

# STROUD DISTRICT COUNCIL

## ENVIRONMENT COMMITTEE

THURSDAY, 30 MARCH 2023

|  |  |       |          |               |
|--|--|-------|----------|---------------|
| <b>Report Title</b>  | <b>GLOUCESTERSHIRE NATURE AND CLIMATE FUND – MEMORANDUM OF UNDERSTANDING</b>   |       |          |               |
| <b>Purpose of Report</b>                                       | To seek the support of Environment Committee for a draft Memorandum of Understanding between the Gloucestershire Nature and Climate Fund and Gloucestershire’s local planning authorities.   |       |          |               |
| <b>Decision(s)</b>   | <b>The Committee RESOLVES to support the Memorandum of Understanding (MoU) attached as Appendix A, with any comments and suggested amendments to be considered prior to its signature (under delegated powers) by the Strategic Director of Place.</b>   |       |          |               |
| <b>Consultation and Feedback</b>                               | Consultation has taken place with all local authority lead officers in Gloucestershire. There is support for the introduction of the Gloucestershire Nature and Climate Fund as an effective means for discharging new requirements for offsite biodiversity net gain legislation  |       |          |               |
| <b>Report Authors</b>  | Brendan Cleere, Strategic Director of Place<br>Email: <a href="mailto:Brendan.cleere@stroud.gov.uk">Brendan.cleere@stroud.gov.uk</a><br><br>Rebecca Charley, Strategic Lead – Biodiversity and Nature Recovery<br>Email: <a href="mailto:Rebecca.charley@stroud.gov.uk">Rebecca.charley@stroud.gov.uk</a>  |       |          |               |
| <b>Options</b>   | <p><b>Option 1:</b> Support the signing of SDC/GNCF MoU.<br/>The GNCF MoU sets out the working principles between SDC and GNCF and notes GNCF as a ‘trusted supplier’ (without preference). It does not commit the council to any action or spend. This option would demonstrate the commitment and understanding of the role the council will play in the uplift in biodiversity within the district.</p> <p><b>Option 2:</b> Do not support the signing of the SDC/GNCF MoU.<br/>Members could choose to not support the Gloucestershire Nature and Climate Fund. This is not recommended as it would restrict opportunities to increase biodiversity and nature recovery in Gloucestershire and potentially stall the planning process. GNCF would focus on developing BNG schemes in the other Gloucestershire planning authority areas, rather than in Stroud District.</p> |       |          |               |
| <b>Background Papers</b>                                       | None   |       |          |               |
| <b>Appendices</b>  | Appendix A – draft Memorandum of Understanding   |       |          |               |
| <b>Implications (further details at the end of the report)</b> | Financial  | Legal | Equality | Environmental |
|  | No   | Yes   | No       | Yes           |

## 1. BACKGROUND TO THE GLOUCESTERSHIRE NATURE AND CLIMATE FUND

- 1.1 Gloucestershire's nature provides the local economy with benefits of around half a billion pounds per year in un-costed services, such as the reduction of flooding, clean drinking water, reduced air pollution and green space for recreation (*Environment Agency Natural Capital Register for Gloucestershire, 2021*). Nevertheless, our natural world is under severe pressure and the Green Finance Institute estimates that there is currently a £53 billion funding gap to reach UK targets for nature restoration.
- 1.2 The aim of the Gloucestershire Nature and Climate Fund (GNCF) is to protect and enhance biodiversity and increase nature restoration, as well as benefitting the local economy and the health and well-being of Gloucestershire's residents. GNCF is working closely with environmental and local government organisations across the county.
- 1.3 GNCF has arisen predominantly from the mandatory requirement for biodiversity net gain (BNG), as set out in the Environment Act (2021), which is likely to become law in Autumn 2023. This requirement means that every development site will have to demonstrate an improvement (of 10%+) in biodiversity either on or off the development site, relative to what is lost as a result of the development. This new requirement will be delivered through the planning system.
- 1.4 The new BNG legislation still lacks some clarity but requires considerable forward preparation by Local Authorities. The new BNG legislation will place additional pressure on over-stretched Local Authority Planning Teams and Ecologists.
- 1.5 The Act sets out the following key components to mandatory BNG:
  - A minimum of 10% biodiversity net gain is required per development site
  - Calculations of BNG units will be made using the Defra Biodiversity Metric
  - The local planning authority will have to approve the developers' net gain plan
  - New/improved habitat (BNG units) must be secured for at least 30 years
  - Habitat can be delivered on-site, off-site, or (as a last resort) via statutory biodiversity credits
  - There will be a national register for net gain delivery sites
  - The mitigation hierarchy of avoidance, mitigation and compensation for biodiversity loss still applies
  - BNG legislation will also apply to Nationally Significant Infrastructure Projects (NSIPs)
  - Existing legal environmental and wildlife protections remain unchanged

### **GNCF operation**

- 1.6 GNCF has been established by the Gloucestershire Local Nature Partnership and the GFirst Local Enterprise Partnership. It will administer off-site BNG requirements and ensure that the new legislation works to improve green space in each local planning authority, and strategically restore biodiversity across Gloucestershire. Further details on GNCF can be found on their website: [www.glosncf.com](http://www.glosncf.com)
- 1.7 GNCF will support and increase the nature recovery network across Gloucestershire, with BNG sites in all the Local Planning Authority areas. It will support the creation of a market for biodiversity units and eventually become a fund for wider nature restoration across the county.

- 1.8 GNCF are currently establishing biodiversity net gain recipient sites (habitat creation or restoration projects) across Gloucestershire. This involves supporting landowners to reach the stage where they are 'investment ready' so that the potential BNG units available on their land can be marketed by GNCF to developers. GNCF wants to provide a diverse portfolio that meets the needs of planning and development for each planning authority and becomes part of the Gloucestershire Local Nature Recovery Strategy. GNCF will work to ensure that:
- BNG receptor sites are in proximity to development sites (within the planning authority district);
  - BNG receptor sites fall within the Local Nature Recovery Strategy, and until the LNRS is in place, in proximity to the Gloucestershire Nature Recovery Network (created by Gloucestershire Wildlife Trust);
- 1.9 Each Planning Authority in Gloucestershire will be developing a mixed portfolio of BNG recipient sites to enable the building of the nature recovery network across the county, showing an uplift in biodiversity above what has been lost due to development. This will incorporate:
- Rural habitat creation and restoration;
  - Green infrastructure (GI) around the more urban areas of the planning authority district, preferably with public access;
  - A mix of privately and publicly owned land, where possible, in each planning authority district.
- 1.10 There will be other brokers of biodiversity net gain operating in Gloucestershire, operating both regionally and nationally. These are 'for profit' entities and may not be taking the same strategic approach to nature restoration and they may also be replacing nature and BNG investments received outside of the county.

## **2. IMPACT ON LOCAL AUTHORITY RESOURCES**

- 2.1 The introduction of BNG will place substantial additional demands on the Council's planning team, at a time when capacity is very stretched. However, GNCF will take on responsibility for one key area of that additional work – the responsibility for the process of establishing available offsite BNG units, site design, brokering sales and registration. The GNCF will provide a brief for each Local Authority on locations for offsite biodiversity net gain – including the site design, qualitative and, where possible, quantitative descriptions of the additional ecosystem services that will be provided, such as flood water management, carbon sequestration, air quality improvements, and increased value for recreation. GNCF will also work with SDC representatives to agree the suitability of potential sites, enabling these sites to be brought forward in a timely manner.
- 2.2 The Council will work very closely with GNCF and a database of BNG units will be provided by GNCF, so that sales, monitoring and maintenance can be tracked as per the legislative requirements and shared annually.
- 2.3 There are no running costs associated with GNCF for SDC. The business model for GNCF is that, as a broker of biodiversity net gain units on behalf of public and private landowners, the organisation will charge a % broker fee (expected to be between 15 and 20%) to the developer on the sale of units.
- 2.4 GNCF will support SDC in entering its own council-owned sites into a BNG scheme where sites are of the appropriate size, location and have the potential for biodiversity uplift. This

will enable sustainable investment to develop and demonstrate biodiversity uplift and plan for effective management of such sites for the next 30 years. SDC has received £10k from Defra in extra burdens funding to enable them to enter a BNG scheme and train staff to access BNG training. A further £15k is committed from Defra for 2023/24.

### **3. THE MEMORANDUM OF UNDERSTANDING**

- 3.1 The Memorandum of understanding between GNCF and the Gloucestershire Planning Authorities was developed during 2022, in consultation with senior officers from all planning authorities in Gloucestershire. Since then it has been refined to a final version (attached as Appendix A). The Memorandum of Understanding lays out the working principles between the Gloucestershire Planning Authorities and GNCF and notes GNCF as a 'trusted supplier' for offsite BNG. Clause 6.2 has been added to the Memorandum of Understanding, on the understanding that SDC will have land to propose into BNG schemes.
- 3.2 Environment Committee is now recommended to support the Memorandum of Understanding, with any comments and further amendments to be taken into account prior to signing (under delegated powers) by the Strategic Director of Place. All other Local Planning Authorities in Gloucestershire are being asked to sign the MoU. A verbal update will be provided at the Committee meeting.

### **4. CONCLUSION**

- 4.1 Supporting GNCF is strongly aligned with our Council Plan objectives EC1 (Tackle the Climate and Ecological Emergency) and EC2 (Biodiversity). The Council shares the ambition of the GFirst LEP and the Gloucestershire Partnership to establish Gloucestershire as a leader in sustainability, including the protection and enhancement of our natural assets. In supporting GNCF and signing the MoU, SDC is demonstrating its confidence in GNCF to manage BNG for us and other local authorities within Gloucestershire. It is the only body undertaking this work and working strategically with the relevant local authorities.

### **5. IMPLICATIONS**

#### **5.1 Financial Implications**

There are no financial implications within this report as it is to seek the support of a draft Memorandum of Understanding for Gloucestershire Nature and Climate Fund and Gloucestershire's local planning authorities.

Adele Rudkin, Accountant

Tel: 01453 754109 Email: [adele.rudkin@stroud.gov.uk](mailto:adele.rudkin@stroud.gov.uk)

#### **5.2 Legal Implications**

The Authority is being asked to sign up to a memorandum of understanding which is not a legally binding agreement. This means that whilst all parties are requested to comply with the terms of the MoU, there is no legal obligation to do so and no legal consequences if they do not do so.

Advice has been given to officers on the content of the MoU and this arrangement. We have also requested changes to some of the provisions of the MoU. For example, currently there are no termination provisions meaning that, unless changed, the MoU will continue until all parties agree to terminate the MoU or allow one council to withdraw.

We are instructed that GNCF is not carrying out services on behalf of the Authorities and that GNCF could undertake their roles without involvement from the Authorities. Should the Authority require services of this nature to be provided, a compliant procurement will need to be undertaken in accordance with the Authority's Contract and Procurement Procedure Rules.

There is no obligation upon developers to make use of the option offered by GNCF and they are able to make their own arrangements to demonstrate BNG compliance. GNCF is a company limited by guarantee and not set up to earn profits for shareholders.

However, it is not a company that is owned by public bodies, nor is it a charity or a community interest company so there are no restrictions in law about its ability to make, or how to use, profits.

Email: [legalservices@onelegal.org.uk](mailto:legalservices@onelegal.org.uk) Tel no: 01684 272691

### 5.3 **Equality Implications**

The primary purpose of GNCF is to enhance biodiversity and nature recovery. An Equality Impact Assessment has not been carried out as there are not any specific changes to service delivery that will arise from supporting the GNCF Memorandum of Understanding.

### 5.4 **Environmental Implications**

GNCF will bring many positive environmental benefits, principally related to biodiversity and nature recovery. These are outlined in some detail within the body of the report.