Riverside Energy Park

Biodiversity Offset Delivery Framework

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CORY
RIVERSIDE ENERGY

TABLE OF CONTENTS

1 INTRODUCTION 2

2 BIODIVERSITY OFFSETTING STRATEGY 2

2.1 OFFSET REQUIREMENT 3
2.2 WHAT ACTIVITIES COUNT AS AN OFFSET? 4
2.3 BIODIVERSITY OFFSETTING PRINCIPLES 5

3 BIODIVERSITY OFFSET SEARCH AND DELIVERY 6

3.1 OFFSET IDENTIFICATION AND PREPARATION PROCESS 6
3.2 COSTING THE SCHEME 7

4 OFFSET DELIVERY 8

4.1 DELIVERY AGREEMENTS 8
CONSERVATION BANK AGREEMENT 8
4.2 PAYMENT TO OFFSET PROVIDERS 9
4.3 MONITORING AND REPORTING 9
SITE ASSESSMENTS 10
REMOTE MONITORING OF ACTIONS 10

1 INTRODUCTION

1.1.1 Environment Bank has been commissioned by Cory Environmental Holdings Limited (trading as Cory Riverside Energy) (the Applicant), to secure an offset suitable to compensate for the residual biodiversity impact at the proposed development known as Riverside Energy Park in Belvedere, South East London ('Proposed Development').

1.1.2 This document has been produced to provide an overview of how the biodiversity offset process works and how long-term delivery will be secured. The document will include details on the operating mechanisms of Environment Bank and how the process will work in relation to the Proposed Development.

1.1.3 Please refer to the **Biodiversity Accounting Report** (**8.02.09, REP2-060**) submitted at Deadline 2 for a more detailed breakdown of the following:

- Policy Framework for use of the Biodiversity Metric;
- The steps undertaken through scheme design evolution to implement the mitigation hierarchy, prior to consideration of the Biodiversity Metric;
- The assumptions used in the application of the Biodiversity Metric to the Proposed Development; and
- The results of the Biodiversity Metric calculations (net impact) for the realistic worst case and realistic best case for the Proposed Development.

2 BIODIVERSITY OFFSETTING STRATEGY

2.1.1 Biodiversity impact assessment and calculations have shown that the Proposed Development, without mitigation and offsetting, is likely to result in a biodiversity loss. In addition, the Applicant has committed that via the process of biodiversity offsetting all biodiversity compensation will be delivered and a minimum of 10% biodiversity net gain will be secured. This commitment is set out in **Paragraph 1.3.3** of the **Outline Biodiversity and Landscape and Mitigation Strategy (7.6; Rev 1)** submitted at Deadline 3.

2.2 Offset requirement

2.2.1 The following provides a specification of a suitable offset scheme specific to the Proposed Development and the development impacts. This specification accords with the Biodiversity Offsetting Standard for the Proposed Development defined within **Paragraph 7.1.13** of the **Biodiversity Accounting Report** (**8.02.09; REP2-060**):

- A site or sites to be identified which is suitable for the creation of habitat of principal importance, Open Mosaic Habitat (or grassland mosaic) as part of a wider habitat mosaic.
- Providing minimum conservation credits of biodiversity uplift and linear credits, to meet a minimum requirement of 10% biodiversity net gain over the biodiversity impact of the Proposed Development, as assessed using the Defra biodiversity metric[1].
    - The **Biodiversity Accounting Report** (**8.02.09; REP2-060**) submitted at Deadline 2 assessed a realistic best-case scenario for the Proposed Development as having a compensation requirement of 36.33 conservation credits and 3.97 linear credits. Please refer to **Paragraph 7.1.7** of that report for a more detailed breakdown of how this was assessed and target habitat types for compensation.
- To be located within the wider vicinity of the Proposed Development; ideally within 15km and within the local authority area.
- To be located in an area which enhances Green Infrastructure or contributes to a local Biodiversity Opportunity Area.
- A site survey must be undertaken, and a long-term, adaptive management plan prepared and approved by the Local Planning Authority (LPA) prior to commencement of development.
- To be managed for a minimum 25 years – typically recommended by LPAs nationally.
- To fund all additional management required to attain and maintain the desired biodiversity target.

[1] Department for Environment, Food and Rural Affairs (2012). Technical Paper: *Proposed Metric for the Biodiversity Offsetting Pilot in England*

- An enforceable delivery mechanism must be in place to secure the 25 years of management (such as the Environment Bank Conservation Bank Agreement (CBA) and Conservation Credit Purchase Agreement (CCPA signed with offset landowners and developers, respectively).

- The offset site must be monitored over the 25 years to ensure appropriate management is undertaken, the management plan is adapted as necessary to optimise biodiversity targets and to report biodiversity progress back to the LPA.

- Monitoring is also recommended for any habitat creation measures at the REP site and along the Electrical Connection route.

2.3 What Activities Count as an Offset?

2.3.1 There are many different possible kinds of offset, but in practice they generally fall into the following categories (Business and Biodiversity Offsets Program (BBOP) 2012)[2]:

- *Undertaking positive management interventions to restore or stop degradation:* improving conservation status of an area of land by restoring habitats or ecosystems and re-introducing native species. Where proven methods exist or there are no options, reconstructing or creating ecosystems. Also, reducing or removing current threats or pressures by, for instance, introducing sustainable livelihoods or substitute materials.

- *Averting risk:* protecting areas of biodiversity where there is imminent or projected loss of that biodiversity; entering into agreements such as contracts or covenants with individuals in which they give up the right to convert habitat in the future in return for payment or other benefits now.

- *Community Compensation:* providing compensation packages for local stakeholders affected by the development project and offset, so they benefit from the presence of the project and offset and support them.

2.3.2 The offset proposed for the Proposed Development is of the first type, the most common in developed countries, where positive management at a nearby site will restore an area of habitat to improve its conservation status, generating biodiversity gain to compensate for residual losses by development and delivering a minimum

[2] Business and Biodiversity Offsets Programme (2012) Standard on Biodiversity Offsets

of no net loss to biodiversity. The second and third types of offsets are more usually applicable in developing countries.

2.4 Biodiversity Offsetting Principles

2.4.1 Biodiversity offsetting principles[2] establish a framework for designing and implementing biodiversity offsets and verifying their success. Biodiversity offsets should be designed to comply with all relevant national and international law, and planned and implemented in accordance with the Convention on Biological Diversity and its ecosystem approach, as articulated in National Biodiversity Strategies and Action Plans (BBOP 2012). When seeking to implement an offset the following principles should be met where possible:

1. **Landscape context:** A biodiversity offset should be designed and implemented in a landscape scale context to achieve the expected measurable conservation outcomes taking into account the available information on the full range of biological, social and cultural values of biodiversity and supporting ecosystem approach.

2. **No net loss:** A biodiversity offset should be designed and implemented to achieve in situ, measurable conservation outcomes that can reasonably be expected to result in no net loss and preferably a net gain. In this instance the Applicant has committed to delivering a minimum 10% biodiversity net gain.

3. **Additional conservation outcomes:** A biodiversity offset should achieve conservation outcomes above and beyond results that should have occurred if the offset had not taken place. Offset design and implementation should avoid displacing activities harmful to biodiversity to other locations.

4. **Stakeholder participation:** In areas affected by the project and by the biodiversity offset, the effective participation of stakeholders should be ensured in decision-making about biodiversity offsets, including their evaluation, selection, design, implementation and monitoring.

5. **Equity:** A biodiversity offset should be designed and implemented in an equitable manner, which means the sharing among stakeholders of the rights and responsibilities, risks and rewards associated with a project and offset in a fair and balanced way, respecting legal and customary arrangements. Special consideration should be given to respecting both internationally and nationally recognised rights of indigenous peoples and local communities.

6. **Long-term outcomes**: The design and implementation of the biodiversity offset should be based on an adaptive management approach, incorporating

monitoring and evaluation, with the objective of securing outcomes that last as long as the project's impacts.

7. **Transparency:** The design and implementation of the biodiversity offset, and communication of its results to the public, should be undertaken in a transparent and timely manner.

8. **Science and traditional knowledge:** The design and implementation of a biodiversity offset should be a documented process informed by sound science, including an appropriate consideration of traditional knowledge.

2.4.2 Whilst universal, many of these principles are more or less applicable depending on the national circumstances. In the UK, principles 1, 2, 3, 6, 7 and 8 are key, and all are applicable to the approach taken for the Proposed Development offset. In addition, the Applicant is committed to engaging with local stakeholders, such as Thames Water, Peabody and Bexley Natural Environment Forum, in addition to London Borough of Bexley, to determine a positive management intervention which will, where possible deliver local benefits.

3 BIODIVERSITY OFFSET SEARCH AND DELIVERY

3.1.1 The following outlines the process typically followed by Environment Bank in the preparation of a biodiversity offset scheme. Biodiversity offsetting schemes, for other developments, have been identified, approved by LPA and secured and delivered, by Environment Bank, through these processes across the England.

3.2 Offset identification and preparation process

1. A site search is undertaken within the target area, exploring existing registered sites. This includes potential offset providers already registered with Environment Bank, where some may be fully prepared offset schemes and others may only be an expression of interest where further detail is required. Not all sites will be suitable or appropriate for each offset requirement, and so the Environment Bank undertakes discussions for potential new offset opportunities with land agents, land surveyors, private landowners, non-governmental organizations and local charities.

2. The aim is to identify a suitable offset receptor site, therefore, an assessment is undertaken to identify landowners who (i) are willing to enter into 25-year agreements for conservation management, with informed consent of the requirements, (ii) have the land and skills suitable to deliver the required habitat enhancement and (iii) where the conservation management will be additional to any existing schemes and management on the site.

3. Discussions are had with the potential offset landowners on scheme delivery requirements, biodiversity targets and scale, and likely future management requirements and restrictions, together with collecting information on existing site management and history.

4. This will typically bring forward a range of sites. A desk study and review is undertaken and Environment Bank will then identify the site(s) to best match the biodiversity, location, timescale and cost parameters of the offset requirement. At this point Environment Bank will also begin estimating the conservation credits available to determine whether the predicted environmental improvements at the sites will be sufficient to meet the compensation requirements. The LPA can be consulted on preliminary options at this stage prior to proceeding with offset preparation.

5. The preferred site(s) are visited, and management opportunities and potential cost requirements are discussed in more detail. An ecological site survey is completed, and site history will consider the baseline habitats and condition and which target habitats will be achievable in line with proposed management options. A biodiversity offset calculation is made to determine the number of conservation credits that can be generated.

6. Specific parcel(s) are identified on site to best deliver the biodiversity compensation, taking into account site and landscape connectivity, local conservation targets and a final biodiversity compensation calculation is completed.

7. A 25-year, adaptive, conservation management and monitoring plan is produced and costed, and all delivery legal agreements prepared. The final costs will be confirmed and the scheme will be submitted to the LPA for approval. The 25-year habitat management plan will be written by Environment Bank working in conjunction with the offset provider. The plan will include details on the activities required to establish the habitats on site and then prescriptions for ongoing management with an outline of timings of when specific works are to be undertaken.

8. Following approval of the scheme by the LPA, the delivery agreements are signed, and the scheme is funded prior to the commencement of development. For more information on this process, see **Section 4** 'Offset Delivery'.

3.3 Costing the scheme

3.3.1 Biodiversity offsets typically operate under land management agreements and do not require land purchase costs. Each biodiversity offsetting scheme is costed in a bespoke manner. All offsetting measures must be additional to any conservation

work already secured or committed to at the site. Costs to the landowner will typically include capital works, annual management payments, recovery from loss of current and future income due to reduced productivity of the site, inflation and operational contingency. Additional costs to be included address the long-term monitoring of the scheme.

4 Offset Delivery

4.1 Delivery Agreements

4.1.1 Once a suitable offset site has been identified, the Applicant will be asked to approve the calculated purchase price. This will be a one-off payment covering costs required to deliver the management, monitoring and delivery of the offset.

4.1.2 The Applicant pays the funds to Environment Bank which will be secured through a Conservation Credit Purchase Agreement (CCPA) to secure and finance the above offset, upon signing of the CCPA.

4.1.3 The offset landowner will enter into a Conservation Bank Agreement (CBA) with Environment Bank to secure management compliance. Environment Bank will oversee biodiversity enhancement and management of the site for a period of 25 years from commencement. In addition, the CBA can provide for the relevant LPA to be a party and have an oversight role, should the particular circumstances require it.

4.1.4 At the time the offset is approved, exchange of legal contracts ensures a credit purchase is made by the Applicant and that long-term management of the offset is ensured. Once payment has been received, the offset will commence and the Applicant will be provided with proof of purchase in the form of a letter of sale and Conservation Credit Certificate, which can be provided to the LPA to confirm discharge of the biodiversity offsetting obligation. Funds will be held within a designated offset account and paid to the landowner in annual installments. As per the agreements, Environment Bank will oversee and monitor the offset scheme and provide reporting on progress back to the LPA.

Conservation Bank Agreement (CBA)

4.1.5 The CBA is the contract between Environment Bank and the landowner managing the offset site. It signs up the landowner to the long-term, approved, management plan and contains clauses regarding payments, delivery and a restriction that is placed on the title of the land.

4.1.6 Clauses in the CBA will cover:

- A requirement to complete management on site, as per the approved management plan in return for annual payment.
- A title restriction to ensure any subsequent landowners take on management of the site and receive the appropriate payments to do so.
- The process if the contract is breached and management is not taking place, including as a last resort, reclaiming payments to fund a replacement offset.
- A monitoring plan to regularly review management works undertaken on site and periodic site assessment to review ecological condition.

4.2 Payment to offset providers

4.2.1 A payment plan to the landowner, outlining capital and annual management payments and any contingency funds, is also attached to the CBA. Environment Bank works with the landowner to confirm what proposed management and biodiversity uplift is reasonable and achievable; a payment plan is agreed and is dependent on the habitat type and management involved.

4.2.2 Funds held by Environment Bank will be ring-fenced for the specific offsetting scheme. This money is held in a designated client account and is not used for any other purpose, so it is secured for the long-term. At any stage the landowner can request to see the account balance. If Environment Bank cease to exist as an organisation before the end of the 25-year management period, then the remaining money and payment schedules will be transferred to the LPA or other designated body in the CBA.

4.2.3 Annually, landowners will be expected to provide a brief annual report of their site's progress and completed works, accompanied by evidence as appropriate. Environment Bank will also conduct site visits to ensure work is being undertaken and that target habitat outcomes are being achieved.

4.3 Monitoring and reporting

4.3.1 Periodic monitoring of the scheme by Environment Bank will be undertaken to confirm appropriate management of the habitat parcels, facilitate reporting of potential issues and assess biodiversity progress at the site; this information will be used to review the potential need for amendment to the management plan for the site. Receipt of successful monitoring outcomes will be required to proceed with annual payment.

4.3.2 Monitoring will be carried out via site assessments and remotely. Results of monitoring will be reported back to the LPA.

Site assessments

4.3.3 Site assessments are typically carried out in year 2, 5, 10 and every 5 years thereafter unless non-standard assessment is required in response to issues raised within the monitoring form. A site assessment will be completed on site to inspect works undertaken, the progress of habitat establishment and biodiversity targets generated from site management together with a review of general site condition. The land manager must permit access to the site for the monitoring survey to be undertaken.

4.3.4 Year 2 monitoring is particularly important to inform successful establishment of habitats and will likely be undertaken at the end of year 1 / beginning of year 2 to correct any errors in habitat creation.

Remote monitoring of actions

4.3.5 Desk based monitoring of the site(s) will be in the form of phone conversations to help maintain land manager engagement and understanding of the aims and required works together with monitoring forms to record what works have been undertaken.

4.3.6 A monitoring form will be sent to the land manager each year prior to the anniversary of the scheme commencement requesting details and evidence of management actions undertaken at the offsite site. There will also be an opportunity to raise concerns or issues with site management, which will be discussed, and the management plan will be revised as necessary.

4.3.7 Typical information required would be a timetable of management undertaken, provision of site photographs throughout the year, cutting heights and stocking rates. Full provision of these is beneficial should queries arise based on results of site assessments. Where capital works are undertaken additional information will be required, such as confirmation of final used seed mix and invoices, where available.

4.3.8 Site visits will also be undertaken if deemed necessary on receipt of the monitoring form and evidence or in response to queries raised by the land manager.