

Biodiversity Net Gain Guide

August 2026

Biodiversity Net Gain (BNG) is a requirement for most new building developments in England to have a measurable increase in biodiversity compared to the pre-development baseline (before the development took place). BNG aims to ensure new developments contribute to conserving and enhancing the natural environment, whether at the original site or elsewhere.

Whether you're a developer, landowner or natural capital investor, this guide provides an overview of what you need to know regarding Biodiversity Net Gain.



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What is mandatory Biodiversity Net Gain?

BNG is a development or land management approach that seeks to enhance the natural environment and leave it in a better state than before development. BNG aims to protect and enhance biodiversity, which has been declining in the UK due to habitat loss, pollution, and other factors.

Since 2024, mandatory BNG applies to most new planning applications. It applies in England under the Town and Country Planning Act, as set out in the Environment Act 2021. The Act states that BNG policy requires developers to achieve a minimum of 10% net gain in biodiversity after development, though this amount will vary across local planning authorities (LPAs).

Developers are expected to prioritise on-site solutions to achieve BNG, such as creating new habitats or enhancing existing ones within the development site. However, off-site solutions are an option, and developers may also be able to purchase statutory credits as a last resort to achieve their net gain target.

To ensure the long-term sustainability of the biodiversity enhancements, a BNG site must be secured and managed for at least 30 years via planning obligations or conservation covenants. This means that where they are provided on-site, developers must consider the long-term management of biodiversity enhancements as part of their planning and implementation processes.

Through BNG, developers can also positively impact local communities and the economy by contributing to more visually appealing landscapes, preserving cultural and historical sites, and creating new opportunities for education and recreation. These biodiverse ecosystems can also help reduce greenhouse gas emissions by storing carbon, working towards mitigating climate change.

What type of sites will need to implement BNG?

The mandate is effective for most developments over 0.2 hectares and for National Significant Infrastructure Projects (NSIPs) from the 2 November 2026.

Are there any exemptions to implementing BNG?

Some exemptions apply to the BNG requirements, including development affecting:

- ◆ planning applications made before the mandatory BNG implementation dates
- ◆ planning applications for development sites under 0.2 hectares made after 6 August 2026 where no onsite priority habitat is impacted
- ◆ habitats below a 'de minimis' threshold of 25 metres squared
- ◆ or five metres for linear habitats like hedgerows
- ◆ developments which meets the definition of temporary development whereby it does not impact any onsite priority habitat and is subject to a requirement that the development is removed and the land reinstated within a period not exceeding 5 years
- ◆ householder applications
- ◆ biodiversity gain sites

What is the difference between biodiversity units and credits?

Biodiversity units are the output of the Biodiversity Metric. The term also refers to the sale of off-site biodiversity units.

Credits refer to the statutory credits that are the last resort option for developers if they can't deliver the BNG they need on-site or via purchasing off-site biodiversity units.

How do you calculate the biodiversity on a site?

Defra has [tools and guidance](#) that must be used to assess habitats and calculate the value of biodiversity. The current tool for large developments is the statutory Biodiversity Metric. Small Sites Metric (SSM) is a simpler version for eligible 'small site' developments that are not exempt from the 0.2 ha threshold.

The metrics use habitat features such as the presence of particular plant species, the quality of vegetation, the diversity of vegetation structure, and the presence of water bodies to calculate a biodiversity value or BNG units. The assessed number of units then provides a baseline to calculate the required minimum uplift (net gain). The metric tools can then be used to assess which type of habitats will achieve the new total number of BNG units that must be provided as part of the development.

It should be noted that the metric tools do not consider the indirect impacts of a development, so an Environmental Impact Assessment may still be required.

Do the BNG regulations impact irreplaceable habitats?

The regulations outline irreplaceable habitats as comprising ancient trees and woodland, salt marshes, blanket bog, lowland fens, limestone pavements, and coastal sand dunes.

They state irreplaceable habitats are not subject to a minimum 10% biodiversity increase. Instead, developers must establish alternative measures to mitigate the impact on these important habitat types.

Where do local nature recovery strategies fit with BNG?

Local nature recovery strategies (LNRS) are plans developed locally to enhance and protect biodiversity and natural ecosystems. These strategies aim to promote nature recovery and contribute to the overall goal of restoring and improving the health of local environments. This prioritisation helps focus conservation efforts where they are most needed.

If habitats seen as strategically important in the LNRS are created on development and BNG sites, they will generate 15% more units. Most LPAs have published their final LNRS versions however some have not. In such instances, the draft versions can be used to identify these important habitats.

The Government is proposing to replace the current preference for BNG units within the same LPA or NCA with a preference for units within the same Local Nature Recovery Strategy (LNRS) area. As there are only 48 LNRS areas compared with 337 LPAs, developers will have access to a much larger pool of units and are less likely to incur spatial risk multiplier penalties (see question below).

What is the spatial risk multiplier?

The spatial risk multiplier is a factor within the BNG metric that encourages biodiversity compensation to be delivered as close as possible to the development site. If a developer cannot provide enough habitat enhancement on-site and needs to purchase off-site biodiversity units, the metric applies a penalty when those units are located further away from the affected area. This means that habitat banks located outside the local planning authority area and National Character Area, soon to be LNRS areas, will need to provide more biodiversity units to achieve the same outcome. In simple terms, the spatial risk multiplier recognises that replacing nature close to where it is lost generally provides greater ecological benefit than replacing it many miles away, so the metric rewards local delivery and discourages distant offsetting.

Example: How the Spatial Risk Multiplier affects BNG units

Imagine a development results in the loss of habitat worth 10 biodiversity units. To meet the mandatory 10% Biodiversity Net Gain, the developer must deliver 11 units of compensation. The Biodiversity Metric then applies the spatial risk multiplier depending on where the replacement habitat is located.

Location of Off-site Habitat	Spatial Risk Multiplier	Units Needed
Same Local Planning Authority (LPA) or National Character Area (both are soon to be change to LNRS areas)	1.0	11 units
Neighbouring area	0.75	14.7 units (11 ÷ 0.75)
Further away	0.5	22 units (11 ÷ 0.5)

What if a site's biodiversity has recently been degraded?

Where habitats on a site have been degraded since 30 January 2020, the pre-degradation habitat should be taken as the baseline. If the baseline date can't be agreed upon, the default is 30 January 2020. This is to prevent sites that have been deliberately or accidentally manipulated from benefiting more or reduce the amount of BNG.

How will BNG sites be monitored and enforced?

Off-site gains will be monitored via the Biodiversity Gain Site Register. Every off-site gain site must be listed on the register if they enter into agreements that offer any BNG units to developments. The register of land is also to ensure that there is no double counting. The cost of [registering a site on the BNG Register](#) will be £639, and each subsequent allocation of part or all of that land to a development will be £45.

On-site BNG provision supplied by developers will not need to be registered on the BNG Register nor allocated. However, significant on-site gains must still be secured legally for at least 30 years after the development is completed. The government has said it is exploring how on-site information can be extracted from planning permission and published on the BNG Register so that all BNG information, on-site or off-site, can be accessible in one place.

The enforcement of on-site BNG will be done through the current planning enforcement regime, which means the onus will be on the LPAs. Off-site BNG will be monitored by either the LPAs if the sites was secured with a Section 106 or by Responsible Bodies if the site was secured by a Conservation Covenant.



Land developers

What does BNG mean for you?

What does a developer need to produce?

BNG should be considered from the outset for any proposals, and environmental improvements could be used to strengthen the case for development.

Planning applications should be supported by a baseline Biodiversity metric and basic information on how the development will meet the BNG requirement. If planning consent is granted, a biodiversity gain plan needs to be completed, and details of the habitat management and monitoring plan must be given. These plans outline how net gain in biodiversity will be achieved and managed for at least 30 years after development.

If you are planning a phased development, you will need a biodiversity gain plan for each phase of the project, subject to approval prior to commencement.

Where the development impacts habitats within the project boundary, developers must replace them with habitats of equal or better biodiversity or greater size. This means they must ensure that the new habitats are comparable or higher quality to those lost during the development and that the habitat area is not reduced due to the development.

All high distinctiveness habitats require re-creation on a like-for-like basis should they be lost. In contrast, there is more flexibility for habitat types with lower distinctiveness regarding what habitat can be delivered if they are lost.

It should also be noted that there is no change to existing legal protections for habitats, so these will still need to be adhered to where necessary. You should not count habitat creation or enhancements towards your BNG if you're already required to do this, for example, to comply with restocking conditions relating to a tree felling license or a restocking notice, marine licensing or remediation under the environmental damage regulations.

You can count River Basin Management Plan (RBMP) mitigation towards your total BNG. If you're already providing RBMP mitigation to prevent deterioration as part of your development, you should do at least 10% of your BNG through separate activities. If you're providing RBMP enhancement as part of your development, you will not need to do separate activities to reach your total BNG.

Who can assess a site's biodiversity?

The Biodiversity Gain Plan will require a competency statement for a named person who has completed the assessment and metric calculation. So, developers must employ a 'competent person' to conduct the habitat survey and assessments and use the approved metric. This is important because baseline surveys and management proposals detailing the delivery of the gain are carefully scrutinised during the planning process. Where these assessments and plans are seen as deficient, it can cause significant additional delays and costs at planning. Landowners who are trying to create units to sell may find that poor assessments and reports are not approved and must be re-done.

A 'competent person' is defined as being able to confidently identify the positive and negative indicator species for the range of habitats likely to occur in a given geographic location at the time of year the survey is undertaken. For a full metric application, the competent person should be an ecologist.

However, in circumstances where the development fits with the criteria to use the Small Sites Metric, the metric doesn't need to be completed by an ecologist but by someone competent to use it.

What if the development needs to offset off-site?

If you are planning to offset BNG units off-site, only land registered on the [Biodiversity Gain Site Register](#) can be used to satisfy the Local Planning Authority.

The biodiversity gain hierarchy sets out approaches to achieve BNG in order of priority. Firstly the preference is to avoid any adverse effects to distinctive habitats. If this is unavoidable, the second preference is mitigating them on-site through the enhancement of existing habitat, if none such exists, then the creation of on-site habitat. If on-site gain is not possible, the next preference is to purchase registered offsite biodiversity gain within the same LPA or National Character Area (NCAs). If this is not possible, units can be bought in other LPAs or NCAs, however a spatial risk multiplier is implemented, reducing the value of the unit and therefore requiring the developer to buy more units. When there are no options to provide the necessary BNG on-site or off-site, the developer can purchase statutory credits. However, the developer will need to prove that other options have been explored. Natural England has set up a BNG credit scheme of last resort for developers, but the pricing is intentionally uncompetitive.

This order of preference changes as of August 2026 for small developments, whereby onsite habitat enhancement and creation are considered equally preferable to registered off-site biodiversity gains. This will enable enhancement on larger, more connected habitat banks, rather than encouraging fragmented habitat creation on multiple smaller sites. Therefore, delivering stronger ecological outcomes while making the off-site market more accessible to small-scale developers.

What are the prices of biodiversity statutory credits?

The credits are broken down into low, medium and high distinctiveness categories, with different habitats further broken down within each category - the credits' costs increase with the habitat's higher distinctiveness.

The credits for replacing habitats with the lowest distinctiveness will cost £42,000 each, ranging up to the most distinct habitats, e.g., peat lakes, costing £650,000.

To take the place of one biodiversity unit, you will need two statutory credits, therefore a minimum cost of £84,000. VAT will apply to the purchase of statutory credits at the prevailing rate.

The latest prices are on [Defra's statutory biodiversity credits prices webpage](#).

What about excess BNG units generated above the mandated amount?

Developers can sell any BNG units above the LPA's minimum requirement generated on-site. Still, there will be no centralised trading facility for units, and the private market will determine prices. These excess units can be used as off-site gains for another development.

However, these surplus units need to be proposed during the planning process so that they can be secured through a planning condition, planning obligation or conservation covenant.

Can a local planning authority set a BNG target higher than 10%?

Yes, the Environment Act allows local authorities to set a BNG higher than the minimum. Some local authorities have implemented a higher requirement such as Cambridge city with a minimum of 20%. However LPAs must set it out in the policy of the authority's Local Plan. The Local Plan should be based on evidence, i.e., viability has been tested, and the BNG target checked against other policies in the plan.

Landowners

What does BNG mean for you?

Landowners can sell biodiversity units to developers looking for off-site solutions. If you are considering offering your land as part of BNG, the key steps to think about are:

1. Find out what habitats your local area needs.
2. Consider how you can combine biodiversity net gain with other environmental payments.
3. You will need to calculate how many biodiversity units you will have on your site.
4. Price of your units. Factor in any potential risks and long-term management costs.

Any land manager or owner offering their land as a biodiversity gain site must register it on the [Biodiversity Gain Site Register](#). It costs £639 to register a biodiversity gain site, and you must pay within 28 days of submitting your application.

Taking advice on the process early on will be important, as it will mean you are best placed to choose the right areas on which to target your BNG. The right advisors will also mean you can give a brief that meets your objectives and generates a suitable and achievable plan, thereby minimising risk.

Can I 'stack' payments or units from other schemes on the same land?

Land managers can sell biodiversity units and nutrient credits from the same nature-based intervention, subject to meeting eligibility criteria and not selling credits for other ecosystem services.

Defra now accepts that Biodiversity Net Gain can be combined with other ecosystem service markets in certain circumstances, provided additionality can be demonstrated and the same environmental outcome is not sold twice. Stacking of BNG and nutrient neutrality credits is expressly permitted where it is delivered by a given nature-based intervention, while combinations involving agri-environment schemes, carbon markets (carbon off-setting) and other nature-based payments require careful consideration of the additional benefits being delivered and the rules of the relevant scheme.

So, you cannot stack carbon and BNG on the same land for the same activity (i.e. planting a woodland). You can only stack on top of carbon if you can further enhance the habitat, and it does not affect the carbon value.

It is also possible to stack BNG on BNG to increase the number of units that can be sold from a habitat. Please contact Knight Frank to discuss the opportunities around stacking BNG.

What level of income can I expect from selling BNG units?

Offering your land to provide BNG offsetting off-site needs careful consideration. Be clear about your motivation. Will it be a way to diversify your farm or estate, and what impact will it have on land values, for example?

The gross income level will depend on the model you follow. However, BNG units for 'other neutral grassland' habitats, for example, are selling for around £13 - £20,000 per unit as the market has become more competitive and national.

High priority habitats or high distinctiveness habitat types that are rare in supply will fetch more than habitats that are more abundant, e.g. open mosaic habitats.

Generally between one and nine units per hectare of agricultural land are typically deliverable in the right locations, and particularly with BNG stacking. Whatever price is settled on, it should be sufficient to ensure landowners and land managers receive a fair share of any off-site commercial gains. It's important to ensure the true costs of that offsetting needs to be fully accounted for to provide sufficient funds for managing and monitoring gain sites for at least 30 years.

It is also wise to be cautious as landowners and farmers looking to the BNG market as another source of income as it won't always be a 'silver bullet'. It can be an effective income in the right place at the right time but not something to necessarily rely on.



What is the off-site demand for BNG units?

The BNG market for off-site units is starting to embed as a market, with a much better understanding of how BNG operates. Knight Frank's latest research suggests that the residential development market remain relatively cautious. Geopolitical events continue to create economic uncertainty, however, planning reform, lower borrowing costs and the Government's commitment to increasing housing delivery are expected to support activity over the medium term creating a cautiously optimistic environment.

The BNG market is approximately three times larger than it was in 2025 with the estimated value of total units sold at £93 million compared with £33 million in 2025. Around a 3rd of off-site BNG allocations come from outside Local Planning authorities with a 3rd bought from neighbouring LPAs and a 3rd from further afield (Biodiversity Units UK Pricing Report July 2026). The number of registered off-site habitat banks continues to rise and is now over 300 across England (Biodiversity Gain Sites Register).

By August 2026 a total of 2,829 biodiversity units has been sold across 2,441 allocations, indicating an average requirement of 1.2 units per development qualifying for BNG (Bristol Trees Forum, August 2026). This demonstrates that the market has largely been driven by smaller developments. The introduction of the 0.2 ha exemption on 6 August 2026 is likely to reduce demand from this avenue, whilst the extension of mandatory 10% BNG to Nationally Significant Infrastructure Projects (NSIPs) from 2 November 2026 is expected to generate additional demand and further support the BNG market.

How can Knight Frank help businesses with BNG?

Knight Frank advises commercial and residential property developers, local authorities, investors and rural landowners of all types. We have a broad range of specialists who can advise and support clients with BNG projects.

Partnering with Knight Frank offers you:

- Flexibility to access only the services you need, when you need them
- Independence — we work with trusted delivery partners but retain the freedom to select the most suitable team for your specific requirements
- Impartial advice — ensuring you receive honest, commercially sound guidance at all times
- Access to a comprehensive suite of BNG services

We can help landowners with



We can help developers with



Knight Frank has also set up partnerships with trusted players within the BNG market:

- ◆ Maydencroft – ecology and land management services
- ◆ BNGx – BNG units trading platform

Knight Frank's partnership with Maydencroft and BNGx provides a complete BNG solution. Maydencroft delivers specialist ecological services, including habitat surveys, creation and long-term management. BNGx connects habitat providers with developers through a platform that simplifies pricing, unit sales, legal agreements and payments. Together, the partnerships offer an end-to-end service that reduces complexity, supports successful project delivery and helps developers meet planning requirements cost-effectively and efficiently.

Please reach out for any assistance you may need.

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