

## DEFRA Consultation on improving the implementation of BNG for minor medium and brownfield development

### Triodos Bank UK response, July 2025

Triodos Bank is a global pioneer in sustainable banking, using the power of finance to support projects and organisations that benefit people and the planet. We believe that banking can be a powerful force for good: serving individuals and communities as well as building a more sustainable society. We have operated in the UK since 1995 and the Netherlands since 1980.

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### Summary of our position

Triodos Bank supports the maintenance of BNG and calls for the government to continue to support a crucial aspect of biodiversity improvement and nature finance architecture in the UK.

To diminish BNG as outlined in this consultation would have (and has already begun to have) hugely detrimental impacts on nascent nature markets. Predictable market demand is essential for unlocking the private sector finance that the government is so keen to secure, and the UK cannot meet biodiversity targets without that investment. We urge the government to use the outcome of this consultation to draw a line under the debate around the importance of nature markets and to continue to support them, as we have seen with its support for example of UK renewable energy.

Triodos Bank is a financial institution that has invested significantly in the development of nature markets, therefore our response to this consultation is primarily concerned with the impact on those markets, however, as a company with a strong commitment to our customers that we will protect nature and biodiversity, our response addresses non-financial aspects of BNG and draws on the research and expertise of partners in those areas.

Triodos Bank has banking activities in the Netherlands, Belgium, the UK, Spain and Germany as well as Investment Management activities based in the Netherlands but active globally. The bank has commitment to provide at least EUR 500 million in investments, loans and contributions to the nature-based solutions sector by the end of 2030 as part of its biodiversity targets ([Source](#)) and is actively engaged in the recently released European Commission roadmap for nature credits, including sharing learnings from the UK's BNG system with the Dutch government.

Question: Do you support the following statements (yes/no):

- I. No changes should be made to exemptions - **no**
- II. Some changes should be made - **yes**
- III. All minor development should be exempt - **no**

Question: Do you agree with the proposal for a 0.1 hectare threshold?

No, we disagree with this proposal to effectively remove small sites from BNG requirements.

Question: Do you agree the area de minimis threshold should be extended? If yes, which of the following thresholds do you think is most appropriate:

- 50 square metres
- 100 square metres
- 250 square metres
- Other threshold 20

Setting a simple de minimis of a single house build, without further exemptions, will send a clear message to the market that Nature restoration is essential to help mitigating risks from climate change and habitat loss being seen in the economy today.

We do not agree that the de minimis threshold should be extended. In addition to our view that it is currently set at an appropriate threshold, there is clear evidence that the current exemption is being over-exploited. If the threshold is extended there is every reason to believe that demand for offsite BUs will fall, severely impacting BNG markets and critically, failing to deliver the nature interventions needed to meet the UK's biodiversity targets.

Analysis of the planning applications submitted over the first full year of BNG implementation demonstrates a very high level of de minimis exemptions:

*'As highlighted in the Planning Portal, the use of exemptions by size of planning application site shows a much larger-than-expected proportion (around 40% - 60%) of de minimis exemptions in sites over 0.5 hectare. A very small (de minimis) impact on nature at a relatively large development site is not credible in more than a tiny number of exceptional circumstances. However, de minimis is being claimed by approx. 40% of developments over 0.5ha in size, including those covering several hectares. There is no data on the monitoring, evaluation or the reasons for the use of this exemption...The high number of de minimis exemptions could be due to poor understanding, poor monitoring, intentional misuse. Regardless of the reasons, the scale of use of the de minimis exemption suggests a widespread compliance failure.'* (Source: [Lifescape Project report Page ii](#))

The larger than expected proportion is driven by self and custom build exemptions. If the exemption is set at 1 home then that will resolve the exemption issue.

Question: Do you think the BNG requirement should be removed for minor development (for example including up to 9 residential homes) please provide evidence for your response where possible.

No. We do not believe the BNG requirement should be removed for minor development.

This proposal will negatively impact the off-site BNG market. [Research from the University of Oxford has shown](#) that in the first year of BNG, 70% of developments purchasing off-site units were less than 1ha, making up 38.8% of the demand for off-site units. Therefore, this exemption (in addition to the SSM changes proposed below) risks taking out a substantial portion of demand from the off-site market, just as it is getting established after a long lead-in time in which providers were developing the market at risk.

The BNG market has only been operating for 18 months, after over a decade of development. To make the changes proposed in this consultation will drastically undermine a growing industry which has the potential to drive significant private sector investment into nature restoration and:

- Help meet the UK's biodiversity targets
- Provide a wealth of co-benefits including flood mitigation, improved air quality and carbon sequestration (Source: [Wildlife Trust Social Return on Investment analysis](#))
- Provide human health and wellbeing benefits
- Drive job creation and economic growth – jobs include not only ecologists, but also planning officers, green infrastructure and landscape specialists, land managers, legal advisors, data scientists, finance specialists and technology providers.

The drive for job creation would be severely undermined if minor developments were excluded from BNG policy, as they represent the majority of planning applications. In the year to December 2024, there were approximately 267,000 minor development decisions made by local planning authorities, representing 84% of the planning application pipeline. Without these planning applications, market actors will have much less incentive to participate and innovate, ultimately hindering the progress made to ease market participation – such the sale of units, and long-term monitoring of habitats.

Triodos Bank UK itself has invested as a leader in the sector publishing a number of [case studies](#) and articles to encourage other banks to invest in Nature markets. We have seen evidence of Nature financing teams being established, and these banks need confidence to continue this investment in the real Green Economy and the creation of high-value jobs.

Although they are small, these sites can still have significant environmental impact, especially in urban, nature deprived settings, which would not be compensated for with the removal of BNG requirement.

Consideration should also be given to the risk that small site developers build lower numbers of units at higher price points to circumvent requirements for BNG further reducing any chance of housing development of affordable and social housing. We need to encourage higher density affordable homes with space for nature on, and off, site.

Rather than a blanket exemption for small sites, we would support proposals which enable small developers to more readily access off-site biodiversity units. This includes updating the biodiversity gain hierarchy to put on-site and off-site on the same footing for small developers (so long as the mitigation hierarchy is still being adhered to) and the removal of the spatial risk multipliers so that small developers can access off-site units at the same cost regardless of location.

Most importantly, **the government needs to send the right market signals to raise confidence, not undermine BNG**, because predictable market demand is essential for private sector investment. Poor implementation and unpredictable exemptions are deterring landowners and habitat banks from supplying BUs. If BNG is to succeed in crowding in private finance and delivering high-integrity biodiversity outcomes, the industry needs policy certainty, fair enforcement, and transparent monitoring.

**Question: if minor development were to be exempted from BNG, do you agree that the de minimis threshold should be extended to cover other types of development outside of the minor development category having little or no impact on biodiversity?**

No, and this question does not explain how, and by whom, 'little or no impact' would be determined. There is evidence of exemption misuse so the reverse should be implemented. BNG exemptions should be limited to single house builds with the small site developers support systems suggested.

**Question: Do you agree that parks, gardens and playing fields development, as defined above, should be partially exempt from BNG? Please give evidence where possible**

We would support the exemption of development that expressly improves the quality and biodiversity of greenspace. However, development such as new buildings, or the replacement of grass pitch with astroturf or other artificial surfaces should not be exempted.

**Question: Do you agree that development whose sole or primary objective is to conserve or enhance biodiversity should be exempt from BNG? Please provide evidence where possible, including examples of developments that you think would be exempted. If yes, do you think there should be an upper size limit?**

Yes, development whose sole or primary objective is to conserve or enhance biodiversity should be exempted.

**Question: Do you agree that temporary planning permission should be exempt from BNG? Please provide evidence where possible, including examples of developments that you think would be exempted. If yes, do you agree with the 5-year time limit?**

No, temporary planning permission should not be exempt from BNG. As biodiversity impacts are dependent on the recovery rate of the damaged habitat, not the duration of the land use change,

some temporary developments will, therefore, have the same consequences as permanent ones and must be assessed in the same way.

**Question: Do you think the SSM should be used for medium development?**

No. We do not believe that SSM should be used for medium development.

Applying SSM to medium sites, in order to make BNG easier to attain would, by definition, reduce the level of compensation achieved. This would be detrimental to meeting biodiversity targets and continue to negatively impact nature markets. SSM also requires lower technical competency which is not appropriate for medium scale sites.

We believe it would be better to enable medium development to be able to better access off-site BUs, which would enable them to meet their statutory 10% requirement, as well as helping to grow confidence in off-site markets at this early stage of market development.

**Question: Do you think the SSM should be able to be used on sites with European protected species present?**

No.

**Question: Do you think the SSM should be able to be used on sites with protected sites present?**

There is insufficient detail in this question, however from what we understand from the term 'protected sites' no, the SSM should not be able to be used.

**Question: If these changes are taken forward, and the SSM is re-badged as a low impact metric. Do you think there should be any other restrictions on use of the SSM?**

We do not support these changes to the SSM.

**Question: Do you think the trading rules should be removed in the SSM (which contains only medium and low distinctiveness habitats)? If no, do you think the trading rules should be amended in the SSM to allow the losses of any medium distinctiveness habitat to be compensated for with any other medium distinctiveness habitat (but not with low distinctiveness habitats)?**

We do not believe the trading rules should be removed and do not support relaxing the compensation framework. Enabling this level of flexibility would risk an unacceptable homogenisation of habitat delivery. [Evidence collected by the University of Oxford](#) suggests that ecological homogenisation is a significant risk facing BNG, with nearly half of the planned areas on the off-site market being 'other neutral grassland'.

**Question: Do you think habitat condition should be fixed at ‘poor’ for baseline habitats, and ‘moderate’ for the target condition of enhanced habitat in the SSM?**

We do not agree that the presumptive baseline for SSM should be ‘poor’. There is already strong evidence ([see Lifescape Project study](#)) of high-rates of non-compliance on sites, combining that with a statistically below-average rating would result in even lower levels of biodiversity mitigation and further reduction in uptake of BUs.

**Question: Are there any other changes to the SSM or metric process for minor and medium development that should be considered to overcome challenges or streamline the process?**

A year ago, BNG was a new concept to most in the planning system despite the long development phase of the system. Given the BNG programme is in its infancy, providing confidence and clarity with small iterative development to enhance the delivery for nature and biodiversity will streamline the process.

Investment in biodiversity requires market confidence to deliver both the land and capital to increase the flows of units to the regulatory market as well as developing the voluntary market to ultimately deliver the targets set out by the UK government for nature recovery.

**Question: Do you think some habitats of the same broad type with the same value should be amalgamated in the SSM?**

We do not support further simplification of the SSM habitat classification system. The current system is already a simplified version. For instance, “other neutral grassland” actually encompasses four distinct sub-communities of neutral grassland. Further amalgamating all broad habitats of similar distinctiveness would risk obscuring the losses of specific habitat types within each broad category. Other countries across Europe are looking to the UK standard as a leading methodology that has already simplified a complex subject area.

**Question: Do you think the habitats in the SSM should be reviewed, to ensure they are easily identified by non-ecologists?**

No. We do not think that reducing the requirement for an appropriate level of technical expertise in a complex system would be beneficial or produce the desired outcomes for industry or nature.

We recognise that the use of qualified experts is a cost, however, with BNG markets operating as intended, the offsite market would introduce ecological expertise into the sector. A more effective solution would be to invest in specialist capacity, enabling appropriate assessments—such as within Local Planning Authorities.

To simplify the identification definitions to the point where an ecologist was not required would result in an inability to distinguish between different sub-categories of habitat, such as species rich, or species poor. In a sector which is already demonstrating that habitat is being routinely under-valued ([see Lifescape Project study](#)) this presents a further serious risk to the integrity of BNG as well as damage to a growing sector of high-value green jobs.

**Question: Do you think there should be a watercourse module in the SSM, or should all developments within the riparian zone of watercourse habitats use the main metric tool?**

Given the complex biodiversity challenges of watercourses, we think they should use the main metric tool.

**Question: Do you think providing additional guidance on the identification and management of habitats in the small site metric would be helpful?**

We would welcome this and refer you to Nature Recovery's full and detailed response:

*More guidance on the identification and management of habitats in the SSM would be helpful for users and land managers. This includes guidance on habitat identification and habitat creation feasibility, to prevent the promising of unfeasible habitat creation (which our analyses of BNG plans have highlighted as a particular issue).*

*See [Assessing Biodiversity Net Gain plans: a quick guide for planners and developers](#) and [A pragmatic framework for local operationalisation of national-level biodiversity impact mitigation commitments](#).*

*Management guidance is particularly important for on-site management, with the [Lost Nature report for Wild Justice](#) identifying a poor standard of ongoing maintenance as a significant challenge. Many Landscape and Ecology Management Plans are simply not being followed in practice on the ground. The use of estate management charges to fund landscaping, and the high percentage charged by estate management companies for 'administration fees', are part of the problem (see above and [CMA market study final report into housebuilding](#)), as is insufficient capacity and mandate to check for compliance post-development. The threshold at which government advises LPAs to take enforcement action is where there is a "serious harm to a local public amenity", further reducing the enforceability of these gains. See the 2022 open letter to The Rt Hon Michael Gove, The Rt Hon George Eustice, and Tony Juniper: [Ensuring that mandatory Biodiversity Net Gain fulfills its potential for nature recovery](#).*

*Guidance on management therefore needs to be provided at two levels: firstly, governing the initial BNG calculation itself; secondly, to ensure that landscaping firms are managing land as promised. This guidance does not necessarily need to accompany the metric from Natural England and Defra. In the first year of mandatory BNG, industry produced a wealth of guidance for projects doing BNG and could continue to support small sites in this way (e.g. ['Biodiversity Net Gain: Good practice principles for development'](#) by CIEEM, IEMA and CIRIA).*

**Question: Do you think more clarity is required within the definition of a competent person undertaking a BNG assessment using the SSM, and reviewing the completed SSM?  
If yes, do you have any suggestions as to how competency could be defined for the SSM?**

This is for others rather than Triodos Bank to comment, however we would want the integrity of BNG to be maintained / enhanced by any changes.

**Question: Do you think we should allow biodiverse features to be counted within vegetated gardens being created as part of a development? If yes, do you have any suggestions of how we should account for biodiverse features in vegetated gardens being created as part of a development?**

We do not think biodiverse features should be counted.

We understand from this question that the vegetated garden would be owned/managed by the resident/occupant of the development and the developers would have no ongoing control of its use after the land is sold. In which case they would have no ability to guarantee the ongoing maintenance of biodiverse features. For example, fruit trees or trees with a trunk diameter of less than 8cm can be felled in gardens without a permit, so any trees planted as biodiverse features could be removed by the resident.

**Question: Do you agree the biodiversity gain hierarchy should be updated for minor development?**

We support relaxing the biodiversity gain hierarchy for minor developments. This would enable small sites to more easily access BUs, via off-site BNG, where onsite BNG is not feasible.

That in turn would increase demand for offsite BNG which will support the government's objective of £1 billion/year private investment into nature.

Because this market is overseen by predominantly non-local authority bodies (who do not have the capacity to monitor and enforce on-site gains) administering the scheme is less burdensome to the LAs, likely to have better ecological outcomes, and will raise more private investment.

However, this should only apply to the latter stages of the hierarchy. The first stage, Avoidance, should still be adhered to wherever possible.

**Question: Would relaxing the biodiversity gain hierarchy for minor development support small developers to deliver BNG more easily?**

Yes, as above, this would enable more flexibility for small site development.

**Question: Do you think placing off-site habitat enhancements with the same preference as onsite habitat enhancements for minor development would deliver better outcomes for nature? Please provide evidence to support your answer where possible.**

There is a risk that this results in poorer quality outcomes for nature in urban, nature-depleted areas, with associated harms such as increase in heat islands, poorer air quality etc. However, if the first stage of the hierarchy is maintained, and other incentives and policies to protect and restore urban nature are in place, there is potential for better outcomes for nature.

Off-site habitat enhancements are subject to far more oversight and scrutiny than on-site, they also provide the opportunity to create larger, more ecologically significant sites with other co-benefits not achievable onsite.

Triodos Bank has provided lending to Nature Impact to finance the creation of an off-site BNG nature recovery programme – creating ecosystems services that would not have been achievable in an aggregate of urban onsite BUs (Source: [Triodos Bank announces first BNG private sector loan to Nature Impact](#)).

**Question: Should the Spatial Risk Multiplier be disapplied for minor development purchasing off-site units?**

Given the lack of available habitat banks across the country, we are supportive of disapplying the Spatial Risk Multiplier for minor developments. However, we would be keen that this requirement is not disregarded permanently. Although there is evidence (Ref: [Mancini et al, 2024](#)) to suggest that relaxing the spatial risk multiplier could have positive impacts by promoting access of optimal sites, given both ecological and economic factors (such as land values) we would not want to permanently disincentivise the development of habitat banks in all areas.

The BNG 30-year commitment takes considerable planning and confidence which has been somewhat eroded by this consultation process and campaigning to weaken the case for Biodiversity. Commitment now to enhancing the market will give confidence and bring sites forward across the UK enabling the majority of sites to access local BNG habitat.

**Question: Should the Spatial Risk Multiplier assessment methodology be amended, so that it is based on Local Nature Recovery Strategy and National Character areas rather than Local Planning Authority and National Character areas?**

We are supportive of this change to using Local Nature Recovery Strategies (LNRS) and NCAs to set the spatial risk multiplier. Given how many LPAs currently lack a habitat bank within their borders, this would be a sensible change. We would, in fact, be supportive of this change applying to all developments, regardless of size, in the expectation that it would create further incentives to deliver on the objectives of the LNRS.

**Question: Should we allow alternative habitat delivery for the loss of Open Mosaic Habitat? 45**

We support the principle of flexibility in habitat delivery but caution against allowing alternative habitat types to compensate for the loss of Open Mosaic Habitat by default. Given the highly biodiverse and often irreplaceable habitat, typically found on brownfield land, and plays a unique ecological role. Where OMH is lost, efforts should be made to replace it like-for-like and only where this is demonstrably unfeasible, alternative habitat delivery should only be permitted.