

**Subject:** Biodiversity Habitat Bank Pilot  
at St Michael's Field

**Date of meeting:** Thursday 22 January 2026

**Report of:** Cabinet Member for Net Zero & Environmental Services

**Lead Officer:** Corporate Director- City Operations

**Contact Officer:** Name: James Woodward  
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**Ward(s) affected:** Patcham & Hollingbury

**Key Decision:** Yes

**Reason(s) Key:** Expenditure which is, or the making of savings which are, significant having regard to the expenditure of the City Council's budget, namely above £1,000,000.

### For general release

#### 1. Purpose of the report and policy context

- 1.1 This report seeks approval to register St Michael's Field as a Habitat Bank for the purpose of selling Biodiversity Net Gain (BNG) units and Voluntary Biodiversity (VB) credits to developers and corporates.
- 1.2 The Habitat Bank will support Brighton & Hove City Council (BHCC) in the delivery of Council Plan 2023-2027 outcomes linked to biodiversity including Outcome 1 'A city to be proud of' and Outcome 3 'A healthy city that helps people to thrive'. It will also enable BHCC to deliver against the City Downland Estate Plan objective 'Enabling biodiversity to flourish'.
- 1.3 This project will also support delivering of Outcome 4 'A responsive and learning council with well-run services' through the creation of council savings that will deliver an innovative approach to biodiversity.
- 1.4 The habitat bank will support the council's ambitions to conduct focussed, strategic nature recovery work at scale, as well as its statutory [biodiversity duty](#) to conserve and enhance biodiversity.

#### 2. Recommendations

- 2.1 Cabinet agrees to register St Michael's Field as a Habitat Bank and enter the necessary legal agreement for the registration of the site.
- 2.2 Cabinet delegates authority to the Corporate Director for Finance & Property and the Corporate Director for City Operations for key decisions on registration and sale of biodiversity units and credits.

### **3. Context and background information**

- 3.1 Biodiversity Net Gain (BNG) is a legal requirement under the Environment Act 2021 and the Town and Country Planning Act 1990, as amended by subsequent regulations. Most planning permission (above a certain size) in England are now subject to a condition requiring a biodiversity gain plan to be submitted and approved before development commences, with the plan demonstrating at least a 10% net gain in biodiversity value compared to the pre-development baseline. If developers cannot deliver biodiversity benefits on-site, they must compensate for the loss of habitat by purchasing off-site biodiversity units (BNG units) that will deliver a like-for-like habitat type. BNG units are provided to the market to create a 10% biodiversity gain and pay for the delivery of this outcome over a 30-year period. Units are a standardised measurement of habitat value used to ensure developments leave nature in a measurably better state.
- 3.2 Habitat Bank units can alternatively be sold as Voluntary Biodiversity credits. The Voluntary Biodiversity (VB) market is used by businesses, charities and others to deliver against Environmental, Social and Governance goals. The credit market is separate to the Biodiversity Net Gain unit market but operates in the same way. To sell credits, the council will use an external platform such as the South Downs National Park Authority ReNature scheme to integrate the sale of units and credits for the purpose of not double counting.
- 3.3 When developers purchase off-site units, they are financially encouraged to do so within the same Local Planning Authority or National Character area. A spatial risk multiplier is added to the number of units required to be purchased outside of these areas, resulting in an increased cost to the developer.
- 3.4 A habitat bank is proposed to be set up at St Michael's Field, Patcham (BN1 8RL). The site is on the western boundary of St Michael's Way Traveller Site. This habitat bank will provide pre-defined units of other neutral grassland, scrub and hedgerow habitats.
- 3.5 As the landowner of the proposed habitat bank, Brighton & Hove City Council will be obliged to deliver the habitat bank for 30 years under the legal agreement. The site will generate 44 units and the sale of units and credits will generate the income needed to achieve this.
- 3.6 The council is expecting to carry out its own developments in the future and St Michael's Field as a habitat bank can provide the biodiversity units that are expected to be required. The habitat bank can also provide units for private developments in Brighton & Hove and the surrounding areas. This could include the Royal Mail's redevelopment of Patcham Court Farm.
- 3.7 The sale of units and credits will create a new income stream for the council and will help the council to deliver on its biodiversity objectives and duties. This income will be used to cover the costs relating to the physical

management of the site and the relevant staff costs and overheads, delivering savings to the council's revenue budget.

- 3.8 As a pilot, this project will enable the council to test and learn its approach to delivering habitat banks and selling units. It will provide the important learning that is needed to bring forward new sites in the future. It will also give the council crucial insight into different and innovative ways to generate income for environmental delivery.
- 3.9 The selection of St Michael's Field as a council habitat bank aligns directly with measures to help restore nature as specified in the draft East Sussex and Brighton & Hove Local Nature Recovery Strategy, to be published Spring 2026.
- 3.10 St Michael's Field was selected as the viable and preferred site for this pilot through an appraisal done by SWT Ecology Services in 2023/24. The council worked with the consultant to identify and assess 24 different sites within the City Downland Estate. This site was the preferred site as it met the criteria of being vacant, having a low ecological baseline, being able to generate a significant number of units, being a cost-effective and beneficial site, and providing a diversity of habitat types.
- 3.11 Other council-owned land, including parks and opens spaces, were assessed and deemed unsuitable for habitat banking due to recreational pressures, limited opportunity for ecological uplift, not being cost-beneficial, or having an existing environmental management scheme in place.
- 3.12 The next steps for this scheme would be to:
  - enter into a Section 106 legal agreement with the Responsible Body (South Downs National Park Authority);
  - register the site with Natural England;
  - set up the financial governance of income and expenditure;
  - include the contribution towards relevant staff time in the council's Medium-Term Financial Strategy (MTFS);
  - commence the establishment of the prescribed habitat management; and
  - begin to sell biodiversity units and credits.

#### **4. Analysis and consideration of alternative options**

- 4.1 The main reasons for the recommendation have been set out in the previous section. The key considerations are the potential to create a new income stream, deliver biodiversity objectives and duties, test and learn the council's approach to innovative environmental schemes, and receive new income that can help the council achieve cost savings over the next 30 years. It also retains BNG money within the city, rather than it going outside to other habitat bank providers.
- 4.2 The field could be put into the Patcham Court Farm agricultural tenancy which the council leases to one of its tenant farmers for the annual sum of £917. This is not recommended as the contribution to council costs is significantly smaller than via the habitat bank and it does not achieve the

additional biodiversity aims in the City Downland Estate Plan and Council Plan.

- 4.3 A second option is to commission another ecological desk study appraisal to evaluate if there is an alternative site. However, initial screening of other sites within the City Downland Estate and Cityparks suggests they are not viable. This study would cost approximately £8,000 to £10,000 as Estates and Net Zero would need to commission an ecological consultant. This is not recommended as it is considered that sufficient information already exists to confirm the suitability of St Michael's Field for this habitat bank pilot.
- 4.4 The land could be sold. The average price for agricultural pasture is £6,500 per acre. The total value of the parcel based on acreage would be approximately £136,500. However, the land is statutory open access and this designation would likely decrease that value. This is not recommended because it would not likely present value for money. However, the council would require advice from a rural land agency to determine this.
- 4.5 The land could be put into a different environmental scheme such as Countryside Stewardship Higher Tier (funded from central government). The council currently manage Local Nature Reserves using this scheme. It is a short-term scheme that lasts 5 years. At the end of the 5-year cycle, the council could reapply for the same scheme. It is estimated that the council could generate £5,525 per year to pay for environmental management through this scheme. This is not recommended because the income value would cover less council savings.
- 4.6 Alternative options would significantly delay the potential for the council to sell biodiversity units and credits, and test and learn our approach to accessing and using innovative forms of green finance. This would lead to BNG money going outside of the city and would likely lead to lost opportunities with council developments, private developments, and corporates. This will also impact the council's ability to deliver on biodiversity objectives and duties at a greater scale as well as generate income to contribute towards council savings.

## 5. Community engagement and consultation

- 5.1 Consultation has taken place with the Downland Advisory Panel. The feedback was positive on the principle to use this land as a habitat bank. Feedback from one stakeholder has requested some detailed changes to the Habitat Management & Monitoring Plan (HMMP) in terms of the design of the habitat. This feedback will be taken into consideration when the HMMP is finalised after the Cabinet decision is made.
- 5.2 The neighbouring farm business and tenant of BHCC has been consulted due to the connection with the adjacent land. They have responded positively and shown support for the creation of the habitat bank.

- 5.3 The neighbouring Traveller community of St Michael's Way Traveller Site have also been consulted through the Communities Team. They neighbour the site on the eastern boundary. They have been supportive of the project.
- 5.4 Ward Councillors have been briefed and consulted on this project.

## **6. Financial implications**

- 6.1 St Michaels Field is currently vacant but was previously generating £1000 pa in rent. The proposed habitat bank is expected to generate a much greater financial return and meet the council's and City Downland Estate Plan objectives whilst providing an option for the council to meet planning Biodiversity Net Gain requirements for its own developments or other developments in the city.
- 6.2 The proposal is a pilot and the financial case is based on the 30 year management requirement for the site and includes the full range of anticipated costs.
- 6.3 The initial costs of registering the site, S106 costs and hedgerow planting is £50,000. There will be ongoing management costs over the 30 year period provided by council teams in the Ranger and biodiversity service helping to offset the cost of the services and deliver savings for the council. Other costs included are periodic such as planting and fencing repairs alongside a contingency for any additional costs.
- 6.4 The income generated through the sale of units and credits will be used to fund the expected costs over the 30-year period by being held in an interest-bearing reserve and drawn down as required. The income estimates have been informed by market research conducted to understand the income potential of selling units and credits, and the costs of delivery over the 30-year period. This has included the BNG Report Pricing & Key Insights October 2025 and meeting with sellers of units (Plymouth City Council, Doncaster City Council, Surrey Wildlife Trust and Knight Frank). Biodiversity Net Gain is a dynamic market which is emerging from the new legislation that came into force in February 2024. At present, the demand for units has not caught up with the current supply. This has pushed down the sale price of units; however, demand is forecast to increase as more development is brought forward linked to national and local housing and development targets. This is expected to increase the sale price. The expected costs will be covered by the sale of all units at the lower estimates. All income must be spent on delivering the habitat bank and cannot be used for other purposes; therefore, any excess from selling units at a higher price will be invested in the habitat bank. The financial risks relating to the proposal include initial and ongoing costs being higher than projected, the sale of units being at a lower value and how quickly the sale income is received. The cost risks have been mitigated through the research undertaken. Income risk will be lead by market forces however the lower cost of units within the boundary and limited scope for BNG options within the city for developers makes this proposal attractive. The city council will also have developments that

potentially require off site units such as potentially King Alfred Leisure Centre and this will therefore provide an option.

Name of finance officer consulted: James Hengeveld Date consulted: 11/12/25

## **7. Legal implications**

7.1 The council as landowner will need to register the site on the Natural England Biodiversity Net Gain Register in order to commence the sale of the units. To do this, the council will need to enter into a section 106 planning agreement with the South Downs National Park Authority as the Responsible Body for monitoring the site, as set out in the Biodiversity Net Gain regulations of the Environment Act 2021. This agreement will tie the council into delivering the habitat bank and habitat conditions, as set out in the Habitat Management & Monitoring Plan (HMMP), for a period of 30 years from the day that the agreement is signed.

Name of lawyer consulted: Katie Kam Date consulted: 12/12/2025

## **8. Risk implications**

8.1 The main risk is the possibility that BHCC will not be able to sell all the units registered for the site. This could leave a financial shortfall for delivering the habitat bank, which would have to be covered from a different source of money. This risk can be mitigated by diversifying into the voluntary credit market alongside BNG units. A pipeline of our own development projects that are expected to need to purchase BNG units has been identified, which could cover a significant part, though not all, of the available units.

8.2 The sale price of units could drop below £17,000. This could lead to a financial shortfall for delivering the habitat bank. Our market research and conversations with other sellers suggests that the sale prices are currently at their lowest. This is due to a current oversupply compared to demand. However, the UK government's house building targets and other developments should see the market grow and prices increase. Diversifying into the Voluntary Biodiversity credit market will help to mitigate this risk.

8.3 A financial risk assessment by the council's Finance Team suggests that there are delivery cost inflation risks due to the prescriptive manner of the HMMP and the complexities of the process to deliver the habitat bank. However, this risk has been addressed by factoring in an appropriate contingency into unit pricing.

8.4 The assessment also notes the practical risk of delivering the HMMP (i.e. not meeting the HMMP obligations and not managing to deliver a lasting 10% uplift in biodiversity on the site). This is being mitigated by choosing to pilot habitat types that are easier to deliver, as well as factoring in the financial contingency which can be used to intensify management if necessary to achieve delivery.

- 8.5 If the council decides to not approve this report, the council will miss out on the potential opportunity to sell units to the Royal Mail development, council developments, and the income that would provide to fund early delivery.
- 8.6 It will also risk the council's ability to deliver against some of its biodiversity and wider environmental objectives over the coming years. This includes our Statutory Biodiversity Duty, climate risks and the Local Nature Recovery Strategy.

## **9. Equalities implications**

- 9.1 The equality impacts of this policy have been considered through the Rights of Way Improvement Plan (RoWIP), City Downland Estate Plan (CDEP), and Local Nature Recovery Strategy (LNRS). These strategies have reviewed use of this land, who has access, who faces barriers to access, and who would benefit most from improved access. Equalities considerations significantly shaped these policies and all have defined outcomes to improve accessibility. This includes RoWIP aim 'improve accessibility for diverse users in Brighton & Hove, CDEP aim 'amenity for all' and LNRS core priority 'create new opportunities for access to nature in urban, peri-urban and rural areas to support health and wellbeing'.
- 9.2 This proposal may affect the experience of residents local to the site, including the community of St Michael's Way Traveller site. Engagement has taken place with these residents through our Communities Team to ensure there will not be any unexpected adverse impacts. This is in line with our Traveller Commissioning Strategy (2015) objectives on improving community cohesion.
- 9.3 This proposal may affect some visitors' experience, for example dogs will be required to be on the lead at certain times. However, this is already provided for in the Countryside Code and not a change of policy. Consideration of access will guide our procurement and management of gates to ensure they are high-quality and best practice in terms of accessibility and will be managed with adequate communication and engagement (as per CDEP "Amenity for All" objectives).
- 9.4 This proposal will improve accessibility by improving the quality of the environment of these spaces and offer additional interpretation. This will support delivery of CDEP action 'Amenity for all' and Local Nature Recovery Strategy (LNRS) objectives linked to 'Nature, health and wellbeing'. It is known from CDEP and LNRS consultations that access to nature provides health and wellbeing benefits to all visitors, but particularly to those who face health and poverty-related barriers.

## **10. Sustainability implications**

- 10.1 The creation and management of the habitat will require some energy use including vehicles and machinery. It is unlikely that this will generate significant energy requirements and would be less than, or similar to, current

agricultural management. Creating new habitats on the site is a positive for sustainability.

- 10.2 The site is accessible from Patcham via a road bridge over the A27, and due to the minimal amount of local parking off Saint Gabriel's Lane, it is not expected to significantly increase private travel.
- 10.3 A significant proportion of establishing and managing the habitat bank will be carried out by internal services, such as the Ranger team. The council can also work collaboratively with the neighbouring farmer (a tenant of the council) to deliver services that the Ranger cannot. If contractors need to be procured, the council will follow its procurement policies to ensure that sustainable choices are made.
- 10.4 To create and manage the habitat, the council will need to contract a local farmer to graze the site with grazing animals (e.g. local cows, sheep or ponies). This will be essential in creating a biodiverse habitat. Cows will require access to water, but this will be less than water use for intensive agricultural management. It is proposed that as far as possible the council works with existing tenant farmers who already have these grazing animals within their farming business. Therefore, there is no additional methane emissions and water use.

## **11. Health and Wellbeing Implications:**

- 11.1 This project will create a nature-rich site on the urban fringe of the city near Patcham. The site is accessible via a bridge over the A27. The field is designated as open access, meaning people can roam freely across it. This project will increase the local community's access to nature and the bring mental health and wellbeing benefits that come with that.

## **12. Procurement implications**

- 12.1 The management and delivery of the habitat bank will be achieved using BHCC's Biodiversity Officer and team of Rangers, alongside contractors where needed. This could include contracting the neighbouring farmer to carry out some management activities that BHCC cannot do, as well as commissioning local consultant ecologists to do periodic ecology surveys and habitat assessments when needed. Contractors will be procured in line with BHCC's procurement policies and procedures. These contracts are expected to be small in value below the £10,000 threshold. The only foreseeable cost above that threshold is paying the S106 monitoring fee to the South Downs National Park Authority (SDNPA) who will carry out monitoring of the habitat bank over the 30-year period.

## **13. Crime & disorder implications:**

- 13.1 There is the potential for anti-social behaviour on the site. Littering, alcohol and drug abuse can occur on local nature reserves and green spaces on the urban fringe. This will be mitigated by the regular presence of BHCC Rangers and contractors on the site. Where anti-social issues regularly

occur, this will be reported to the Sussex Rural Police helpdesk. Periodic litter picking will be carried out by the Ranger team with volunteers to keep on top of the specific issue.

13.2 It can be a common occurrence to experience issues with dog attacks on grazing animals (especially sheep), or for dog walkers to not meet the rules in the Countryside Rights of Way Act. Due to the site employing cow grazing primarily, this will help mitigate against sheep attacks. If this becomes an ongoing issue, the Estates and Net Zero teams will consider doing communications and engagement with the dog walking community.

#### **14. Conclusion**

14.1 This report is seeking Cabinet approval for the registration of St Michael's Field as a habitat bank for the purpose of selling biodiversity units and credits, along with the necessary legal agreement and delegated authority.

14.2 This pilot scheme will allow BHCC to test and learn its approach to generating income in an innovative way for delivering biodiversity objectives and duties set out in the Council Plan and City Downland Estate Plan.

14.3 The income from this scheme will also provide cost saving measures for the over the 30-year period of delivery. However, there are some financial risks associated with the Biodiversity Net Gain and Voluntary Biodiversity markets. The main risks are that the sale price of units could potentially decrease and the costs of delivery could increase. However, mitigation has been factored in, including a contingency and diversification in the credit market.

#### **Supporting Documentation**

##### **1. Appendices**

1. Appendix 1 – Equalities Impact Assessment
2. [BNG Report Pricing & Key Insights October 2025](#)

