

Biodiversity Net Gain Regulations: Opportunities and Challenges

Invitation to Tender

Background

The requirement for new developments to achieve a mandatory Biodiversity Net Gain (BNG) of 10% was introduced in early 2024. It is still a relatively new regulation with many developers considering its implications. Currently, there is no other BNG research that focuses on the particular implications for IPF membership groups and there have been no major issues with the regulations expressed by the industry beyond concerns regarding potential costs.

However, the timing of the regulations is such that the full impacts are yet to be felt. This is therefore an opportune moment to commission research that will provide commercial insight into what BNG means to the real estate investment and development community, both now and potentially in the future.

Research Aims

The IPF wishes to commission a study that considers the current and future implications of BNG for institutional investors and developers.

Approach

It is expected that the project will utilise both primary and secondary research and will be divided into two key sections – an introduction to BNG followed by the research element that will uncover current and potential implications.

It is envisaged that the research will be structured within the two sections as follows:

1. Defining BNG regulations, with a brief introduction as to what they are and how they work. This will include:
 - a. The reasons behind the introduction (the overarching purpose and the relationship between biodiversity and climate risk);
 - b. Regulations, process, hierarchy (i.e. on-site improvements, deals with landowners/brokers, buying statutory credits);
 - c. A description of the data, metrics and reporting at project level;
 - d. Stakeholder mapping (developers, land owners, local authorities, local nature partnerships, brokers); and
 - e. Identification of similar approaches to enhance biodiversity in real estate in other jurisdictions.
2. Current and potential implications of the BNG regulations for real estate investors and developers (i.e. opportunities, risks, costs and value) considered under the following headers:

Data and evidence

- What data and metrics are required at site level and also to allow investors to assess and disclose biodiversity performance at portfolio and corporate level to satisfy TNFD and other reporting frameworks?



- What does 'good' look like (including case studies and examples)?

Stakeholder and actors

- To enable change, what are the implications and interactions for different stakeholders (e.g., developers, land owners, local authorities)?

Cost, risk and value

- What are the indicative/relative costs and risks of implementing onsite solutions compared with the cost of buying and availability of credits? Consider on-site limitations, regional variances (demand for local off-site credits versus land availability), urban/other variances, local targets, scenario testing etc.
- What are the risks and impacts associated with site acquisition, ongoing management and the legal implications of BNG?
- What is the impact on asset valuations and investment returns, creating and realising impact through the BNG market and wider value considerations such as social, biodiversity/carbon, amenity, resilience etc?

Wider and future impacts

- What wider impacts do investors need to be aware of? For example, off-site land use changes required to deliver a certain number of BNG credits and what are the potential unintended consequences (i.e. food security/production), scope for delivery of more multifunctional nature-based solutions projects and barriers to this?
- What are the future impacts for investors of an evolving BNG scheme, market and other relevant incentives/regulations? Broader 'environmental' net gain, effect of inclusion of Nationally Significant Infrastructure Projects within the BNG regime and other potential scenarios.

Given the nature of the project, a collaboration between consultants with biodiversity, investment and other relevant expertise is also welcomed.

Outputs

The principal output will comprise a formal report (including an executive summary). The report should be written in a succinct style with the tone pitched at experienced real estate investors.

The formal report should be structured (with % breakdown in brackets) as follows:

- Introduction to BNG (30%)
- Current and potential implications (70%)

The authors will be required to support any IPF-organised events arranged to promote the report on publication.

Research Monitoring

Under the chairmanship of Stefan Wundrak, Nuveen, a Project Steering Group (PSG), will act as a monitoring group to oversee the research and to provide constructive support to the appointee. The membership of the PSG will include IPF Consultant, Rachel Portlock, and other parties knowledgeable in the subject area.



The research team will be required to liaise with the IPF Consultant and CEO, Sue Forster, at regular intervals throughout the duration of the project, in addition to pre-agreed meetings between the team and the PSG during its term.

The PSG will also be responsible for approving the final Report prior to publication.

Project Duration

The findings of the research should be available for dissemination within a period of four (4) months following the appointment of the contractor.

Appointment Process

A formal proposal should be submitted by email to the IPF Consultant, Rachel Portlock (rportlock@ipf.org.uk) by close of business on 25 October 2024.

[Submission Guidelines](#) are available to download from the IPF website or may be provided on request. All research funding proposals must conform to the requirements of these Guidelines.

The IPF reserves the right not to proceed with any proposal, as well as to appoint a research team without conducting interviews.

Cost

As a guide, the IPF is expecting the fee to be £35,000-£40,000 (net of VAT), depending on the depth and scope of the project that is commissioned. This fee excludes any production and dissemination costs.