

SETTING UP A BIODIVERSITY NET GAIN HABITAT BANK

**A GUIDE FOR LANDOWNERS, LAND
MANAGERS, & FARMERS IN THE
LIVERPOOL CITY REGION**



Merseyside
Environmental
Advisory Service

Merseyside Environmental Advisory Service
October 2025.



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Welcome landowners, land managers, farmers...

This guide is for landowners and land managers who are looking to diversify income, restore biodiversity and improve ecological functioning on their land. It explains Biodiversity Net Gain (BNG) and 'habitat banks' in simple terms and offers an introduction to the options available to landowners.

What is biodiversity net gain (BNG)?

BNG is 'an approach to development that leaves the natural environment in a measurably better state than before'. The Environment Act 2021 mandates that all eligible developments must assess the baseline biodiversity value of their site and provide a net 10% gain on this. This is measured in BNG units. The net gain can be provided on the development site or where this is not possible, 'offsite' via purchase of BNG units from a third party (habitat bank). As a last resort the developer can purchase national credits from the Government. The 'offsite' option has created a market whereby landowners can generate and sell units to developers.



Image: Scrapes © Andrew Clark, MEAS



Image: Wildflower seed © Izzie Spall, MEAS

What is a BNG habitat bank?

A habitat bank is a parcel of land where habitats are created or enhanced to increase the biodiversity value and generate BNG units. These units can then be sold to developers to compensate for their habitat impacts and enable them to achieve the mandatory 10% net gain in biodiversity. Habitat banks must be legally secured for 30 years, and registered on the Government register.

Why should you consider developing a habitat bank?

BNG habitat banks provide a funded mechanism to allow landowners to enhance and manage the biodiversity on their land. Restoring biodiversity and ecosystems can also benefit the wider area, and bring multiple benefits such as improved soil and water quality. A habitat bank is a long-term commitment which can provide a stable income, as well as a lasting legacy!

Benefits

- Diversify your business
- Generate income from unprofitable land parcel
- Local wildlife recovery
- Ecosystem services e.g. flood alleviation, soil protection, pollination





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Options for different models of habitat banks

(1) Landowner-led: you undertake all elements and costs (set up, legal, admin, management, monitoring) but directly receive payment from unit sales.

(2) Third Party: work with a habitat bank company, delegate responsibility and work. This usually involves leading land, and contracting you to manage it. This option may offer less financial return.

There are two main models which could be used to establish a habitat bank on your land holding (see left). There are positives and negatives to both models and landowners will need to consider which option works best for them. For example, in option (1) the landowner retains 100% of the biodiversity unit payment but also has the responsibility of establishment, maintenance and monitoring. In option (2), landowners may have lower returns but less legal responsibility, and the third party can bring a level of habitat expertise to the site.

The setting up process

- Ecological expertise is essential to establish the baseline value of the site, inform habitat options, complete the habitat management and monitoring plan, and the BNG metric. Also, to provide ongoing monitoring over 30 years.
- A legal agreement will be required to secure the habitat bank. This can be in the form of a Section 106 agreement with the Local Planning Authority, or through a Conservation Covenant with a Responsible Body. (see: [gov.uk/guidance/getting-and-using-a-conservation-covenant-agreement](https://www.gov.uk/guidance/getting-and-using-a-conservation-covenant-agreement))
- Registering the site on the National Register is an essential requirement to allow the sale of biodiversity units to a developer, this can only be done after the legal agreement is in place.

KEY POINTS TO CONSIDER

Commitment

The habitat bank will need to be managed and maintained for 30 years, a legal agreement will secure this. It is a long-term commitment.

Cost

Prior to generating revenue from unit sales, there are costs in setting up, maintaining and administering the habitat bank.

Knowledge

Landowners will need to seek specialist advice from ecologists and legal and financial advisors.



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Key steps towards a functioning habitat bank

- One** Identify opportunity and suitable land parcel, carry out the initial due diligence checks.
- Two** Seek ecological expertise to baseline the site and develop a project vision based on ecological priorities.
- Three** Business and financial plan: contact with a range of expertise and parties, develop a habitat management and monitoring plan.
- Four** Secure the habitat bank with a legal agreement (either with your LPA or a Responsible Body), register the site with the Government.
- Five** Habitat works begin (if not already started), as well as marketing & selling units, units are allocated to developers on the register.
- Six** Continue works, then long term management and monitoring for at least 30 years.

BNG habitat bank demand and sales

Development demand in the Liverpool City Region is high and there is a requirement for BNG units. Although the BNG market is still young, recent research has provided the market data below, from Biodiversity Units UK October 2025*.

Habitat Type	Distinctiveness	Average price*	Supply
Other neutral grassland	Medium	£25,650	Abundant
Woodland and forest	Medium	£34,709	Medium
Heathland & shrub	Medium	£29,840	Abundant
Lakes/Ponds non priority	Medium	£83,398	Rare
Lowland Meadow	Very High	£34,815	Medium
Watercourse- ditches	Medium	£109,089	Uncommon
Watercourse- rivers & streams	High	£153,750	Scarce
Watercourse- priority habitat	Very High	£203,861	Scarce
Individual trees	Medium	£29,265	Rare
Traditional Orchard	High	£36,118	Medium
Wet Woodland	Medium	£50,225	Scarce
Mixed deciduous woodland	High	£34,849	Uncommon
Open Mosaic Habitat	High	£48,907	Scarce
Floodplain wetland mosaic	High	£60,151	Uncommon
Hedgerows	Med-High	£24,263	Medium

*Average prices per units sold in the north of England, river units average from whole of England.
See biodiversity-units.uk/signup



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Case Study 1 - Third-party Lease Model Hoscar Habitat Bank, West Lancs



Image: Hoscar Habitat Bank © Environment Bank

The Site:

Looking to generate a profit from land that was unsuitable for farming, the landowner, Alf Cowburn, partnered with Environment Bank to create a BNG Habitat Bank on a 50-acre parcel of his Ormskirk holding, a perfect location to support wildlife such as overwintering geese and ground-nesting birds.

BNG work: Habitats were chosen to suit the historic landscape including species-rich grassland, lowland meadows, and wet woodland. This site has been legally secured and registered, and BNG Units have already been sold to local clients e.g. Merseytravel.

Approach: The landowner opted for the third-party approach, collaborating with Environment Bank to ensure BNG complemented their existing land use. The landowner receives lease payments, retains ownership, and receives payment to manage the land. All the legal, admin, and significant upfront habitat creation costs are covered by Environment Bank, and they provide ongoing support and a sales team to handle all BNG Unit transactions. Any revenue exceeding targets is shared 50/50 with the landowner.

What does the landowner say?

“I’d been searching for an **alternative land use** suitable for a particularly peaty parcel on my holding. Environment Bank’s team worked closely with me to design a BNG Habitat Bank to really **complement my turf growing business**. The new habitats are creating a naturally wetter environment which is **repairing the hydrology** of the land and providing a **perfect home for birds and insects**”



Image © Environment Bank

In this case study, the landowner has opted for the third-party model and partnered with Environment Bank. Environment Bank is one of several BNG providers offering such services. See the resources listed on the back page.



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Case Study 2 - Landowner-led Model Hartsgrove Farm, Cheshire

The Site: This is a fifth-generation family farm in Cheshire. The landowners previously leased land to farmers, but recently took back control with an aim to recover nature alongside a productive farm. They have used BNG to generate capital for further conservation and farming work.

BNG work: Approx 7ha of land has been set aside to be used for BNG, target habitats include lowland meadow, orchards, scrub, hedgerows, ditches.



Image: Volunteers © e*SCAPE Rural

Approach: The landowner (a farmer and landscape architect) has led on all aspects, contracting expertise as needed e.g. qualified ecologists. They have a close relationship with the Local Authority, which has enabled them to begin selling units using project specific S106, while waiting for their BNG registration to be processed, demonstrating the benefits of fostering good relationships.



Image: Hawthorn © e*SCAPE Rural

What does the landowner say?

“We chose to deliver BNG **directly to developers** so that we **retained control** of our land and the vast majority of the BNG **unit payments**, save for ecological advice, legal fees and the cost of national registration. Funds are **reinvested** back into the farm and spent in the local economy, so the **benefits spread**, and we involve local community groups like the scouts, in our activities. **Our local approach works for us!**”

In this case study, the landowner is a landscape architect at e*SCAPE Rural and therefore had existing insight into BNG, but expertise can easily be contracted when opting for the landowner-led model.

Habitat Banks in the region

Recent data collated by MEAS showed **over a third of developments** they've dealt with since mandatory BNG came into force, have **required some offsite BNG**. Developers are incentivised to buy within the same Local Planning Authority or National Character Area when purchasing units.

There is steady **demand for offsite units in the region, so additional habitat banks** will be required.



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FURTHER INFORMATION...



Merseyside Environmental Advisory Service (MEAS) can be contacted via email at [eas.info@sefton.gov.uk](mailto: eas.info@sefton.gov.uk)

Scan the QR to find a digital version of this guide at: investinginnaturelcr.com



Image: Mowing © e*SCAPE Rural

! Top Tip: It is essential to build a good relationship with your Local Planning Authority early in the process.

Here are some useful links to get you started :

[UK Gov Guidance: Biodiversity Net Gain](#) (main guidance page)

[UK Gov Guidance: Sell biodiversity units as a land manager](#)

[Registered BNG Habitat Bank sites \(Official UK Gov register\)](#)

[List of registered Responsible Bodies](#) (for conservation covenants)

[BNG Flowcharts for landowners](#) (Defra Blog)

[Directory of ecologists](#) (cieem.net- the chartered institute for ecologists)

[Interactive map showing all registered habitat Banks](#) (Future Homes Hub)



Scan to go to UK
Gov BNG guidance
homepage

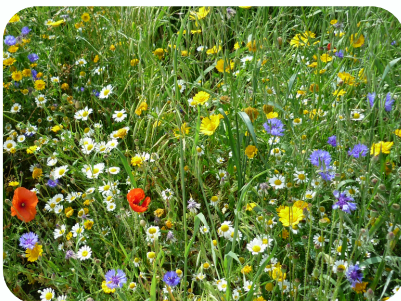


Image: Wildflower plantng

There is an ever-growing wealth of resources, as well as numerous companies who can help with brokering sales, legal advice, ecological aspects etc.

Some commercial habitat bank companies offering third-party services include Environment Bank, Legacy HB, UK Habitat Bank, Civity, The Habitat Bank among others.

BNG unit marketplaces (where units can be brokered and sold) include BNG Finder, Environmental Trading Platform, Natural Capital Agency, BNGX, and Gaia among others.



Image: Deer @ e*SCAPE Rural

Disclaimer: Setting up and running a habitat bank is a significant and long-term commitment, landowners should be aware of the risks and seek expert advice.



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