

NB Use of this **template is optional** – regulators may choose to agree an alternative approach with relevant business representatives.

Please keep all entries **as brief as possible** consistent with allowing businesses to understand them.

Business Engagement Assessment

Title of Proposal	<i>New policies for European Protected Species licensing</i>
Lead Regulator	<i>Natural England</i>
Contact for enquiries	<i>Paul Horswill</i>

Date of assessment	<i>February 2015</i>	Stage of assessment	<i>Discussion</i>
Net Cost to Business (EANCB):	<i>Unquantified savings, no costs</i>	Commencement date	<i>April 2016</i>
Which area of the UK will be affected by the change(s)?	<i>England</i>	Price and Present value base years	<i>2015</i>
Does this include implementation of Red Tape Challenge commitments?	<i>No</i>	Is this directly applicable EU or other international legislation?	<i>EU</i>

Brief outline of proposed change in regulatory action

Natural England undertakes its licensing work under agreement with Defra. We are proposing four new policies for European Protected Species (EPS) licensing. They aim to achieve better outcomes for EPS and reduced burdens on developers.

Policy 1 aims to shift the focus away from protecting individual animals on development sites and towards improving populations in the wider local area. Policy 2 offers flexibility in the location of compensatory habitat provision. Policy 3 allows EPS access to temporary habitats that will be subsequently developed. Policy 4 allows reduced survey effort where impacts on EPS can be predicted confidently.

Why is the change proposed? Evidence of the current problem?

Where development will affect EPS and offences are unavoidable, it is standard practice to propose a programme of mitigation and compensation measures to reduce or off-set that harm to ensure that the activities are not detrimental to the conservation status of the local population. The present approach typically requires the developer to exclude EPS from land that will be developed, and may require them to be relocated to compensatory habitat that has been created or improved. In some cases the financial cost of excluding and relocating EPS is much greater than the investment in the provision of compensatory habitat, even though the latter may present greater opportunities for benefits to the local population in the long term.

If EPS are to be relocated, they are typically moved short distances to compensatory habitats that have been created or improved either within the boundary of the development site or adjacent to it. This is a low risk strategy for maintaining the conservation status of the local population. However in some cases it can be beneficial to relocate species further from the development site, into areas of high quality habitat that are large and well connected.

Some EPS can thrive in 'man-made' habitats such as brownfield sites and mineral workings. Currently developers often take steps to exclude EPS from such habitats, fearful that their presence will cause delays and other issues when the land is developed a later date.

Surveys are essential to the operation of the licensing system. They identify which species may be affected by development, assess the level of harm that may be caused, and identify ways in which harm can be avoided or offset. Thorough and detailed surveys, carried out to a high standard by skilled ecologists form the cornerstone of our decisions on whether to licence development that will harm EPS, and if so, how this harm can be reduced or offset. However, we encounter cases where surveying effort for licensing decisions is disproportionate to the level of harm that will be caused.

Which types of business will be affected? How many are affected?

A broad range of businesses will be affected including planners, developers, utility companies, mineral companies and consultant ecologists. These businesses submitted approximately 1200 licence applications in 2014 and a similar number in 2015.

How will the change impact these businesses?

The new policies will have a positive impact as they will reduce (and in some cases remove) the costs, delays and uncertainties that arise from environmental regulation.

The first policy will reduce the requirement for the seasonally constrained work of trapping and relocating specimens, thus reducing uncertainty and risk of seasonal delay. It also offers the opportunity to reduce spending on activities that focus on protecting individual animals within development sites, and increase investment in improving populations of EPS in the wider environment.

Whilst an overall cost saving to the development industry, this would be expected to have an impact on the businesses that provide services to developers in the form of exclusion, trapping and relocation of EPS. It is possible that these businesses will therefore rebalance their work towards services related to habitat provision.

The second policy allows compensatory habitat to be located away from the development site, rather than on or adjacent to it. This will allow the whole development site to be used for commercial purposes. It will reduce the likelihood that developers will be held to 'ransom' values for habitat compensation sites, as they will be able to select land from a wider area. It can also avoid the uncertainties and delays that can result from keeping EPS on-site.

The third policy means that some developers will no longer need to take steps to exclude EPS from temporary habitats such as mineral workings and brownfield sites. Instead they will be able to enter into agreements with Natural England that allow EPS to use temporary habitats for a period of time without attracting the need for full compensation/mitigation measures when the land is subsequently developed.

The fourth policy allows reduced survey effort in circumstances where the impacts of development can be predicted confidently. This will save survey costs and can reduce seasonal delays.

Impact on small businesses

The planning, development, utility and mineral extraction industries are a mixture of large, medium and small enterprises. Any businesses utilising the new policies would benefit in the same way, no matter how large or small they are. Small business in these sectors may benefit in particular from reduced uncertainty and reduced risk of delay.

The environmental consultancy sector is by contrast dominated by small firms and sole traders. In reducing the cost of environmental regulation for the other industry sectors listed here, the proposed licensing policies will reduce the demand for some of the services provided by environmental consultants. The focus of the proposed licensing policies on habitat provision will provide an opportunity for some businesses to specialise in this area of work.