

A close-up photograph of two beavers in a stream. One beaver is in the foreground, looking towards the camera, while the other is slightly behind it, looking away. They are surrounded by a large, moss-covered log and some blurred branches in the foreground.

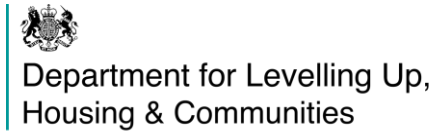
Chris Avent - Green Estate Manager
Plymouth City Council

**Habitat Banks: Generating dividends
for people, places, and nature**



With thanks

Phase one funded by the Future Parks Accelerator partnership:

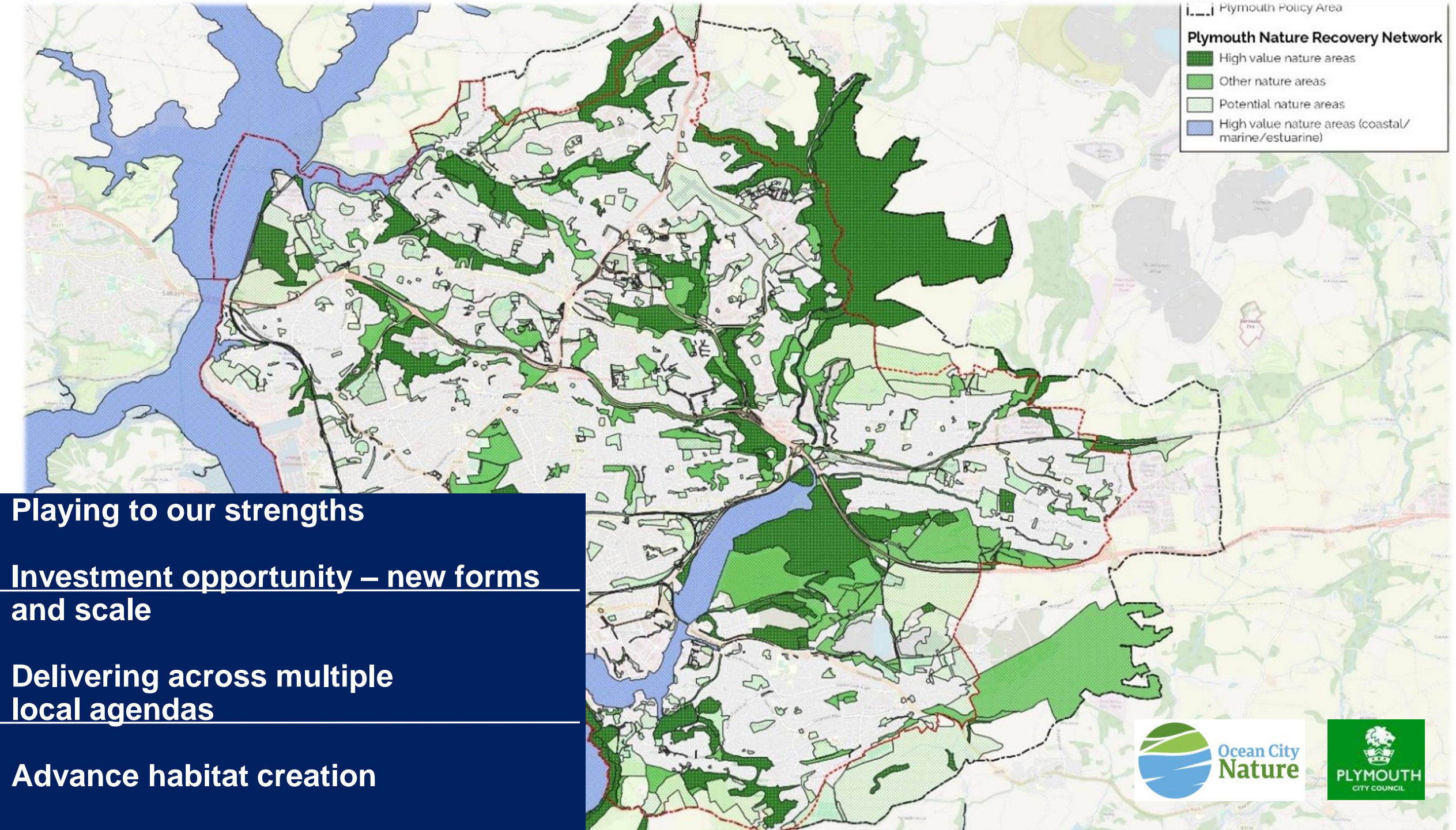


Phase two funded by Natural Environment Investment Readiness Fund (NEIRF)



Our financially regulated partner is Finance Earth





Playing to our strengths

Investment opportunity – new forms and scale

Delivering across multiple local agendas

Advance habitat creation



Why a habitat bank?

ISSUES

- Budget pressures across the Authority including for maintaining natural spaces.
- Enhanced duty towards natural environment
- Environment Act creates a new market for biodiversity units replacing existing payments for mitigation locally.
- Requirement to maintain habitats enhanced for minimum of 30 years
- Interaction of new BNG duty with affordable housing delivery targets and need

SOLUTIONS

- ✓ Turning financial liabilities into a self-sustaining, income generating assets over long-term.
- ✓ Supplying biodiversity units captures the income generated for Plymouth's nature and people.
- ✓ Offers more control over site specific biodiversity
- ✓ Credible local offer for developers: providing low friction: high integrity offer for developers



Principles



ENVIRONMENTAL

- Adhere to the mitigation hierarchy.
- Deliver high-quality habitats.
- Maintain and protect long term.



SOCIAL

- Maintain and enhance equitable public access.
- Account for costs of public access and engagement.
- Mitigate socio-economic distortions.



ECONOMIC

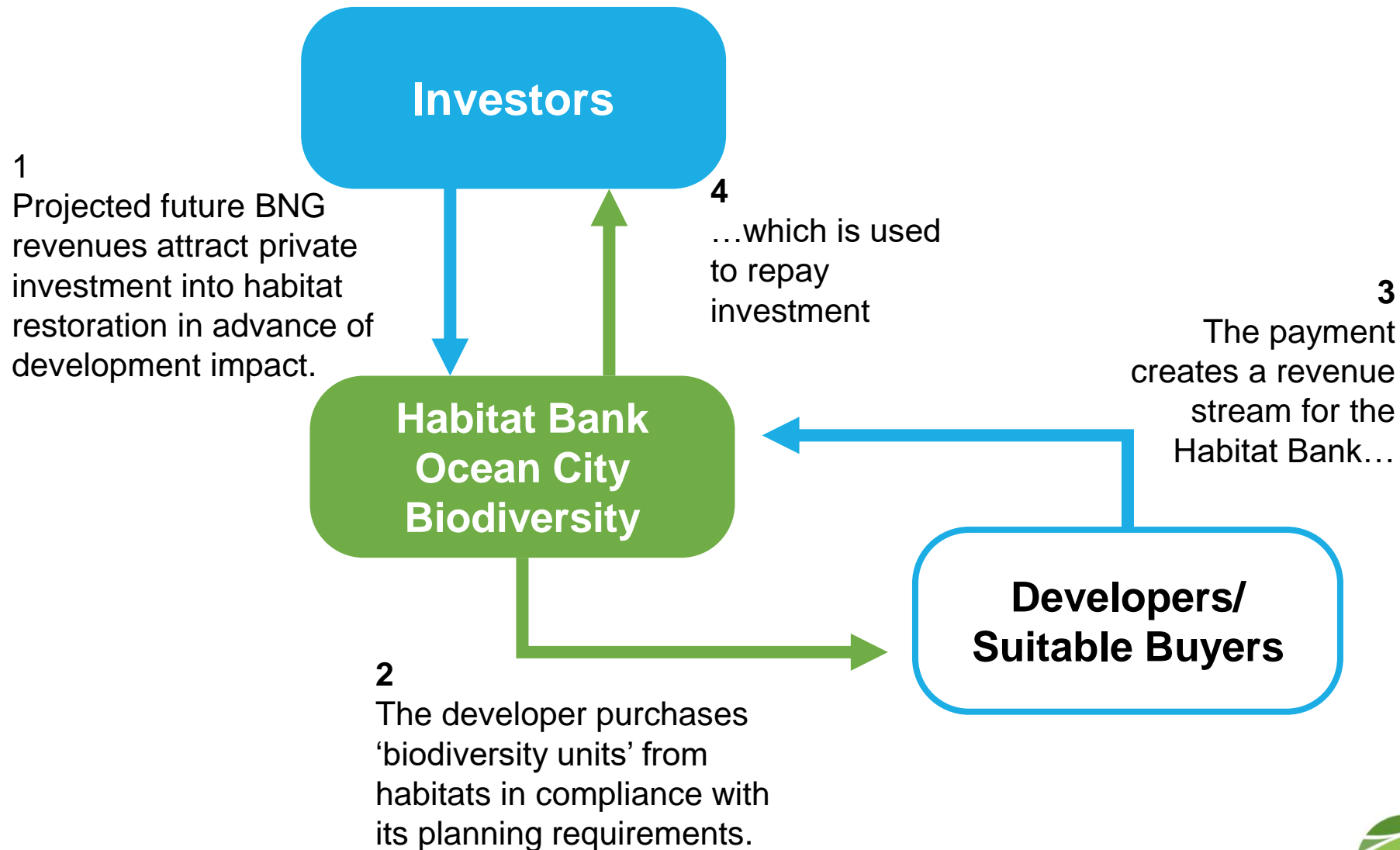
- Provide cost-effective solutions for developers.
- Offer fair returns to investors.
- Support the local restoration economy.



FOUNDATIONAL PRINCIPLES

- Ensure additionality is achieved.
- Create proactivity, joined-up approach to offsetting.
- Create a robust governance framework.
- Be transparent and accountable.
- Ensure routine monitoring and measurement using clear and measurable metrics.

Habitat Banking model

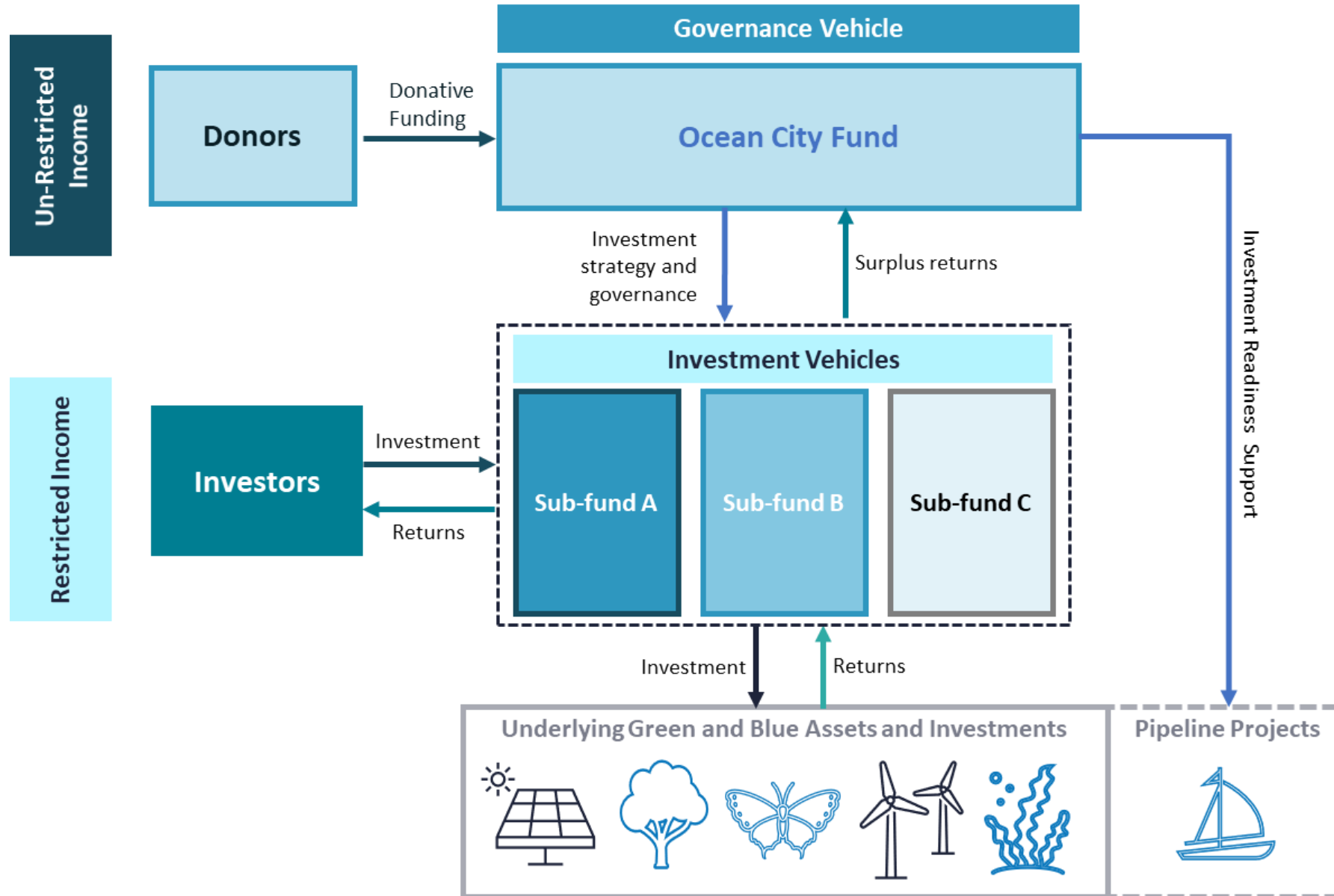


Vision: Creating a resilient, accessible, natural environment across the city

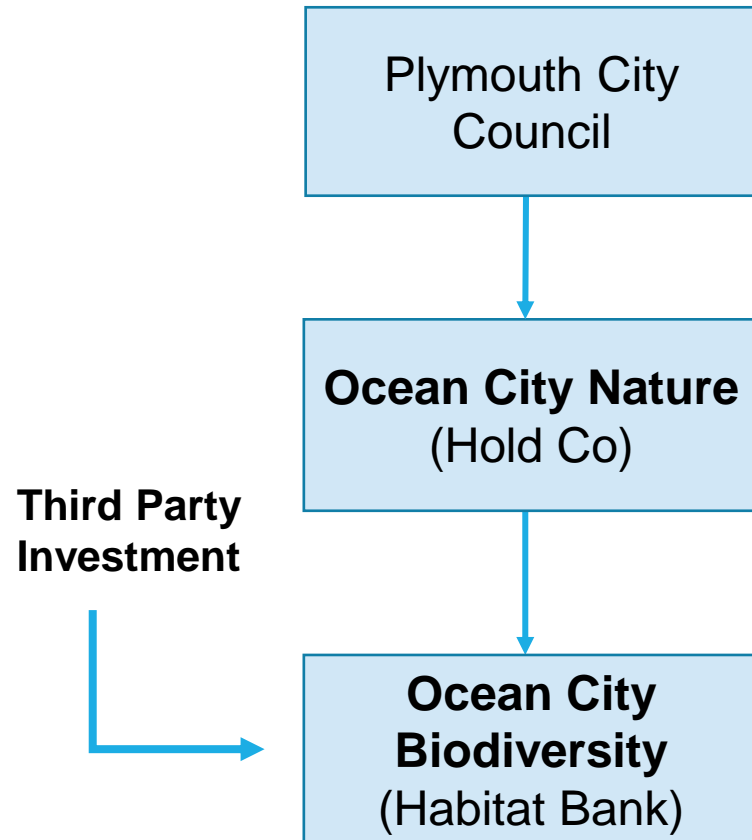
A replicable, scalable funding ecosystem for investment in green and blue assets and sustainable enterprises delivered through a public-facing entity delivering direct environmental benefits, vital services, boosts to the local economy, a sense of place
- all catalysing further innovation.

		
<p>Creating a Nature Rich City Protecting, restoring, creating and connecting accessible blue and green habitats and ecosystems, valuing wildlife to combat the climate and biodiversity crises</p>	<p>Supporting Thriving and Empowered Communities Supporting quality of life, stewardship , local decision making, physical and mental health and wellbeing, community cohesion, sustainable transport, skill development, employment, safety and nature connection.</p>	<p>Recognising Value from Ecosystem Service Delivery Managing green and blue spaces to generate sustainable financial revenue streams that protect the environment and inspiring new investment into the city that grows the local economy and nature protection</p>

Ocean City Nature – enabling growth in Green Finance



Company structure



Unitary Authority

Governance role: Ultimate control over business plan and strategic direction of vehicle.

Governance Function: Corporate Management Team

Company Limited by Guarantee

Strategic vehicle for HBV continuity beyond HBV and other Green Finance Activity. Distribution and reinvestment of surpluses

Governance role: Decision making over operational objectives including sign off of sales

Governance Function: Board of PCC representatives, supported by economic and environmental stakeholders

Operating and Investment vehicle for three pilot sites.

Governance role: Operational only, majority of decisions reserved for HoldCo/PCC. Time limited.

Governance Function: Operational board, 3rd party Investor representatives.



Making the business and investment case

18 months to achieve **3** Executive Decisions
Working group across **5** key Departments

Nov 21 - Options assessment recommended an arms-length vehicle to act as Habitat Bank.

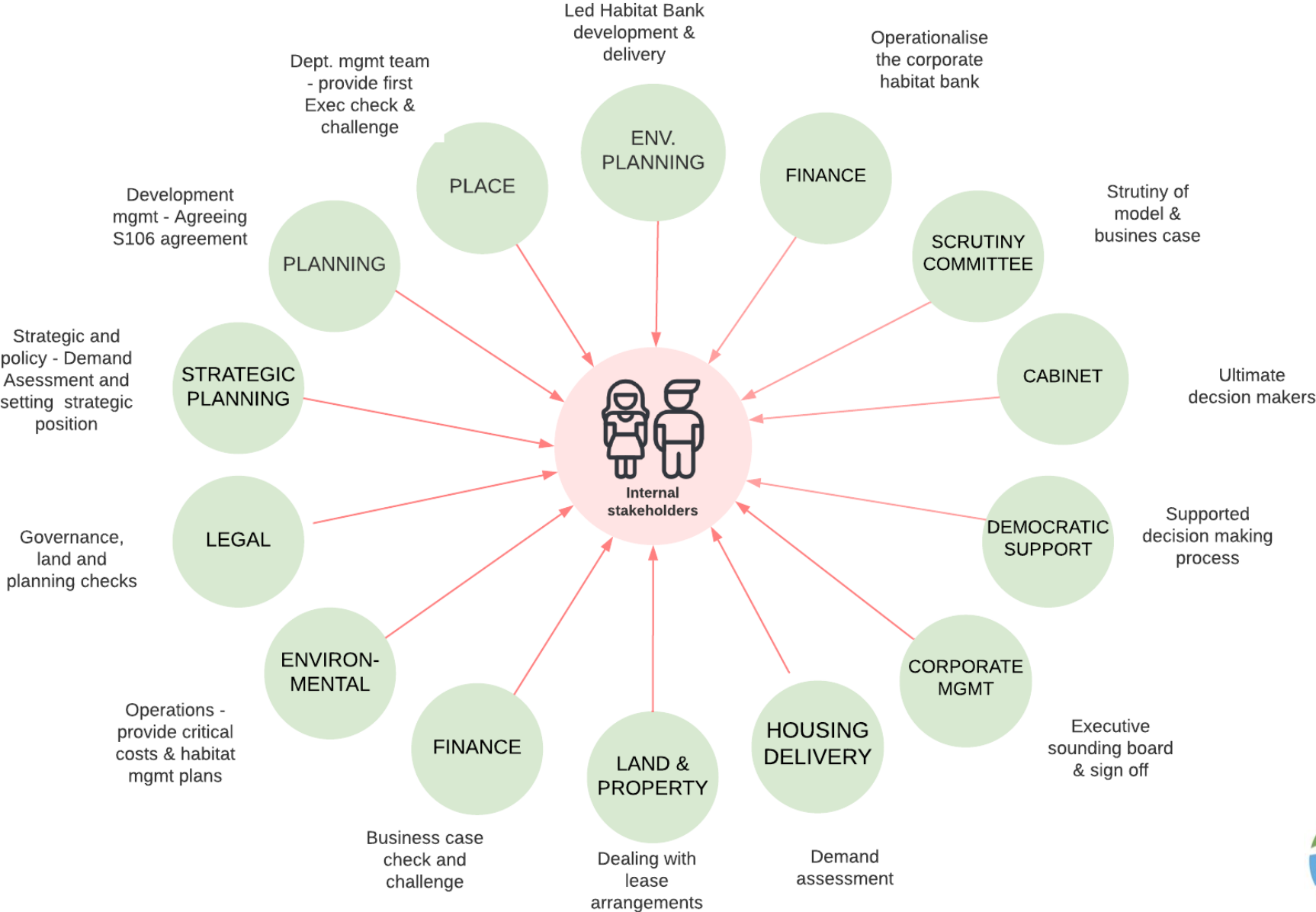
Mar 22 - Detail and recommendations of company structure and governance arrangements.

June 23 - Business Case for investment from PCC to secure £0.5m.

Key Processes included:

- Familiarisation and explanation of concept of habitat banking to officers and members.
- Scrutiny session (Feb 22) with Governance Committee due to novel and innovative approach.
- Soft testing with known developers – links to development of demand modelling

Internal stakeholders



What did our supply and demand assessment tell us?

29 supply sites were initially assessed - covering **378 ha** of land. Capacity for 780 BUs to be delivered.

This valued the potential revenues across these sites at **£17.548m**.

Now have an additional **33 supply sites** surveyed and to be assessed – covering **354 ha** of land.

30 demand sites were assessed - covering **135 ha** of land supporting **530 BUs**.

This valued the potential revenues across this estate in terms of BUs where development could be realised at **£11.925m**.

Why was this important?

- Gave a **strong illustration of the scale of opportunity** of time in terms of revenues.
- Provided **strong rationale for Business Case** development – demand existed.
- Tied together the fact that a **credible cost-effective Habitat Bank is a positive for a local area and its development aspirations** and targets.
- **Sense checked** that supply and demand would be proportionate each other.

Business model summary – 30 years

CAPEX		
Item	Costs (Loan)	Costs (External)
Project Development	£99,391	
BU Delivery	£372,476	
Vehicle Development		£61,867
Development Contingency	£28,133	
Total	£500,000	£61,867

Income generated.	
BU No. 277	@ Average £25,000

OPEX	
Item	Cost
Project Maintenance	£5,014,549
Infrastructure cont.	£427,427
Total Loan Servicing	£703,683
PCC Management	£335,429
External services	£219,293
Insurance and Audit	£313,311
Corporate Tax	£387,321
Total	£7,401,011

PCC is the first 'investor' in the habitat bank, providing £500k through PWLB as a repayable loan to deliver biodiversity units on three sites.



Selected pilot BNG sites



Selected pilot BNG sites

	Chelson Meadow	Cann Woods	Ham Woods
Size	51ha	23ha	35ha
Mgmt type	PCC managed		
Habitat types	Lowland meadow, neutral grassland, bramble & mixed scrub	Neutral grassland, blackthorn, bramble & mixed scrub, lowland mixed deciduous woodland	Modified & neutral grassland, bramble & mixed scrub, lowland mixed deciduous & wet woodland
Interventions	<p>Grassland: Annual cut, ground prep, seed sowing, topping, undesirables control</p> <p>Scrub: Scrub thinning, scalloping, bramble clearance/control, watering</p> <p>Woodland: Woodland thinning, coppicing, ride creation/ management, restocking</p>		



Partnerships – People and Communities



Credit: Chris Parkes Photography

'If we are doing it alone, we are doing it wrong'



The potential for Local Authority habitat banking - Summary

- Protects the risk of flight of mitigation interventions and revenues leaving the area.
 - Surplus income re-invested into green space, not into private profit companies.
 - Land that may be running at a loss due to maintenance/security costs, can now generate income.
 - LA positioned to access and fund expertise that impacts quality and integrity, e.g. ecological, habitat management planning and environmental partnerships.
- Providing a credible local offer to work with development proposals and minimise friction of introduction of mandatory BNG.
 - Benefit to residents through public access and incorporating social value into projects - delivering across multiple local agendas.
 - Enables local authorities to both plan *and* deliver biodiversity sites strategically.
 - Advance habitat creation/restoration contributes to speed of meeting any local authority biodiversity targets.

What next?

Ocean City Nature: Just the beginning but by 2030..

- Huge progress innovating in nature-based solutions supporting the city and our people
- Physical interventions – biodiversity gain, SUDs features installed, active travel routes
- Inclusive delivery - new relationship & delivery model
- Career and skills opportunities – expanded and sustainable
- Enhanced 'Pride in Place' with new funding models embedded as BAU
- Enable us to plan and deliver natural infrastructure within equivalent systems as 'grey infrastructure' – a green finance revolution

Habitat Bank

- Making first Sales – interest from developers
- Work on the ground underway on all 3 sites
- People and businesses in Plymouth value the role of urban nature and recognise the role of OCN



key learning and recommendations for success

Journey length and intensity

- It is easy to underestimate the journey necessary to unlock a new way of working – Green Finance – and the **mindset shift**, training and upskilling required to bring all stakeholders along on the journey
- **Procurement** of external legal and tax advice can be time-consuming, causing delays, start early.

Stakeholder engagement

- The core project team need a Project **Sponsor** at a senior enough level to influence.
- A wide range of **stakeholders** from internal teams need to be co-opted to reach investment readiness.
- Identify strengths of different stakeholders ensuring **early involvement** to expedite decision making, help build the business case, adapt the project and influence others.


Building Integrity and Common Purpose

- This model requires a careful balance between public access while delivering the target habitat condition. All activity needs to be **costed accurately** into the delivery model.
- Build **principles** at early stage by consensus as a touchstone for decision making.
- Local Authorities are attuned to place-based priorities and can shape BNG projects to align with city strategy

Enabling innovation – view from Local Authority level

1. Continued consideration & discussion within DEFRA family (& wider govt departments) of join up to enable this innovation:
 - Planning and policy development – e.g. LNRS, NRN and policy/ regulatory levers equivalent to BNG
 - Investment – building credible investment pipelines at scale w/ effective governance & partnerships
2. Ongoing resource and capacity at local level to build credible pipeline in required manner
3. Demand side work – needs to be key focus to unlock this and linking back to supply side





For more detailed information
Webinar Series –
www.futureparksaccelerator.notion.site

Credit: Chris Parkes Photography

Contact:
oceancitybiodiversity@plymouth.gov.uk

