support BNG requirements are temporary.

This level of turnover – as well as the loss of senior staff and a reliance on temporary staff in some councils - is concerning not only as a sign of low morale and job dissatisfaction, but also because it further raises the risk of errors and misinterpretation of BNG guidance.

Therefore, ensuring local authority planning and ecology teams are fully staffed and well-resourced is essential for the effective implementation of BNG and for improving the overall efficiency of the planning system.

The impact of BNG on SME home builders

A diverse and thriving housing market is essential for economic growth – both fostering competition and innovation, and ensuring that a range of sizes and types of housing are delivered.

However, the number of small- and medium-sized enterprises in the home building industry has continued to decline due to several long-standing systemic challenges, including greater risk and uncertainty within the planning process, rising development and operational costs, and the impact of the 2008 financial crisis. In recent years, high interest rates and rising costs have threatened to worsen and accelerate this trend of concentration in the industry.

Against this backdrop, it is concerning that respondents to HBF's industry survey highlighted the disproportionate impact of BNG on SME home builders:

- 85% of home builders that have used the small sites metric believe the costs of BNG are not proportionate given the size of their projects.
- In an [HBF, Close Brothers and Travis Perkins survey](#) completed last year, 90% of SMEs identified BNG as a major or minor barrier to growth.
- Compared to the industry as a whole, SMEs are more likely to have experienced delays in processing planning applications due to the need for additional guidance.



Some of the reasons why the current operation of BNG is particularly challenging for SMEs include:

- **Greater reliance on expensive off-site units:** Whilst the developers of larger sites have been increasingly including BNG on their developments, on-site BNG is not always possible for smaller sites. This is because of land constraints, or because the type of habitats found on small sites such as gardens are classified as low-value habitats. As a result, SMEs often rely on expensive off-site units, the costs of which can undermine the viability of projects.
- **Limited availability of off-site units:** As will be discussed later in this report, in many cases appropriate off-site units are unavailable entirely for SMEs. This is because small sites often require only fractions of a biodiversity unit to meet BNG requirements, but the market has not yet developed sufficiently to meet this demand, leaving SMEs with fewer options.
- **Administrative and cost burden:** Smaller developers lack the staff and resources of larger firms. As a result, navigating BNG guidance and completing additional plans and assessments presents a significant administrative and financial burden, which comes on top of a range of other additional levies and regulations introduced in recent years. Furthermore, even when a portion of a unit is available, the administrative costs remain largely the same as if purchasing a whole unit.

Therefore, there is a risk that the current operation of BNG will see SME participation in the housing market further reduced, undermining the Government’s ambitions for the diversification of the sector.

The Government should renew its efforts to increase the availability of small local habitat banks at a reasonable cost for SME home builders. Furthermore, the small sites threshold should be raised to a level that more adequately reflects the type of sites that SME home builders look to develop. This would ensure that small sites, which are disproportionately expensive to provide BNG on, are not rendered unviable.

“Small sites BNG is disproportionately affecting and delaying small scale developments due to the complexity and cost.”

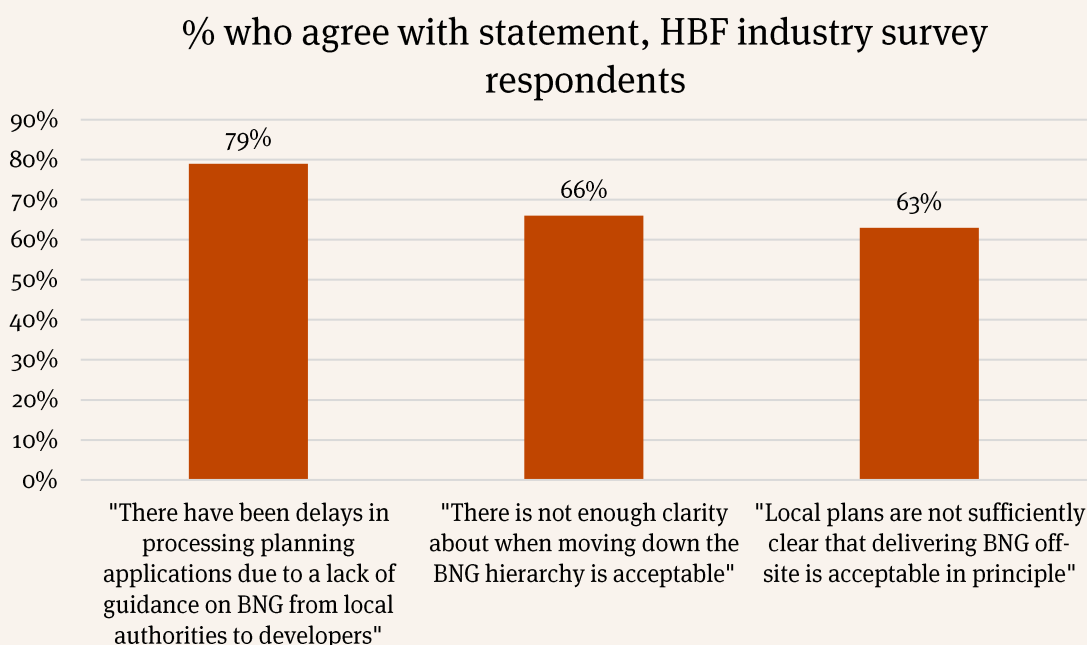
HBF industry survey respondent



Inconsistency and lack of guidance in some areas

HBF's industry survey identified a lack of clarity and guidance as a key challenge. The survey results show that:

- 79% of developers have experienced delays in processing planning applications due to a lack of guidance from local authorities.
- Two in three developers say there is not enough clarity about when moving down the BNG hierarchy is acceptable.
- 63% of respondents agree that local plans are not sufficiently clear on whether delivering BNG off-site is acceptable in principle.



While a lack of clarity about the mitigation hierarchy is a particular concern, other areas identified as lacking clarity include:

- Whether on-site gains need to be secured through Section 106 agreements or planning conditions.
- Discrepancies between Local Nature Recovery Strategies and development plans, creating confusion and contradictions between the two documents.



- Uncertainty around qualitative factors in BNG assessments including the condition, distinctiveness and connectivity of the habitat. This results in major differences in the baseline score when run by different ecologists, with significant implications for the costs and complexity of delivering BNG.

Unanticipated gaps in the guidance are inevitable as BNG is applied on the ground. However, it is important that the Government now clarifies the guidance in these areas to provide the industry with more certainty and to avoid further delays – particularly as BNG is intended to ensure a consistent and predictable national framework within which developers and local authorities can operate.

“We support the principle behind protecting and enhancing biodiversity through development. However, the implementation and complexity of the BNG process is now another layer of regulation hindering the provision of housing.”

HBF industry survey respondent

Additional local policy requirements

There is also insufficient national guidance about the interaction of BNG with plan-making. As a result, many local authorities are now introducing additional local BNG policies, either through local plans or Supplementary Planning Documents (SPDs):

- 55% of respondents to HBF’s industry survey are aware of LPAs that have added extra criteria to their BNG policies beyond national policy, such as through SPDs.
- At least 14 councils have already set BNG policies above the mandated 10% net gain, according to the results of our FOI request. [Many more](#) are also proposing higher than 10% in their draft local plans.

The augmentation of national policy and the addition of local criteria found in many of these emerging policies is at odds with how the national BNG system is intended to work, creating confusion and uncertainty for developers about how they can meet their net gain obligations.

HBF has consistently argued that LPAs should not produce SPDs on BNG, and that the Government should require them to refer to the national guidance which is already very extensive instead. Furthermore, any policy looking to go beyond 10% mandatory



BNG needs to be robustly evidenced and the costs specifically identified and included within a viability assessment of the whole plan.

“Each Local Authority is interpreting BNG completely differently with no consistency.”

HBF industry survey respondent

Other issues

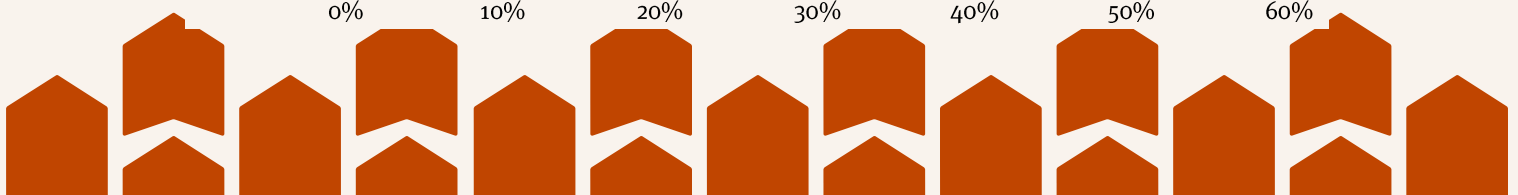
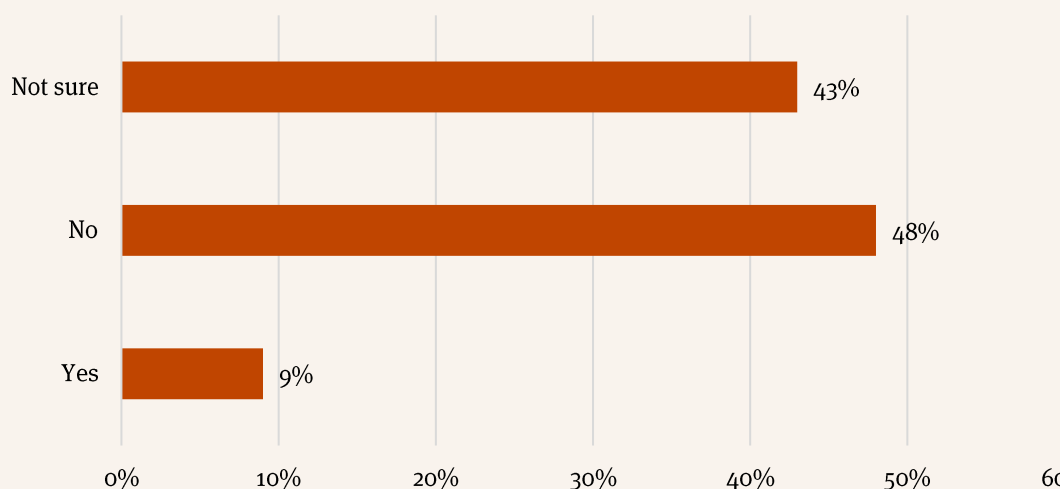
The market for off-site biodiversity units

If delivering BNG off-site, developers can either make off-site biodiversity gains on their own land outside the development site, or buy off-site biodiversity units on the market. However, the market for off-site biodiversity units is underdeveloped and often unable to meet the needs of home builders.

HBF’s industry survey shows:

- 69% of respondents do not think there is sufficient availability in the private market for off-site units.
- 48% do not have confidence in the quality of off-site units, although a further 43% are not yet sure about their quality.

"Do you have confidence in the quality of off-site units?", HBF industry survey respondents



As discussed above, one key issue is that units are not available at appropriate sizes for small sites and SME home builders – who often require less than one unit. As a result, those units which are available are disproportionately expensive. Furthermore, at present there is no quality assurance for offsite providers, meaning that home builders do not have confidence in the units they are buying.

HBF is calling for Defra to develop a national Quality Mark for off-site BNG units, so builders can have confidence in what they are buying.

Furthermore, there should also be a renewed focus on ensuring the Government’s statutory credit system is effectively spending the money it receives, so schemes that rely on them can have confidence that they will deliver the required BNG.

“There are not sufficient BNG units available in the private market [...] and where these units are available they are not always in the correct region.”

HBF industry survey respondent

Availability of private sector ecologists

The home building industry relies on skilled external ecologists to navigate BNG guidance and assessments throughout the development process. As in the public sector, ecologists are in high demand but short supply, as this is a highly specialised and complex area.

As a result of this wider recruitment crisis, it can take a significant amount of time for home builders to find appropriate ecological consultants in the private sector. Furthermore, it sometimes takes many months for ecologists to prepare reports, given their high workloads. This further delays the submission of planning applications and thus, housing delivery.

According to HBF’s industry survey:

- 95% of industry survey respondents have used external ecological expertise to help navigate BNG.
- However, only 51% of those who have used external expertise say it has met their needs.
- 80% of home builders say they have experienced delays due to the need for additional ecological assessments.



There is no short-term fix to this problem, but it can be hoped that the sector will grow to meet the increased demand generated by BNG in the years ahead.

The Government should develop a strategy to address this recruitment crisis. Furthermore, as discussed below, simplification of guidance and further clarity in some areas would also ensure that external work can be completed as quickly and affordably as possible.

“There are increasingly fewer ecologists available as a result of the vast increase in work and this has delayed or prevented projects from coming forward.”

HBF industry survey respondent

Brownfield development

Governments of all stripes have long had a ‘brownfield-first’ approach to development. For instance, the current Government is encouraging brownfield development through ‘brownfield passports’ and the release of land in the ‘grey belt’ - previously developed land in the Green Belt around major cities.

However, brownfield development is often challenging due to high upfront costs for initial remediation, such as the removal of contaminated soil.

Given this context, it is concerning that BNG appears to be making brownfield development even more challenging. The pre-development biodiversity value of brownfield sites is often higher than greenfield sites, which makes achieving 10% net gain much more complex and costly, particularly where there is Open Mosaic Habitat. Furthermore, some local authorities, such as Worthing Borough Council and Adur District Council, are also requiring 20% BNG on previously developed sites.

While the home building industry is not calling for national BNG policy to be altered for brownfield sites, it must be recognised that the incentives created by BNG run counter to other Government policies. Therefore, it will be challenging for the Government to deliver on all of its competing priorities without a more joined-up approach.

“Brownfield sites are often disproportionately penalised by BNG.”

HBF industry survey respondent



Conclusions

BNG is a landmark approach to development and has been widely welcomed as a significant step forward for wildlife. The home building industry continues to embrace BNG as an opportunity to demonstrate that new homes and nature enhancements can go hand in hand.

However, as this report outlines, there are several implementation and operational challenges which could undermine the success of BNG, and which conflict with other Government priorities – such as supporting SME home builders, prioritising brownfield development, and the ambition to deliver 1.5 million new homes during this Parliament.

While not an exhaustive list, the main outstanding issues identified by HBF's industry survey and FOI request include:

- Insufficient resources and staffing within local authorities
- A disproportionate burden on SME home builders
- Inconsistent application and unclear guidance in certain areas
- An underdeveloped market for off-site biodiversity units
- A lack of suitable external ecological expertise for home builders
- Disincentives to develop brownfield sites.

Recommendations

To address these challenges and ensure BNG is a success, HBF is calling for the Government to:

1. Ensure LPAs are sufficiently staffed and placed on a sustainable financial footing, with a strategy to address the recruitment crisis for ecologists.
2. Make sure small local habitat banks are available at a reasonable cost for SME home builders.
3. Increase the size threshold for BNG to ensure that small sites, which are disproportionately expensive to provide BNG on, are not rendered unviable.
4. Confirm that the 10% BNG system is fully functioning, nationally, before LPAs go any further.



5. Require local plans to include a baseline BNG assessment as part of the site allocation process to provide greater certainty.
6. Ensure Local Nature Recovery Strategies and local plans work together to support off-site delivery and provide confidence about its locations.
7. Stop LPAs from producing Supplementary Planning Documents (SPDs) on BNG and instead get them all to refer to the national guidance which is already very extensive.
8. Provide further clarity on certain aspects of BNG, including:
 - The circumstances in which moving down the BNG delivery hierarchy from on-site to off-site is acceptable, especially where this will deliver more and/or better ecological outcomes.
 - The interaction of BNG with plan-making.
 - Whether on-site gains need to be secured through Section 106 agreements or planning conditions.
 - The calculation of qualitative factors including the condition, distinctiveness and connectivity of habitats.
 - Clarity in local plans that sites delivering off-site BNG are acceptable in principle in Green Wedges and Green Belt.
9. Develop a Quality Mark for off-site BNG credits, so builders can have confidence in what they are buying.
10. Ensure the statutory credits systems can deliver BNG benefits, so schemes that rely on them can have confidence that they will deliver the required BNG.

HBF regularly engages with MHCLG, Defra and Natural England on BNG. We have also worked with a range of other stakeholders including the Future Homes Hub, Planning Advisory Service and National Audit Office to ensure BNG guidance and application is clear, consistent and effective.

HBF will continue to play its part in gathering industry feedback – both positive and negative – to help identify key issues and workable solutions in the months and years ahead. Ultimately, we hope that resolving these outstanding issues will avoid further delays in housing delivery, improve the efficiency of the process, and ensure all stakeholders have clarity and certainty when delivering BNG.



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building industry**

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