

Submission to the Environmental Audit Committee's inquiry into the Government's 25-year Environment Plan

January 2018

Introduction

Balfour Beatty welcomes the publication of the Government's 25-year Environment Plan. Based on our experience in delivering Biodiversity Net Gain on major infrastructure projects, we particularly support the proposals to consult on both making Net Gain a mandatory requirement for new developments and on the establishment of a new independent statutory body to oversee Net Gain and ensure that standards on clean air, water and soil are maintained post-Brexit; as well as the creation of a Green Business Council.

The overarching ambitions set out in the Plan are also very welcome. Economic growth and sustainable development are, we believe, interdependent, rather than at odds with one another, and it is right that the Government put in place the mechanisms to ensure that this is recognised. However, to deliver the vision set out in the Plan, we believe it will need to be underpinned by legislation, a strategy setting out how delivery will happen and to what timescales, and clear metrics to assess progress.

Balfour Beatty's key area of interest in the 25-year Plan is the natural capital-led approach and principle of "Biodiversity Net Gain" it sets out in relation to development. Our submission draws on our experience in delivering Biodiversity Net Gain and will focus on this area.

Responses to the Committee's areas of interest

1. What are the risks and benefits of adopting Net Gain?

The UK is making a significant investment in infrastructure over the next 20 years, helping to deliver improvements in transport, broadband, energy, flood defenses and housing. From Hinkley and High Speed 2 (HS2), to highways and the Heathrow third runway, the ambition, scale and scope of the infrastructure projects being planned is vast. So too are the environmental challenges facing them, which means that public buy-in and, in some cases, planning consent, may be difficult to secure. Balfour Beatty believes that the principle of delivering Net Gain for biodiversity offers the best way of delivering the infrastructure the country needs, securing our future economic growth, reconciling competing demands for land use, and enhancing the environment for the long term. By considering up front how construction schemes can boost biodiversity, the need to build more infrastructure to support economic growth and provide new houses and places of employment can be balanced with environmental concerns: Net Gain can reconcile what are at the moment two opposing policies. But to make this possible, we must move away from the current 'development versus

nature' scenario to infrastructure projects that help deliver Government priorities for both national infrastructure¹ and biodiversity².

Beyond these key benefits for our society, the economy and the environment, there is also a strong case for the construction and infrastructure and developers supporting the Net Gain principle:

1. The industry is reliant on the natural environment for many of the raw materials it uses: the UK construction industry uses more than 400 million tonnes of material every year³, making it the nation's largest consumer of natural resources.
2. Biodiversity loss is a key reason why infrastructure projects are delayed or denied planning permission, because construction can have such a significant impact on the natural environment: building often takes place on land which might currently be providing wildlife habitat; it can lead to water and air pollution; and it creates noise and disruption, which can have an impact on animal feeding and breeding patterns. However, planning early for Net Gain and engaging stakeholders in its delivery is a far more effective and cost-efficient approach.
3. A failure to fully consider these issues before construction, leading to protected species being harmed for example, can result in punitive fines and significant reputational damage to the company.
4. The Net Gain concept provides the opportunity to generate significant benefits for communities living near these schemes, helping to gain local support and leave a genuine legacy in terms of outcomes such as improved air quality and reduced flood risk for example.

This is why the construction industry is committed to this agenda. Supported by Balfour Beatty, the Construction Industry Research and Information Association (CIRIA), the Chartered Institute of Ecology and Environmental Management (CIEEM) and the Institute of Environmental Management and Assessment (IEMA)⁴, have recently published good practice principles to support the sector with Biodiversity Net Gain.

In terms of risks, one of the key risks is that some of those involved in delivering Net Gain pay it lip service rather than taking it seriously. Achieving Net Gain is a finely balanced process. To achieve the multiple benefits it offers, all parties need to rigorously follow the right steps, especially regarding the 'mitigation hierarchy', and ensure that they are communicating effectively with each other. It will require a collaborative approach over the long-term.

Another key risk is the lack of pragmatic yet robust metrics to measure progress, and the lack of practical guidance on the appropriate use of metrics. From our experience in delivering Biodiversity Net Gain, doing so successfully relies on decisions based on habitats, species, ecological functionality and all other key aspects of biodiversity. Then a metric supports by

¹ HMG, National Infrastructure Delivery Plan 2016 to 2021, March 2016

² Defra, Biodiversity 2020: A strategy for England's wildlife and ecosystem services, August 2011

³ <http://www.ukgbc.org/resources/key-topics/circular-economy/materials>

⁴ Biodiversity Net Gain: Good practice principles for development. CIEEM, CIRIA, IEMA. 2016

answering the question ‘how much’ is needed to deliver net gains, but a number for biodiversity does not solely drive the approach.

In terms of the industry, some might consider that there is a risk of Net Gain placing onerous demands on developers, overly complex environmental assessment processes and significant additional time and cost. Balfour Beatty does not believe this to be the case. Indeed our experience of Biodiversity Net Gain is the opposite, where Biodiversity Net Gain is a core part of a successful development.

2. What steps need to be taken during development and implementation to ensure they lead to positive environmental outcomes, especially in respect of biodiversity?

Balfour Beatty has first-hand knowledge of the practical realities of delivering Biodiversity Net Gain. From a detailed understanding of what works and what does not work, Balfour Beatty believes that Net Gain must be embedded in new schemes from the concept stage. By considering from the outset not only how to avoid damage to the biodiversity around the scheme area, but to enhance it for the long-term, would not only see schemes being built that make meaningful contributions towards local biodiversity plans, but most importantly would assist in the delivery of Government’s strategies on biodiversity and its infrastructure pipeline.

The onus is of course not all on Government. Much of it will be for those on the ground to ensure they are delivering well. For contractors, we believe there are six steps to follow to secure Net Gain benefits on each scheme based on our practical experience. If these are adhered to, they will result in positive impacts for all parties concerned. These six steps are:

1. Develop a clear and full understanding of all biodiversity affected by each scheme and by other schemes within the same landscape.
2. Follow the Mitigation Hierarchy⁵.
3. Connect with stakeholders early for their input and ideas on how the project can achieve Net Gain for the features affected, in a way that supports local priorities for biodiversity.
4. Think creatively about habitat enhancements throughout and around the site, including hedgerows, woodland meadows, ponds, and species rich grasslands, in a way that boosts biodiversity and delivers multiple benefits (for example, creating wildlife habitat that increases a site’s resilience to flooding).
5. Ensure that the enhancements are being properly measured in terms of the biodiversity improvement they will lead to. This means using the most accurate methodology determined by Defra or Natural England; and taking into account a range of inputs, from geographical information, architectural plans, habitat surveys and local and regional strategies for biodiversity.
6. Establish robust mechanisms for maintaining Net Gain over the long-term, with adequate

⁵ The Mitigation Hierarchy is a tool which aims to help manage biodiversity risk. It includes a hierarchy of steps: Avoidance, Minimisation, Rehabilitation, Restoration and Offset. BBOP & UNEP (2010) Mitigation Hierarchy. Business and Biodiversity Offsets Programme & United Nations Environment Programme, Washington DC, USA

funding and in collaboration with stakeholders.

To provide a broader framework however, and really establish Net Gain as something that should be routinely used, a number of other steps need to be implemented, both by Government and by industry itself. With something that is both as important and as complex as biodiversity, there can be no half measures. If it is to be done, it should be done properly, planned for, measured and assessed. We believe that this will require the following:

1. A robust metric.

The importance of a robust metric in measuring Net Gain cannot be overstated. The 'biodiversity unit' metric issued by Defra for its biodiversity offsetting pilot must be updated, to ensure that there is confidence in use of the metric to measure Net Gain, and that the metric is used consistently so there is a level playing field. At the moment, some have changed the metric parameters to address its shortcomings. But these individual 'fixes' create confusion as to whether the original or a 'fixed' metric should be used, and this disparity has the consequence of undermining genuine efforts to achieve Net Gain. There is already much learning on how Defra's metric can be applied robustly to avoid false claims of Net Gain. There is also a clear message on using metrics in the Good Practice Principles published by CIRIA/IEMA/CIEEM. This existing information should be built on.

2. Upskilling of commissioners.

Government agencies, local authorities and others commissioning infrastructure schemes often lack the full technical capacity to take advantage of the "win-win" option Net Gain offers. This is something which must be addressed for the multiple benefits of Net Gain to be realised, with better training and greater use of the expertise which exists within the industry. Currently there is a raft of new tenders issued for major infrastructure schemes. Hardly any include requirements for Net Gain. This must be addressed as soon as possible.

3. Better measurement of the benefits of Net Gain.

We must find better ways to measure - and financially value - the wider benefits of Net Gain. These include, for example preventing floods, recreational benefits, or improving air quality. At the moment, there are measurements included in the Natural Capital work being undertaken by Government, however these remain quite academic and are still being tested. We must make progress on this to operationalize and mainstream this work.

4. Landscape-scale planning for Net Gain.

There must be regional planning for Net Gain. Large infrastructure schemes can cross several local authority boundaries and many occur within the same landscape. We must begin to look beyond an individual project's boundaries and design and implement Net Gain for a landscape, tying together all projects within a locality and ensuring that they deliver the best outcomes.

5. Strengthening the UK's planning policies.

The NERC⁶ Act means that public bodies such as Government Agencies and Local Authorities, have a duty to have *regard* for biodiversity. Wording in the NPPF is that development *should* result in net gains for biodiversity. In order to strengthen this, Biodiversity Net Gain should be made an obligatory part of the UK's various planning policies.

6. Collaboration with local nature conservation experts.

Industry should develop its relationships and collaborate with those working in local nature conservation. Measures to enhance biodiversity are more likely to succeed if local experts are involved in shaping the solutions. Making decisions centrally, or presenting them to local stakeholders as a *fait accompli* does not work in terms either of achieving genuine environmental benefit, or local stakeholder buy-in. Collaboration is also vital for Net Gain to work over the long-term.

7. Better industry understanding of Net Gain.

Industry must improve its skills in conservation planning. Net Gain is not about development minimising its damage to wildlife through the Environmental Impact Assessment process, or about the typical "shopping list" of species protected by law such as bats, great crested newts and dormice. We must get better at truly understanding all biodiversity affected by individual schemes, and by the combination of schemes within a landscape, as well as the linked social impacts of people's use of nature.

8. Development of an effective forum for collaboration.

We must also develop a constructive forum of learning between industry, academia, Government and the NGO community on Net Gain so that we can move forward as a collective community. This is particularly important for newly emerging concepts such as "banking", that offer practical solutions and new ways to deliver Net Gain.

9. A review of EIAs.

An Environmental Impact Assessment (EIA) is required for certain developments. The process enables planners to take into account the environmental implications of a development before a planning decision is reached. However, while EIAs may protect against the worst of the damage, they are not as robust as they could be and should be revisited with a view to strengthening them.

10. Careful use of offsetting.

Government and industry must ensure that, if biodiversity offsetting is required to deliver Net Gain (after strictly following the Mitigation Hierarchy i.e. only if it cannot

⁶ HMG, Natural Environment and Rural Communities (NERC) Act, March 2006

be otherwise avoided), it follows good practice, is rigorously monitored, is funded for the long-term and delivers meaningful long-term benefits on the ground.

3. To what extent does the Plan set out effective delivery mechanisms to ensure DEFRA, other Government departments and public bodies have the resources and responsibilities to implement it?

Balfour Beatty is not best placed to assess whether the Plan will result in Government departments and public bodies having the resources and responsibilities they need. What is clear to us is that they must be given the resources to do so. Government's role, we believe, is to articulate a clear, bold vision on Net Gain and establish a robust framework to operate within. It must co-ordinate policy across the relevant Government departments, making clear how infrastructure projects support and underpin strategies to conserve and enhance nature, essentially linking the Government's National Infrastructure Delivery Plan (NIDP) with its biodiversity policies. And it must ensure that a metric is agreed which ensures that losses and gains are being correctly measured, and the benefits of Net Gain for the environment, society and our economy can be capitalised on. We therefore make the following recommendations:

1. Biodiversity Net Gain should be made an obligatory part of the UK's planning policies, for example the National Planning Policy Framework (NPPF) in England.
2. To achieve a level playing field and to ensure the best environmental outcomes, the metric must be updated, building on the Good Practice Principles published by CIRIA/IEEMA/CIEEM.
3. Guidance must be produced on appropriate use of the metric in combination with qualitative assessments, recognising that nature cannot be reduced to a single number. This will help stop "green wash" and those looking to use harmful offset practices.
4. The Government should set a firm date by which it will begin to assign Net Gain targets to infrastructure development ensuring it is properly planned, designed, budgeted and implemented
5. Local planning authorities should be offered support to incorporate Net Gain within their Local Plans and (working with nature conservation groups) produce strategies on the biodiversity priorities for their area.
6. There must be joint working by local planning authorities and local statutory advisors on nature conservation to ensure regional planning for Net Gain, going beyond a project's boundaries, tying together all projects within a locality and ensuring that they deliver the best outcomes.
7. Defra should build better links with Natural Capital accounting approaches for industry, to facilitate an understanding of the wider benefits of Net Gain.

8. Steps should be taken to increase public awareness of the impact of biodiversity loss on society and the economy – and consequently to increase support of Net Gain approaches.
9. We must develop a constructive forum of learning involving academia, Government, industry and the NGO community, to build on and improve Net Gain practice and to share knowledge among specialists and build their technical capacity.

About Balfour Beatty

Balfour Beatty is a leading international infrastructure group. With 15,000 employees across the UK, Balfour Beatty finances, develops, delivers and maintains the increasingly complex infrastructure that underpins the UK's daily life: from Crossrail and Heathrow T2b to the M25, M60, M3 and M4/M5; Sellafield and soon Hinkley C nuclear facilities; to the Olympics Aquatic Centre and Olympic Stadium Transformation.

Balfour Beatty's aim is to enhance the environment in which we operate. We have partnered with a number of other organisations to produce the first set of good practice principles for biodiversity Net Gain in the UK, helping to enrich biodiversity as a result of construction works.

Our expert consultancy services⁷ support clients to set and achieve Biodiversity Net Gain efficiently and effectively. We develop corporate strategies, management systems and training programmes on Net Gain. We provide tools to monitor losses and gains in biodiversity throughout a project's lifecycle and road maps showing each stage of the Net Gain process. We work with a variety of customers, from multi-national companies to small family-owned firms, offering a bespoke approach for each individual project.

Our tried-and-tested Biodiversity Net Gain model provides an effective way to manage the consent process of national infrastructure projects, and delivers 'net gains' in biodiversity that in turn deliver the Government's biodiversity commitments. It involves two new aspects: quantifying losses and gains in biodiversity to accurately plan, budget, design and build Net Gain; and delivering Net Gain in collaboration with local wildlife groups. Our model has received wide acclaim as industry leading, including from Natural England, and formed the basis of the UK's first Good Practice Principles on Biodiversity Net Gain. Our aim now is to support clients involved with national infrastructure projects by, at the early project stage, advising on the programme, budget and implementation of Net Gain.

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⁷ <https://www.balfourbeatty.com/expertise/specialist-services/biodiversity-services/>