ANNEX 10: Nature Restoration Fund

Regulatory scorecard

Part A: Overall and stakeholder impacts

1. Overall impacts on total welfare

Category	Description of impact	Directional rating
Description of overall expected impact	The policy aims to address the challenges developers face in discharging environmental obligations through the planning system and inefficiencies in how mitigation and compensation are devised and delivered. It proposes a shift towards a strategic plan for nature recovery managed by a specialist body, emphasizing connected habitats and holistic approaches to address the environmental impact of development and support nature recovery. The designation of a central delivery body is likely to have a positive impact on environmental outcomes, with a focus on overall nature recovery. At present, developers are required to go through a lengthy and detailed process to secure mitigation and compensation which must be in place before development can begin. These measures will allow developers to discharge environmental obligations earlier, reducing delays in development. Additionally, it would lower administrative costs for developers by eliminating the need for developers to take action on a site-by-site basis. The reform will also reduce legal risk for developers.	**Positive**
Monetised impacts	Over the ten-year appraisal period (2026-35), we estimate the total Net Present Social Value (NPSV) is £408 million, in the central scenario in 2025 prices and 2026 present value (Low: £86 million & High: £1,057 million). Central monetised impacts (NPSV in 2025 prices, 2026 base year): • Reduction in costs of holding capital (to developers) - £408 million • Familiarisation Costs (to developers): £0.1 million • Familiarisation Costs (to Local Planning Authorities): ~£10,000	**Positive**
Non-monetised impacts	Non-monetised benefits include: • Improvement in environmental outcome • Decreased administrative cost for developers associated with discharging environmental obligations (it has only been possible to monetise a subset of these impacts) • Increase in housing supply Non-monetised costs include: • Familiarisation Costs to other businesses (for example, mitigation providers and environmental groups). These will be negligible. There is no business-critical need for environmental groups to familiarise themselves with the detailed process of the new system, and mitigation providers will be able to charge any such costs back from the Delivery Body • Organisational costs of running the Nature Restoration Fund (NRF) (to public sector) The above benefits and costs could not be monetised at this point in the policy development and/or due to limited availability of data on costs incurred by developers, along with the wide variation in environmental impacts which would be catchment specific.	**Positive**
Any significant or adverse distributional impacts?	The positive impacts will only apply in certain areas. These measures are focused on areas where environmental obligations apply (for example, nutrient neutrality catchment areas). By streamlining the process for discharging these environmental obligations and promoting nature restoration, these areas will receive the benefits. Areas that are not affected by environmental obligations will not be impacted.	**Positive**

2. Expected impacts on businesses

Category	Description of impact	Directional rating
Description of overall business impact	Overall, we anticipate that this measure will positively impact businesses. At present, developers are required to go through a lengthy and detailed process to secure mitigation which must be in place before development can begin. The policy seeks to create a Delivery Body that would be entrusted with providing relevant environmental interventions strategically, whereas these would previously have been provided by developers individually. Developers will be able to make a payment to the Delivery Body and discharge relevant environmental obligations immediately. This may significantly reduce delays in development, thus leading to capital cost savings for developers. Considering 90% of the developers are categorised as SMBs, this would have a significant impact on them.	**Positive**
Monetised impacts	Over the ten-year appraisal period (2026-35) we estimate the total Net Present Business Value (NPBV) is £408 million in the central scenario in 2025 prices and 2026 present value (Low: £87 million & High: £1,057 million): • Reduction in cost of holding capital for developers: £408 million • Familiarisation costs for developers: £0.1 million EANDCB: -£47 million (Low: -£10 million & High: -£123 million)	**Positive**
Non-monetised impacts	Non-monetised benefits include: • Decreased administrative cost for developers associated with discharging environmental obligations (it has only been possible to monetise a subset of these impacts)	**Positive**
Any significant or adverse distributional impacts?	Yes, these measures are focused on areas where environmental obligations apply (for example, nutrient neutrality catchment areas). By streamlining the process for discharging these environmental obligations and promoting nature restoration, these areas will receive the benefits. Areas that are not affected by environmental obligations will not be impacted. <u>Small and Micro Businesses Analysis (SaMBA):</u> The proposed measure is expected to have significant positive impacts for developers with a presence in affected areas that face delays associated with discharging their environmental obligations. The proposed policy will also have a positive impact on small and micro businesses (SMBs), as it reduces the burdens faced by businesses regardless of size. Under the current system, SMBs are disproportionately burdened as they are more likely to outsource mitigation and be more reliant on credit schemes to be able to provide mitigation themselves. Therefore, there are no exemptions for SMBs, as the benefits to SMBs far outweigh the costs.	**Positive**

3. Expected impacts on households

Category	Description of impact	Directional rating
Description of overall household impact	We do not expect any direct impacts to fall on households. As outlined above, the measures result in reduced costs to developers. While some of the cost savings may be passed through to households in the form of lower prices, this pass through would be indirect. However, we expect there to be wider positive impacts on households (non-monetised).	**Positive**
Monetised impacts	We do not expect any direct impact on households and any potential indirect impacts have not been monetised.	**Neutral**
Non-monetised impacts	By reducing delays, the NRF will facilitate the earlier delivery of housing. In turn, this measure may result in wider benefits to households in the form of localised impacts on house prices, housing availability and reductions in overcrowding and homelessness. By reducing costs to developers, the NRF will reduce disincentives to invest in nutrient neutrality catchment areas. This may in turn result in further housing and associated benefits.	**Positive**

Any significant or adverse distributional impacts?	As the policy seeks to reform how environmental obligations are delivered, only households in affected areas would be impacted, other than any knock-on impacts on house prices in nearby areas. Moreover, the impact is expected to be larger in areas with no existing mitigation credit schemes.	**Positive**

Part B: Impacts on wider Government priorities

Category	Description of impact	Directional rating
Business environment: Does the measure impact on the ease of doing business in the UK?	The new framework will simplify environmental compliance for developers, making it easier to allocate funds to meet environmental obligations and support nature restoration. The main benefit for developers is the time savings and certainty it provides. This contributes to a more favourable business environment.	**May work for**
International considerations: Does the measure support international trade and investment?	As the benefits of the policy centre around enhanced stability and certainty, the policy options proposed through these measures are not expected to lead to a significant direct impact on international investment and trade.	**Neutral**
Natural capital and decarbonisation: Does the measure support commitments to improve the environment and decarbonise?	The Planning and Infrastructure Bill ('the Bill') aims to improve environmental outcomes by requiring developers to contribute to nature recovery. A strategic approach to mitigation, coordinated by a single Delivery Body, will enhance efficiency and effectiveness, achieving more with the same cost to developers. It is expected therefore that this policy is able to contribute to meeting environmental targets. This policy is also designed to speed up the delivery of net zero infrastructure, as with other development, and in doing so support decarbonisation. By moving to a strategic approach, the Delivery Body will be well placed to identify opportunities to maximise environmental benefits and to deploy complementary nature-based solutions that maximise environmental impact.	**May work for**

Summary: Analysis and evidence

Price base year: 2025

Present Value base year: 2026

	Options	
Category	**1. Business as usual (baseline)**	**2. Preferred way forward (if not do minimum)**
Net present social value (with brief description, including ranges, of individual costs and benefits)	N/A	NPSV: £408 million (Low: £86 million & High: £1,057 million) EANDCB: £-47 million (Low: £-10 million & High: £-123 million) <u>Monetised impacts:</u> • Reduction in cost of holding capital for developers: £408 million (£87 million – £1,057 million) • Familiarisation costs for developers: £0.1 million • Familiarisation Costs (to LPAs): ~£0.01 million
Public sector financial costs (with brief description, including ranges)	N/A	We expect there to be small familiarisation costs for Local Planning Authorities (LPAs). Defra has been allocated £14 million in the Autumn Budget to set up the NRF but we expect these costs to be recouped.
Significant un-quantified benefits and costs (description, with scale where possible)	N/A	We have not monetised the operational cost of running the NRF. It will be financed out of developer contributions to the NRF, with the strategic approach allowing for more efficient delivery of environmental outcomes. Overall costs to developers are expected to remain the same or lower, and the operation of the NRF will be funded from the efficiency savings of the strategic approach.
Key risks (and risk costs, and optimism bias, where relevant)	N/A	Data on environmental obligations is very limited. Consequently, this analysis is very driven by assumptions. The main assumptions relate to the scale of development in areas where environmental obligations apply,the development of mitigation in the counterfactual and that the delivery body is able to deliver mitigation more efficiently. Much of this uncertainty is reflected in the significant range in NPSV. While the magnitude of impact is uncertain, we are confident the impact will be positive.
Results of sensitivity analysis	N/A	In addition to the low and high scenarios (included above), we consider an alternative trajectory consistent with delivering 1.5 million homes this Parliament. In this trajectory, there are more residential applications. As a result, the impacts of these reforms are expected to be higher. NPSV: £740 million (Low: £158 million, High: £1,895 million)

Evidence base

Problem under consideration

1. To deliver a win-win for the environment and growth, the Government needs an alternative to the current approach for how development meets relevant environmental obligations. As things stand, the current system often fails to support required development because it necessarily focuses too heavily on avoiding any harmful impacts of individual developments and includes the requirement to put in place project-specific mitigations before planning consent can be granted. This means that development is in many instances required to go through a lengthy process to secure mitigation. This can range from a number of months to a number of years where mitigation is challenging to secure – for example, there are areas where nutrient neutrality advice was issued between 2020 and 2022 that still has no operational supply of credits. Developers are required to pay for localised and costly mitigation measures, only to maintain an unacceptable environmental status quo. In many circumstances, that money and effort would be better spent delivering on a strategic plan for nature recovery delivered by a specialist body. Left to the level of individual developments, corresponding interventions are piecemeal and less effective than if there was coordinated strategic action. The current system has operated in the context of continued environmental degradation, despite hundreds of millions of pounds being spent.

2. Currently, where development is required to discharge an environmental obligation – either as a result of the findings of an environmental assessment, related environmental investigation, or resulting from an explicit legislative obligation, there is often little or no coordination as to how these obligations are or should be discharged. This coordination failure results in inefficient outcomes. Developers are generally required to make their own arrangements on a project-by-project basis to either directly provide or otherwise secure relevant environmental interventions to discharge these obligations. One key example of an environmental obligation is the requirement for development to be nutrient neutral because of the potential harm nutrient pollution can cause to habitats protected under the Habitats Regulations.

3. Assessment of a development‘s impact under nutrient neutrality requires a high level of technical knowledge and a bespoke assessment is needed, even for small developments. Each development must be linked to specific mitigation measures with development being blocked where such measures are not readily available. While actions taken may be effective in addressing the specific impact of a proposal, by not taking a holistic view, mitigation measures could inadvertently hinder wider objectives like food security (for example, by taking productive agricultural land out of use in a way that might be avoided through wider strategic action).

4. This currently gives rise to the following harmful issues:
    - Barriers to development where an environmental obligation cannot be discharged on the development site and a suitable provider of affordable offsite environmental services is not available;
    - Delays to development projects while assessments and surveys are undertaken and measures necessary to fulfil obligations are secured and assured;
    - Missed opportunities to harness economies of scale and lack of strategic, spatial plans for the deployment of developer contributions for given environmental obligations. This

can lead to lower value for money and reduced benefits from this expenditure by individual developers and development projects;

- Little to no emphasis in law or policy for the role of developer obligations in recovering the condition of sites and species, alone or in concert with other sources of public and private funding. This perpetuates a situation in which lack of environmental headroom continues to restrain development, while environmental legal and policy objectives are not met;
- Likely duplication of effort and inefficiencies at the system level because of overlapping surveys and evidence gathering for the purposes of environmental assessments and fulfilment of environmental obligations;
- Likely higher than necessary administrative costs at the system level because of multiple transactions and information exchanges between developers, planning authorities, regulators, and a range of environmental service providers (for example, consultants, ecologists, surveyors, habitat banks);
- Likely inefficient allocation of limited specialist capacity – for example, ecologists, hydrologists – within environmental regulators, planning authorities, and third-party consultancies, with focus directed to project level case work rather than design, implementation, and ongoing monitoring and evaluation of plans for the protection and recovery of habitats and species;
- Inefficient and piecemeal approaches to mitigation that has the sole purpose of balancing the impacts of development uses on land that could otherwise support nature recovery; and
- Increased land take to support mitigation measures arranged on an ad hoc basis which risks undermining wider objectives like food security.

Rationale for intervention

5. The King's Speech announced that the Planning and Infrastructure Bill (hereafter "the Bill") would accelerate housebuilding and infrastructure delivery by "*using development to fund nature recovery where currently both are stalled*".[1]

6. This legislation fulfils the manifesto commitment to "*implement solutions to unlock the building of homes affected by nutrient neutrality without weakening environmental protections*".[2] However, as discussed in greater detail below, this legislation will also apply to other environmental planning obligations. This is not intended as a narrow "fix" for nutrient neutrality only.

7. The Government has committed to resolving this issue at a national level to ensure that developers have confidence in the rules, while environmental organisations and local communities understand that the measures being implemented will lead to better environmental outcomes.

8. Many of the barriers above arise from the hard-edged nature of the legislation that emphasises that no adverse effects on protected sites or species can be allowed at all (except in exceptional circumstances). This means that interventions must be targeted at avoiding any impacts, rather than maximising positive environmental outcomes. It is the responsibility of individual

[1] King's Speech background briefing: FINAL - 17/07/24 King's Speech 2024 background briefing final GOV.uk.docx (January 2025)
[2] Change: Labour Manifesto 2024: My plan for change – The Labour Party (January 2025)

developers to address these impacts themselves, at the level of their individual developments. While it would, to some extent, be possible to take a more strategic, joined-up approach to mitigation within the confines of the current system, without amending the legislation to allow an alternative approach, these key constraints would remain and the issues set out above cannot be comprehensively and satisfactorily addressed.

9. Legislative intervention is therefore required to facilitate a more strategic approach to discharging environmental obligations. This strategic approach will reduce the level of coordination failure from the status quo, resulting in environmental outcomes being delivered more efficiently.

10. In addition, legislation currently requires developers to delay development until sufficient mitigation is available. These delays mean developers face significant costs. As this requirement is set in legislation, Government intervention is required to amend this. By allowing developers to discharge environmental obligations through the NRF at an earlier stage, the Government can reduce these delays. This may facilitate earlier delivery of housing and other socially valuable development. These interventions will affect the following stakeholders:

    - **Developers/housebuilders** will benefit from increased certainty and lack of delay.
    - **Environmental groups** will benefit from positive environmental outcomes.
    - **The State,** through the Delivery Body will have new roles and responsibilities, as well as more control over targeting environmental interventions.
    - **Mitigation providers and Local Authorities (LAs)** will need to familiarise themselves with new system.
    - **Local people** will benefit from greater housing supply and higher quality natural environment.

Policy objectives

11. The Government's overarching objective of delivering this policy approach is to secure improved outcomes for development and the environment:
    - Reducing delays to housing and infrastructure delivery caused by discharging environmental obligations; and
    - Supporting nature recovery funded through development

12. Delivery Plans themselves will identify their own more specific and timebound objectives. The overarching SMART objectives are as follows:
    - **Specific**: In comparison to the current system, we want to see progress towards nature recovery and a reduction in delays to housing and infrastructure delivery with improvements in nature recovery funded through development
    - **Measurable**: The metrics for environmental improvement will be set out in each Delivery Plan, which will also include which environmental obligations can be discharged underneath them and the types of development that can benefit. Delivery Plans will be subject to monitoring and review, and there will be reporting requirements on the Delivery Body. Delivery Plans will set out the strategy for how interventions will be measured across the duration of the development and delivery plan.
    - **Achievable**: The expertise and desire currently exist within the sector to implement these proposals. A more strategic approach is currently being successfully rolled out for similar issues, for example, District Level Licensing for Great Crested Newts, which has

demonstrated that there is plenty of room to approach environmental objectives strategically. Through the NRF, mitigation can be approached at a larger scale and deliver these objectives.

- **Realistic**: The Government has pledged to construct 1.5 million houses within this Parliament. The NRF is one of the policies being put in place to support increased development, while also meeting the Government's environmental targets.
- **Time-bound**: Our intention is for this policy to be rolled out as soon as possible following Royal Assent. Delivery Plans will operate within a set timeframe and will be subject to regular rolling review.

13. In order to achieve this overarching objective, the intervention will meet the following aims:
    - Securing legal certainty for developers and planning authorities that obligations are effectively discharged at a given point in time through the making of a relevant payment;
    - Removing environmental barriers to planning consent being granted;
    - Reducing the time taken between planning permissions and house building, resulting in fewer delays and a decrease in capital costs for developers;
    - Lowering administrative costs that developers have to face with regards to building expert knowledge to provide the necessary mitigation;
    - Establishing the necessary assurances and protections around the delivery of environmental interventions to ensure environmental outcomes are at minim um maintained;
    - Providing the Delivery Body with the powers they need to effectively deliver on the environmental obligations they undertake through receiving payments from developers;
    - Simplifying the system for developers compared to the existing approach for the discharge of environmental obligations;
    - Introducing a clear focus on nature restoration that extends beyond the current approach which solely offsets harm; and
    - Creating a lasting legacy of environmental improvement that will promote better public health through increased access to high quality green spaces.

14. The developing test being introduced by this policy is will the Delivery Plan secure overall improvements by the end of the monitoring period on the integrity of the site/network. This is taking it a step further than existing measures relying on development having no adverse effects on the site.

15. A number of success factors will indicate whether this intervention has had the desired effect. Better environmental outcomes, with development impacts more than mitigated for, and overall improvements to relevant environmental features demonstrated within the timescale laid out in the Delivery Plan. Success factors include:

    - A reduction in development times in areas covered by a Delivery Plan, owing to faster approvals and less delay from legal challenge etc;
    - As it will be voluntary for developers to pay into the scheme to discharge their obligations, a high uptake would indicate that businesses see this as an improvement relative to the status quo; and;
    - Delivery Plans being developed to expected timescales (around one year).

Description of options considered

Option zero: (do nothing) (business as usual)

16. Continue with the existing approach to meeting environmental obligations such as those around Habitats Regulation Assessment (HRA) and species. The onus will continue to be on developers to conduct surveys and source mitigation for their individual developments. The focus of the Government will continue to be on providing funding to increase the supply of mitigation. Utilising government funding and mitigation options this way can be inefficient and cost more for both public and private providers.

17. Risks of significant delay to development and mitigation provision caused by environmental obligations, including nutrient neutrality, will remain. This would stop it from achieving the overarching policy objectives to reduce delay and to support nature recovery. Given the structure of the underlying obligations, non-legislative intervention would not be capable of providing the necessary legal certainty to secure a strategic approach.

Option one: Preferred option (Amend environmental legislation to establish an alternative route to meet relevant environmental obligations)

18. Where a Delivery Plan is in place, developers will be able to pay into the NRF to enable a Delivery Body to carry out appropriate interventions at a strategic level. The responsibility for delivery will be shifted to the public sector, with the Delivery Body producing a Delivery Plan covering a certain geographic area and topic(s), that set out strategic measures to address the impacts of development and work towards nature recovery.

19. This will not remove existing legislative and regulatory requirements but provide an alternative pathway through them for developers.

20. The nature of the underlying environmental legislation is such that there is limited scope for any non-regulatory options to address these issues. Legislation is now being considered on the basis that non-regulatory options have been exhausted.

21. While there are limited international comparisons to draw on, we have already started to see the benefits of strategic approaches in the UK:

    - For species, the introduction of District Level Licensing for Great Crested Newts has shifted the focus to creating new ponds that provide better habitat rather than surveying and translocating small numbers of individual newts – with better conservation outcomes thanks to contributions from developers;
    - For protected sites, the provision of Suitable Alternative Natural Greenspace (SANG) for residents of new developments to use for recreational activities instead of the protected site can have multiple social, economic and environmental benefits – with examples including the 90 SANGs in the Thames Basin Heaths that are delivering 2,000 hectares of accessible green space, enough to unlock up to 105,000 new homes; and

- In the marine environment, the Marine Recovery Fund will accelerate the delivery of renewable energy by establishing a strategic approach to compensating for the impact of the network of offshore wind developments.

22. We want to embed this strategic approach to development meeting its environmental obligations in legislation, providing certainty for both developers and the environment that this new route will allow the Delivery Body to take the actions required to secure the environmental outcomes we need. This approach will provide the improved framework for development to deliver positive environmental outcomes.

Option Two: Not Regulatory Option

23. Through the Habitats Regulation Assessment (HRA) there is an obligation for development to consider environmental sites. This was expanded through amendments accompanying the Levelling Up and Regenerations Act (LURA) to cover additional environmental obligations. Through providing updated guidance to local authorities and mitigation providers encouraging larger scale strategic environmental solutions we could shift the industry towards government policy. This would move away from the development level focus that currently exists with the goal of achieving better outcomes for the environment.

24. This approach has already been utilised through the Local Nutrient Mitigation Fund (LNMF). The LNMF provided £110m in funding to local authorities to provide mitigation measures for nutrient neutrality before it could block development reducing the timescale impact. To roll out a similar scheme more widely it would require a significant amount more funding and would be difficult to expand to additional environmental obligations which are not covered in either the HRA or LURA. This would make it challenging to achieve the wider government objective of unlocking development and providing environmental protection within a short timeframe.

25. Given the concerns above this approach is not recommended due to the significant investment required by central government that may not be recuperated. It would also in the short term continue having the same issues as are currently experienced in this policy area until a significant amount of mitigation measures have been provided.

Summary of preferred option and implementation plan

26. The preferred option would require primary legislation to implement, with further detail provided for in secondary legislation. The Bill will establish the core framework as well as securing the necessary amendments to existing legislation to give effect to the new approach. Secondary legislation will be used to set out the finer details of the approach in areas where appropriate – namely areas such as regulations managing the payments into the fund. where secondary legislation is more appropriate to manage the ongoing operation of the model. These elements will be considered as part of the impact assessment undertaken for secondary legislation.

27. The Bill measures will set out an alternative framework to the current system so that a Delivery Body is able to create a Delivery Plan to address specific environmental issues at a strategic level. Then developers can choose to make a relevant payment into the NRF to finance that plan, and in doing so discharge their relevant environmental obligations for developments sitting within the plan area. The rate will be fixed at the start and set out in the Delivery Plan, with the

intention being that this can only change if the Delivery Plan is reviewed. This will not be mandatory and developers will be able to choose to stick with the current approach to fulfilling environmental obligations even where a Delivery Plan is in place. While the model could accommodate a mandatory approach that requires developers to pay into Delivery Plans, these would only be used in circumstances where the achievement of the environmental outcome necessitated total coverage/input from all relevant development within the Plan area and would require a higher degree of scrutiny before being put in place – with the relevant Secretary of State still retaining final sign off.

28. The Delivery Body will then be responsible for delivering the measures set out in the Plan, which will include monitoring and reporting arrangements with clear criteria for success. The Delivery Plan will be subject to:

    - Relevant consultation and review by appropriate bodies (whose views should be taken into account); and
    - Final sign-off by the Secretary of State – legislation would not refer to a specific Secretary of State and would use the term in relation to the Secretary of State as the body corporate. However, given the nature of the Delivery Plans, we would expect this sign off to fall to the Environment Secretary.

29. It will also be subject to an environmental test to ensure that it is sufficient to deliver positive environmental outcomes. In order for the Delivery Plan to proceed the relevant Secretary of State must be satisfied that the measures are sufficient to secure overall improvements by the end of the Plan period in respect of the relevant feature of the Delivery Plan (for example, site or network integrity, species population etc.) The Delivery Body will then be responsible for ensuring the measures and outcomes set out in the Plan are delivered.

30. A Delivery Plan needs to be robust enough to ensure that the environmental measures to be undertaken are sufficient to deliver improvements, are realistic and viable, and that developer payments are sufficient to cover these costs. It should set out the evidence base, information about the pathway to recovery, the broad quantum of development that can sit underneath it, the measures to be carried out, monitoring arrangements, and a charging schedule.

31. Ultimately the focus is on providing the Delivery Body with the flexibility it needs to target interventions where they will be most effective overall, rather than being overly constrained by a need to avoid any impacts whatsoever. However, for the majority of the Delivery Plan features, targeting interventions locally is to be the norm, and wider interventions will only be used if it meets certain criteria. The Delivery Plan should also take into account wider nature restoration strategies, such as Protected Sites Strategies and Local Nature Recovery Strategies.

32. The Delivery Body will be the key body responsible for the ongoing operation and enforcement of the system. They will be able to make plans relating to any statutory or non-statutory planning obligations relating to the environment that a development must discharge before it can proceed.

33. The legislation will allow for a Delivery Body to be named on the face of the Bill as well as providing the ability for the Secretary of State to designate alternative Delivery Bodies where necessary. They will be able to outsource activities as appropriate but will retain overall oversight and responsibility for delivery plans.

34. The framework for managing payments into the NRF will be set in regulations, allowing developers to make a simple one-off payment to directly discharge relevant environmental obligations, the details of which will be outlined in the Delivery Plan. Rates will cover the measures required to offset the development, with a precautionary buffer and a proportionate nature recovery contribution.

35. We are clear that we want the new system to be established as soon as possible. Once regulations are commenced and the first Delivery Plans are in place, developers will be able to pay the levy to discharge their obligations. As this will be optional for developers, we do not consider there is a need for a trial or pilot ahead of the legislation being put in place and suitable monitoring and enforcement mechanisms will be included in the legislation. Subject to Bill passage, our expectation is that this would mean the first Delivery Plans would be operational for developers to use 3 months after receiving Royal Assent.

NPSV: monetised and non-monetised costs and benefits of each shortlist option (including administrative burden)

Impact assessment approach

36. There is very limited data on how environmental obligations affect development. This makes reaching a robust estimate of the impacts associated with the NRF, which will streamline the process for discharging environmental obligations, very challenging. In this analysis, we attempt to identify the magnitude of monetary impacts that will follow from the introduction of the NRF. There is significant uncertainty in this assumption-driven analysis. While the magnitude of the impact is challenging to estimate, we are confident that the direct impacts are positive for two reasons.

37. First, while the Government intends to secure the ability to mandate the use of this model, the expectation is that in the vast majority of cases, use of the NRF to discharge environmental obligations will be optional. Mandatory use of the NRF would only be considered in limited circumstances where the necessary environmental outcomes could only be achieved through full coverage. Developers will have the option to continue discharging their environmental obligations via existing sources of mitigation. In contexts where the NRF is a more costly source of mitigation than alternative routes, such as developing on-site mitigation, developers could choose these less costly options. However, as we expect the NRF to significantly streamline the process of discharging environmental obligations for developers, we expect uptake to be very high.

38. Second, the primary direct impact we have identified is time savings. Rather than having to delay development while waiting for mitigation to develop before they can discharge their environmental obligations, developers will be able to immediately discharge their environmental obligation by making a payment (to the NRF). This eliminates substantial delays to development, saving developers costs associated with these delays. In addition, payments to the NRF are anticipated to be no more than the cost of mitigation faced by developers in the counterfactual.[3]

[3] In this analysis, we assume the efficiencies associated with moving to a more strategic approach to discharging environmental obligations mean contributions can be made to environmental restoration without increasing the cost of mitigation to developers. (January 2025)

Therefore, the net impact of developers discharging environmental obligations through the NRF will be positive.

39. In this analysis, we focus on nutrient neutrality as this is a particularly significant environmental obligation. We hold some data on the proportion of residential development affected by this obligation, allowing us to provide an estimate of the impacts of the NRF in streamlining the discharging of nutrient neutrality obligations. While this analysis is heavily assumption driven, it gives a sense of the magnitude of benefits to developers.

40. The NRF will also be used as a route to satisfying other environmental obligations, including recreational disturbance, protected species licencing and water neutrality. Again, as participation in the NRF is voluntary, developers will only make use of this method of satisfying obligations if it is beneficial to them, relative to the alternative methods of satisfying their obligations. Given the lack of data on other environmental obligations, we are unable to quantify the impacts beyond nutrient neutrality. However, using nutrient neutrality as an example, the Government does not expect the NRF to impose additional costs to developers (relative to the counterfactual – namely the existing costs developers face to discharge these obligations). Any environmental uplift required to be delivered through the plan would likewise benefit from the strategic approach, so that in broad terms any associated costs to developers should be offset by the time / efficiency savings delivered through this approach. This is not something that we can quantify at present, although the optional nature of the NRF means that developers are likely to use it only if it does not impose additional costs on their projects overall.

41. The approach to estimating the monetised impacts of the NRF, relating to nutrient neutrality are as follows:

    - Estimate the number of planning applications in nutrient neutrality catchment areas;
    - Estimate the number of planning applications that do not have access to existing mitigation;
    - Estimate the time savings that result from the NRF allowing development to start earlier; and
    - Monetise the direct impacts that follow from the time savings.

Estimating number of planning applications in nutrient neutrality catchment areas

Categories of planning applications

42. For this analysis, we segment planning applications into two categories: major residential and minor residential. The table below provides a definition of minor and major development type[4].

Table 1.1: Classification of Planning Applications

	Residential

[4] Live Table P120A (residential) *[Available at: https://www.gov.uk/government/statistical-data-sets/live-tables-on-planning-application-statistics]* (January 2025)

Major	Where the number of dwelling/houses to be provided is 10 or more; or the development is to be carried out on a site having an area of 0.5 hectares or more and it is not known whether the number of dwelling/houses to be provided is 10 or more.
Minor	Where the number of dwelling/houses to be provided is between 1 and 9 inclusive on a site having an area of less than 1 hectare. Where the number of dwelling/houses to be provided is not known, a site area of less than 0.5 hectares should be used as the definition of a minor development

43. Most commercial development is out of scope of nutrient neutrality.[5] We do not have sufficient data to estimate the scale of commercial development in scope. Although we cannot quantify the impact for the remaining commercial developments within scope, we expect developers would also receive time savings from the NRF. This means our assessment of the monetised benefits of the NRF, even in relation just to nutrient neutrality, is likely an underestimate.

Trajectories for estimating the number of applications in the counterfactual

44. We consider how residential applications may change from recent levels. We define recent levels as the three-year average of 2021, 2022 and 2023 calculated from published planning data.[6] In the baseline trajectory, we assume residential applications grow with the Office for Budgetary Responsibility's (OBR) forecast of UK net additions from the October 2024 Economic and Fiscal Outlook.[7] The last calendar year of this forecast is 2029. After 2029, we assume net additions continue to grow at the rate forecast between 2027 and 2029 (an increase of just under 10k per year, reaching ~275k for England in 2035).[8]

45. These projections do not take account of the reforms the Government is making, including to the planning system via NPPF, to achieve its manifesto commitment of delivering 1.5m houses over the parliament. We have also considered a trajectory that reflects the aims of our wider reform programme, where residential applications increase so they are consistent with delivering 1.5 million homes this parliament. This could require the delivery of 374k net additions per year from 2027. From the end of the Parliament, we assume net additions remain constant at this level. This is also broadly consistent with the level of net additions in the new standard method for calculating Local Housing Need set out in the recent changes to the NPPF.[9]

46. Planning application decisions proceed net additions. For major residential applications, we use data from Glenigan on the time between planning decisions and completions to map the net additions trajectory onto a planning application trajectory. We find that over the last five years the median lag between being granted planning permission and starting development is 0.7 years. The median lag between start and completion is 1.7 years. Consequently we assume a

[5] Usual welfare facilities in commercial developments such as toilets, sinks, canteens etc. are exempt from nutrient neutrality to avoid double counting, as it is assumed that people who work in the commercial activity also live within the catchment.
[6] Live Table P120A (residential) *[Available at: https://www.gov.uk/government/statistical-data-sets/live-tables-on-planning-application-statistics]* (January 2025)
[7] Detailed forecast tables: economy (Table 1.17) *[Available at: Economic and fiscal outlook – October 2024 - Office for Budget Responsibility] (*October *2025)*
[8] Net additions in England made up 88% of net additions across the UK between 2008-09 and 2022-23.
[9] https://assets.publishing.service.gov.uk/media/675aaeca9f669f2e28ce2b91/lhn-outcome-of-the-new-method.ods

2.5-year lag between major residential application decisions and net additions.[10] Data on start dates for minor residential applications (1-9 dwellings) is less robust. We assume there is one year between receiving planning permission and starting development, and one year between starting and completing development. As a result, we assume the trajectory in minor residential applications proceeds the trajectory in net additions by two years. Our trajectories for each of the four types of planning application are set out in Table 1.2.

Table 1.2: Annual Number of Planning Applications (000s)

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	*Yearly Average*
Baseline Trajectory (OBR aligned)											
Major Res	4.8	5.0	5.3	5.5	5.7	5.9	6.2	6.4	6.6	6.8	5.8
Minor Res	39.5	41.3	43.1	44.9	46.7	48.5	50.3	52.1	53.9	55.7	47.6
1.5 million-aligned Trajectory											
Major Res	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8
Minor Res	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6

Number of applications in nutrient neutrality catchment areas

47. We do not hold data on the number of residential planning applications in nutrient neutrality catchment areas. Instead, this has been estimated by applying a percentage to the national number of applications. Nutrient neutrality requirements only apply in some areas of England. Published Ministry of Housing, Communities and Local Government (MHCLG) analysis on the percentage of new addresses in England between 2015/16 and 2018/19 that were in nutrient neutrality catchment areas were used.[11] This analysis mapped point locations of new addresses (from Ordnance Survey's Address Base dataset) against nutrient neutrality catchment boundaries. 7.9% of new addresses were identified to be in nutrient neutrality catchment areas.[12]

48. The delays and costs imposed by nutrient neutrality requirements on developers are expected to suppress development. As a result, the percentage of development in nutrient neutrality catchment areas is likely to be lower than before the requirements were introduced. We estimate this impact using LA-level data on the number of homes granted permission. We calculate the percentage of homes granted permission in England that are in LAs with nutrient neutrality catchment areas, based on Glenigan data.[13] We find that there has been an 18% fall from the pre-nutrient neutrality requirement period (2015/16-2018/19) to the recent average (2021/22-2023/24). To avoid overstating the impact to developers, we apply this 18% reduction to the number of planning applications in the counterfactual.

49. Some developers might prioritise their sites outside catchment areas with nutrient neutrality requirements, but continue to have land deals in place within the affected area. It is less likely

[10] For estimating these lags, we define major applications as those containing 10-500. Very few applications larger than 500 application are included in the Glenigan data used to estimate these lags, so we have not included these. However, as we use the median lag, we do not expect the exclusion of applications containing 500+ dwellings to significantly distort this analysis.
[11] Estimate of homes subject to nutrient neutrality requirements - GOV.UK (January 2025)
[12] New addresses includes new build completions and other net additions (such as conversions and change of use), all of which are subject to nutrient neutrality requirements.
[13] Only LA level data is available and is used as a proxy in the absence of catchment level data.

that development may have been re-allocated away from the nutrient neutrality catchment areas after the requirements were introduced. While this may affect development near the boundaries, we expect a significant proportion of demand for development will remain in catchment areas. Additionally, we also assume that the no new nutrient neutrality catchment areas come up during the appraisal period. While it is theoretically possible, we do not hold any information on where these areas might be located and thus would not be able to forecast potential future sites.

50. We apply this to the number of national planning applications from published MHCLG statistics in the last three years to estimate the number of planning applications affected by nutrient neutrality requirements in recent years.[14]

Table 1.3: Number of Planning Application Decisions in Areas with Nutrient Neutrality Requirements (3-year average: 2021, 2022, 2023)

Classification	Number of Application Decisions
Major Residential	424
Minor Residential	3,409

51. As set out in the previous section, we assume the number of applications will change throughout the appraisal period. We estimate this by applying different trajectories to recent levels of planning applications (as shown in Table 1.3). Table 1.4 presents the annual average number of planning applications across the appraisal period.

Table 1.4: Number of Planning Application Decisions in Areas with Nutrient Neutrality Requirements, annual average across 2026-35

Classification	Number of Application Decisions
Baseline Trajectory (OBR aligned)	
Major Residential	375
Minor Residential	3,072
1.5 million-aligned Trajectory	
Major Residential	567
Minor Residential	4,556

Estimating number of planning applications in nutrient neutrality catchment areas that are not covered by existing mitigation

52. The primary direct benefit identified in this analysis is time savings to developers from being able to discharge environmental obligations and commence development earlier. In the counterfactual, developers know they cannot satisfy nutrient neutrality requirements until mitigation is available. Therefore, developers delay development until mitigation is available. As a result, when mitigation is not available, developers face costs associated with holding land that cannot be developed. In the policy option, the NRF will allow developers to make an up-front payment (the same as in the counterfactual) and commence development earlier.

[14] Live Table P120A (residential) *[Available at: https://www.gov.uk/government/statistical-data-sets/live-tables-on-planning-application-statistics]* (January 2025)

53. In some catchments, sufficient mitigation for nutrient neutrality currently exists. Under the current approach mitigation has to be delivered and functioning before credits can be released leading to delays for developers and creating additional time savings with the NRF approach. However, due to data constraints our analysis assumes that in the counterfactual, developers operating in such catchments do not face delays in discharging their nutrient neutrality obligations, so further time savings may be possible, but have not been accounted for here.

54. In catchments without sufficient mitigation,[15] developers face delays in discharging their environmental obligations. For these catchments, the NRF will result in time savings. To estimate where developers will experience time savings, we estimate the percentage of development (in nutrient neutrality catchment areas) that is not covered by existing mitigation. We estimate this by weighting catchment-level estimates of mitigation availability by the scale of development in each catchment. We produce catchment-level estimates of mitigation availability by drawing on feedback from LPAs via the Planning Advisory Service (PAS) Nutrient Neutrality network, and from Natural England Area Delivery Teams and the Nutrient Mitigation Scheme.

55. While few catchments have sufficient mitigation,[16] to cover all housing, those that do are the larger catchments. Many catchments have partial mitigation available. In total, we estimate that sufficient mitigation is currently available to cover 64% of new development across all nutrient catchment areas, meaning as of 2025, 36% of new development does not have access to sufficient mitigation. This is based on the assumption that in areas with sufficient mitigation at present, the mitigation provided will continue to grow at a pace such that it is in line with demand for future mitigation.

56. In the counterfactual, we consider different scenarios for how long mitigation would take to develop (without the NRF) for the 36% of new development without access to mitigation. These mitigation scenarios are an important determinant of the monetised impact identified in this analysis. If mitigation took longer to develop in the counterfactual than in our scenarios, the time savings would be higher.

57. Existing mitigation credit schemes have taken between two and five years to develop. This is used as the basis for our mitigation scenarios. In the low scenario, it is assumed that mitigation takes two years to develop. In the high scenario, mitigation is assumed to takes five years to develop. In the central scenario, it is assumed that mitigation takes 3.5 years to develop (the midpoint of the low and high scenarios).

58. In implementing these scenarios for the counterfactual, we assume additional mitigation will begin being developed from 2025. This is aligned to the year in which LPAs received additional finance through the Local Nutrient Mitigation Fund. In practice, in some catchments, mitigation may not begin to be developed until after 2025. However, we do not have sufficient information to model when mitigation will begin to be developed. To avoid overstating the scale of time savings in this analysis, 2025 is considered an appropriate conservative assumption. To some extent, the variation in time taken for mitigation to develop mitigates this.

59. We assume mitigation increases linearly over time from 36% in 2025. This means that the percentage of development without access to mitigation in the counterfactual falls over time, as

[15] Examples of catchments with insufficient mitigation: The Broads SAC/Ramsar, Somerset Levels and Moors Ramsar, Stodmarsh SAC, River Eden SAC

[16] Catchments with sufficient mitigation - Poole Harbour SPA/Ramsar, The Solent, River Itchen SAC, Teesmouth and Cleveland Coast SPA/Ramsar

shown in Table 1.5. This also assumes that there will be no new nutrient neutrality catchment areas coming forward, which is a conservative assumption but one driven by a lack of current data suggesting otherwise, or where those sites might be.

Table 1.5: Percentage of development in NN catchments without access to mitigation in counterfactual

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Low	36%	18%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Central[17]	36%	26%	15%	5%	0%	0%	0%	0%	0%	0%	0%
High	36%	29%	22%	14%	7%	0%	0%	0%	0%	0%	0%

60. We apply these percentages to our estimate of the annual number of planning applications in nutrient neutrality catchment areas (summarised in Table 1.4) to reach an estimate of the number of applications that are not covered by mitigation. As new mitigation is developed in the counterfactual, the number of applications not covered by existing mitigation fall over time. Consequently, the applications benefitting from time savings also fall through the appraisal period. This is shown in Table 1.6. In our calculations, we disaggregate between the two types of application (major residential, and minor residential). However, for ease of presentation, we report a total across the two categories here.

Table 1.6: Total number of planning applications in NN catchments without access to mitigation in counterfactual

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Baseline Trajectory (OBR aligned)											
Low	978	512	0	0	0	0	0	0	0	0	0
Central	978	732	460	160	0	0	0	0	0	0	0
High	978	820	644	448	233	0	0	0	0	0	0
1.5 million-aligned Trajectory											
Low	1,825	919	0	0	0	0	0	0	0	0	0
Central	1,825	1,313	788	263	0	0	0	0	0	0	0
High	1,825	1,470	1,103	735	368	0	0	0	0	0	0

Applications before 2026

61. Although the appraisal period covers 2026 to 2035, development before 2026 may also benefit from the NRF. In the counterfactual, some of this development would have been stalled beyond

[17] In the central mitigation profile, sufficient mitigation is not available until midway through 2028. Table 1.6 shows an annual figure. However, for applications in 2028 we assume only half a year of time savings. With the NRF, the environmental obligation can be satisfied immediately (the NRF is already operational). In the counterfactual, developers without mitigation will still have to wait 6 months (mitigation is not available until midway through 2028).

2026 (as set out above, the length of this delay varies between scenarios). As we have estimates of the level of mitigation in 2025, we consider applications in 2025 in our analysis. While development is stalled before 2026, the cost savings relate to the period from 2026 onwards (within the appraisal period). Therefore, it is appropriate to include these cost savings in our analysis.

62. However, we have been unable to estimate mitigation coverage before 2025. As a result, we exclude applications prior to 2025 from our quantified analysis. This means our estimate of impact is an underestimate of the likely cost savings delivered by the NRF in relation to nutrient neutrality.

Time savings that result from the NRF allowing development to start earlier

63. Time savings will only apply to applications for development that are not covered by existing mitigation (that is, where developers would need to wait for new mitigation to develop). As shown in Table 1.5, the percentage of development not covered by existing mitigation is relatively small and falls throughout the appraisal period as more mitigation is developed.

64. Across all three scenarios, we assume that the NRF is operational from 2026. We expect that priority delivery plans would be completed in 2026, subject to the Bill receiving Royal Assent. From this time on, developers will be able to make an up-front payment and discharge their environmental obligations immediately. Any delays associated with meeting nutrient neutrality requirements will be eliminated from this point on. While these estimates are necessarily based on high-level assumptions about the elimination of delays to development, they allow us to provide an indication of the magnitude of impact that may be delivered by the NRF, in relation to nutrient neutrality.

65. Table 1.7 shows the time savings by year for each development that is not covered by mitigation in the counterfactual. We calculate the number of days saved as the difference between when the environmental obligation can be discharged in the counterfactual (when sufficient mitigation is developed) and in the policy option (when the NRF is operational in 2026). As an example, in the high scenario, developers could save 1,460 days (four years) on a planning application in 2026. This is because in the counterfactual, developers would have to wait four years for sufficient mitigation to develop, whereas the NRF would allow this environmental obligation to be fulfilled immediately.

66. Across all mitigation scenarios, we assume there will be no time savings associated with any planning applications submitted between 2030 and 2035. This is because we assume sufficient mitigation will be available across all catchments in both the counterfactual and policy option. Consequently, we do not anticipate any delays associated with discharging environmental obligations in later years of the appraisal period. This is a conservative assumption. If sufficient mitigation did not develop as assumed in the counterfactual, the NRF would deliver further time savings.

Table 1.7: Days saved by the NRF per application, by when an application is submitted

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Low	365	365	0	0	0	0	0	0	0	0	0
Central	912.5	912.5	547.5	182.5	0	0	0	0	0	0	0
High	1,460	1,460	1,095	730	365	0	0	0	0	0	0

67. Given the scale of time savings available in this analysis, it is assumed that all developers will make use of the NRF. While there may be some developers who continue to develop on-site mitigation, the analysis has not been formally adjusted for this as it is expected to have a negligible effect on the overall magnitude of impacts.

Assumptions before 2026

68. We assume developers submitting applications in 2025 will receive the same time savings as applications in 2026. For example, developers submitting an application in 2025 will have to wait one year (until 2026) for the NRF to be operational before it can be used to discharge nutrient neutrality obligations. In the low scenario, developers would have had to wait two years in the counterfactual (until 2027) for sufficient mitigation to develop to discharge their obligations. Consequently, for this example, the time savings are one year (365 days).

69. We calculate the total number of days saved in table 1.8 by multiplying the number of planning applications (Table 1.6) with the number of days saved per application (Table 1.7).

Total days saved

70. We calculate the total number of days saved in table 1.8 by multiplying the number of planning applications (Table 1.6) with the number of days saved per application (Table 1.7).

Table 1.8: Days saved by the NRF, annually (000s)

	App type	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Baseline Trajectory (OBR aligned)												
Low	**Major Res**	38	20	0	0	0	0	0	0	0	0	0
Low	**Minor Res**	319	167	0	0	0	0	0	0	0	0	0
Central	**Major Res**	95	72	27	3	0	0	0	0	0	0	0
Central	**Minor Res**	797	595	225	26	0	0	0	0	0	0	0
High	**Major Res**	153	130	76	36	9	0	0	0	0	0	0
High	**Minor Res**	1,275	1,067	629	291	76	0	0	0	0	0	0
1.5 million-aligned Trajectory												
Low	**Major Res**	70	37	0	0	0	0	0	0	0	0	0
Low	**Minor Res**	596	298	0	0	0	0	0	0	0	0	0
Central	**Major Res**	174	133	48	5	0	0	0	0	0	0	0
Central	**Minor Res**	1,491	1,065	383	43	0	0	0	0	0	0	0
High	**Major Res**	278	238	134	59	15	0	0	0	0	0	0
High	**Minor Res**	2,386	1,909	1,074	477	119	0	0	0	0	0	0

Reduction in the cost of holding capital

71. The primary impact of the NRF captured in this analysis will be reducing delays in development associated with discharging environmental obligations. By reducing these delays, the NRF will also reduce the cost of holding capital for developers.

72. We use recent data to update estimates used in RPC-DLUHC-5179(2)[18] (and originally set out by Ball)[19] to monetise this impact. Developers face financing and opportunity costs in holding onto land and other assets while waiting to discharge environmental obligations. The cost of holding capital is related to the quantity of land, the value of land, the interest rate, and the time land is held for. By reducing the time taken to discharge environmental obligations, developers will face reduced costs associated with holding capital.

73. In nutrient neutrality catchment areas, this would have an impact on the operation of land option agreements where the ability to exercise the option is linked to the securing of planning consent. By being able to discharge environmental obligations through payment to the NRF, planning consent will be more readily secured than in the counterfactual where mitigation may need to be secured upfront before planning consent could be granted.

Capital cost per day

74. We estimate an average cost of holding capital per day for both major and minor residential applications. This approach yields an estimate of the cost of borrowing, by developers, to finance the purchase of land for residential development.

75. There are three stages to this process. First, we estimate the quantity of land required per application. Second, we estimate the value of this land using Valuation Office Agency (VOA) data to estimate how much capital needs to be borrowed to purchase this. Finally, we calculate the daily cost of holding this capital. In the following section, we apply these estimates to the number of days saved.

76. For residential applications, we use Glenigan data[20] and published MHCLG statistics[21] to estimate the average number of dwellings for major and minor residential projects. Glenigan data indicates that over the last three years, the average major approved application contained 97.8 and the average minor approved application contained 2.7 dwellings. We use these values in our calculation of the capital costs per day in the high scenario. However, applying these figures to the number of planning applications directly leads to an over-estimate of the number of homes consented per year, relative to the published MHCLG statistics on the annual number of housing units granted planning permission.[22]

77. For our low scenario, we constrain our estimate of the number of dwellings per application to align to MHCLG statistics on total dwellings granted permission. To do this, we combine the Glenigan estimates of site size with published MHCLG statistics on the number of major and minor applications granted (we use a three-year average of 2021, 2022 and 2023) to estimate the proportion of dwellings granted that are from major and minor residential applications. We

[18] Annexes to the Levelling Up and Regeneration Bill Impact Assessment *[Available at: LevellingUpandRegenerationBillImpactAssessmentAnnexes.pdf]* (January 2025)
[19] National Housing and Planning Advisory Unit (2010), Housing Supply and Planning Controls: the impact of planning control processing times on housing supply in England, http://www.communities.gov.uk/documents/507390/pdf/1436960.pdf (January 2025) Figures have been updated using latest available data on land values from the Valuation Office Agency and reflect current development sizes.
[20] For more information on Glenigan planning permission data see: Planning applications in England: July to September 2024 - GOV.UK (January 2025)
[21] Live Table P120A (residential) *[Available at: https://www.gov.uk/government/statistical-data-sets/live-tables-on-planning-application-statistics]* (January 2025)
[22] Live Table P120A (residential) *[Available at: https://www.gov.uk/government/statistical-data-sets/live-tables-on-planning-application-statistics]* (January 2025)

find that 83% of dwellings came from major developments and 17% of dwellings came from minor developments. We combine this with three-year average estimate of the total number of units granted permission (~284,000) to estimate the annual number of dwellings approved in major applications (~237,000) and minor applications (~47,000). We divide this by the number of major and minor applications in the last three years to reach a constrained estimate of the average number of dwellings in major applications (54.4) and minor applications (1.5). We use these constrained figures in our low scenario. In our central scenario, we use the central of the two (76.1 for major and 2.1 for minor).

78. Using VOA data on land values,[23] we estimate the value of land for a typical dwelling using a weighted average of residential land values across all LAs in England[24]. In 2025 prices, this is a value of £133,000 per dwelling. Following the appraisal guide,[25] we uprate real land values to grow in line with the OBR's forecast of real GDP growth each year[26]. We estimate the value of land per major and minor residential application by applying these uplifted land values for a typical dwelling to the size of a typical application (average across appraisal period of £11.6 million for major and £0.3 million for minor in the central scenario). As set out in more detail below, we use an adjusted forecast of the base rate to estimate the annual cost of holding capital and divide by 365 to convert to a daily cost. As shown in the table below, the cost of holding capital for a major residential application is significantly higher than for a minor residential application as a result of the higher quantity (and therefore cost) of land for these applications.

79. The OBR's forecast of the Base Rate is used up to 2029, the final year of the OBR's forecast. We then assume the Base Rate will remain at this level until 2035, the final year of the appraisal period. Across the 10-year appraisal period, this yields an average rate of 3.6%. Following the approach used by Ball (2010)[27], and used in RPC-DLUHC-5179(2)[28], we apply a 2% point uplift to the base rate to reflect costs of finance. We estimate the cost of capital by applying this uplifted interest rate to the average cost of land for an application of each type (from above). This yields the values in Table 1.9 below.[29]

Table 1.9: Average Cost of Capital per Day across the 10-year appraisal period to nearest £ (2025 prices)

Classification	Cost of Capital per Day
Major Residential	£1,760 (£1,260 to £2,261)

[23] [23] VOA Land Value Estimates *[Available at: Land value estimates for policy appraisal 2019 - GOV.UK]* (January 2025)
[24] For each LA, we produce a weighted-average of greenfield and brownfield land values based on the proportion of new residential addresses that were on previously developed land (Table P302 (January 2025)). We produce an average for England by weighting land values for each LA by the historic completions.
[25] MHCLG Appraisal Guide *[Available at: DLUHC appraisal guide - GOV.UK]* (January 2025)
[26] The final calendar year of the OBR's October 2024 Economic and Fiscal Outlook is 2029. Between 2026 and 2029 real GDP growth is relatively consistent at around 1.55% per year. We assume this level of real GDP growth continues until the end of the appraisal period in 2035.*[Forecast available in Table 1.1 at: Economy_Detailed_forecast_tables_October_2024.xlsx]* (January 2025)
[27] National Housing and Planning Advisory Unit (2010), Housing Supply and Planning Controls: the impact of planning control processing times on housing supply in England, http://www.communities.gov.uk/documents/507390/pdf/1436960.pdf (January 2025) Figures have been updated using latest available data on land values from the Valuation Office Agency and reflect current development sizes.
[28] Annexes to the Levelling Up and Regeneration Bill Impact Assessment *[Available at: LevellingUpandRegenerationBillImpactAssessmentAnnexes.pdf]* (January 2025)
[29] We report averages across the appraisal period here, but the costs vary slightly throughout the appraisal period as the OBR's forecast of the base rate shifts slightly.

Minor Residential	£49 (£35 to £63)

Total cost savings

80. We calculated the total days saved above (Table 1.8). We then multiply this by the average cost of capital per day (summarised in Table 1.9) and present the results in Table 1.10. As set out above, in the absence of sufficient data to model mitigation development more robustly, we assume mitigation develops quickly. This conservative assumption avoids overstating the impact of the NRF.

Table 1.10: Cost savings from reduction in capital costs (£ millions, annual values are undiscounted)

	App Type	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	PV
Baseline Trajectory (OBR aligned)												
Low	**Major Res**	70	0	0	0	0	0	0	0	0	0	87
Low	**Minor Res**	16	0	0	0	0	0	0	0	0	0	
Central	**Major Res**	282	46	5	0	0	0	0	0	0	0	408
Central	**Minor Res**	65	10	1	0	0	0	0	0	0	0	
High	**Major Res**	611	164	77	20	0	0	0	0	0	0	1,057
High	**Minor Res**	140	37	17	5	0	0	0	0	0	0	
1.5 million-aligned Trajectory												
Low	**Major Res**	128	0	0	0	0	0	0	0	0	0	158
Low	**Minor Res**	30	0	0	0	0	0	0	0	0	0	
Central	**Major Res**	516	80	9	0	0	0	0	0	0	0	740
Central	**Minor Res**	119	18	2	0	0	0	0	0	0	0	
High	**Major Res**	1,115	287	129	33	0	0	0	0	0	0	1,895
High	**Minor Res**	257	64	29	7	0	0	0	0	0	0	

Applications before 2026

81. As highlighted above, we also estimate the impacts for some development stalled before 2026 in this analysis. These cost savings will materialise in 2026, when the NRF is assumed to be operational. Consequently, they are reported in 2026 in Table 1.10, in addition to the cost savings for applications in 2026.

Familiarisation costs

82. We estimate familiarisation costs using the following formula:

$$Familiarisation\ cost\ = N \times E \times T \times W$$

Where:

N is the number of affected businesses by business size

E is the number of affected employees per business who are responsible for familiarising with the legislation

T is the time taken for relevant employees to familiarise with the legislation

W is the average wage rate per year for the relevant employees

Businesses

83. Developers face costs associated with time spent familiarising themselves with guidance and the application process associated with the NRF. However, it is expected that developers would not have to thoroughly read Delivery Plans produced by Natural England for the whole catchment. Instead, they would just be required to make the choice between paying mitigation fees to the Delivery Body or providing their own mitigation solutions. All the information needed to take this decision would be available online where they can look at Delivery Plans for each catchment area and the associated fees. In the counterfactual, developers may also face search costs associated with seeking mitigation.

84. While formal guidance on the relevant payments into the NRF is in development, we are using Natural England's Nutrient Mitigation Scheme guidance and the application form as a proxy to estimate familiarisation costs. Based on the length of these materials and an average reading speed of 50 words per minute[30] for technical information we estimate it would approximately take each employee 1 hour to read through the material.

85. We assume the number of employees required to familiarise themselves with the material will vary by the size of employer: one employee per micro and small developer, two employees per medium-size developer and five per large developer.

86. There are 41,305 developers across England.[31] However, not all developers operate in areas with nutrient neutrality requirements. We assume that all medium and large developers would have operations in affected areas, while only a limited number of the micro and small developers would. Specifically, we assume the percentage of small and micro developers located in nutrient neutrality catchment areas is equal to the percentage of residential development in England[32].

87. We estimate wage costs using for the category "Management consultants and business analysts" from the 2023 ASHE dataset.[33] In 2023, the median hourly pay was £24.86. We uplift by 30% to capture non-wage labour costs. This yields an hourly wage of £32.32 (£33.20 in 2025 prices). The overall familiarisation cost is calculated by summing up the individual costs for each category of developer.

Table 1.11: Familiarisation Costs, £ (undiscounted)

	N	E	T	W		
	Number affected	Employees per business	Time for individual (hours)	2026 wage (in 2025 prices)	**Familiarisation cost**	PV (000s)
Developers	2,724	1-5	1	33.20	92,354	92.3
LPAs	69	3	2	25.25	10,117	10.1

88. We assume no additional costs to environmental groups as they are expected to maintain familiarisation with updates to relevant policy and legislation. Businesses other than

[30] Business impact target: statutory guidance - GOV.UK , Appraisal of Guidance ,Table 1 (January 2025)
[31] UK business: activity, size and location - Office for National Statistics (ons.gov.uk), Table 2 (4110:Development of building projects) (January 2025)
[32] Estimate of homes subject to nutrient neutrality requirements - GOV.UK (January 2025)
[33] UK business: activity, size and location - Office for National Statistics (January 2025)

developers, such as mitigation providers, and planning consultants, may face potential familiarisation costs. However, since they are likely to be bidding to implement actions outlined in the delivery plan, their familiarisation costs are likely to be reflected in their bids to provide mitigation to the delivery body.

Local Authorities

89. Planning application approvals in catchment areas is tied to developers being able to secure mitigation, considering the policy directly affects this, Local Authorities would also need to familiarise themselves with the reform. We apply a similar approach to estimate the familiarisation cost for LPAs as for businesses. For this estimate, we use the wage associated with "Chartered architectural technologists, planning officers and consultants". After uplifting for non-wage costs, this yields a wage of £25.25 in 2025 prices. We assume three employees per LPA in nutrient neutrality catchment areas will familiarise themselves with the changes. LPAs would need to familiarise themselves with the new process for granting planning permission on the basis of a levy payment.[34] Seeing as this would imply specific guidance being issued to LPAs, we assume it would take each employee 2 hours to read through the material. The total familiarisation cost for LPAs is reported in Table 1.11.

Cost and benefits to business calculations

90. In Table 1.12, we report the Business Net Present Value (BNPV). This captures the impact associated with capital cost savings and familiarisation costs.

Table 1.12: BNPV in £ million (2025 prices, 2026 PV Base Year)

	BNPV	EANDCB
Low	86	10.0
Central	408	47.4
High	1,057	122.7

Impact of housing trajectories

91. In table 1.13, we report the BNPV for both housing trajectories considered in this analysis. The BNPV in the 1.5 million-aligned trajectory is 74% higher than in the baseline trajectory analysis. As highlighted above, this is driven by the higher number of applications affected by nutrient neutrality (and therefore benefitting from time savings) relative to the baseline trajectory.

Table 1.13: Summary in £ million (2025 prices, 2026 PV Base Year)

	Baseline Trajectory (OBR aligned)		1.5 million-aligned Trajectory	
	BNPV	EANDCB	BNPV	EANDCB
Low	86	10.0	158	18.4
Central	408	47.4	740	85.9
High	1,057	122.7	1,895	220.1

Non-monetised impacts

[34] This is the alternative to the existing process of developers undertaking HRA for an individual development.

To developers

92. The NRF will also likely yield significant time savings to developers whose developments are currently delayed while waiting for mitigation to become available. As we do not know the proportion of applications before 2025 that had access to mitigation, we are unable to estimate the scale of these cost savings. We have also assumed sufficient mitigation will develop in the counterfactual meaning there are no time savings in the later years of the appraisal period. If, in the counterfactual, mitigation took longer to develop, the NRF would deliver further benefits in the form of time savings. Given uncertainty in how long mitigation may take to develop, we make these assumptions about mitigation that result in conservative estimates of benefits to avoid overstating the impact to developers.

93. In addition to those for Habitats Sites, environmental obligations relating to protected species, RAMSAR sites, and other relevant obligations may also fall under the remit of the NRF and will carry similar benefits in terms of additional certainty and simplicity. The policy would result in time savings through reduced delays relating to the delivery of these obligations. Due to limited data availability these benefits haven't been monetised. Over the long term, as more environmental obligations are covered by the scheme (we expect its scope to broaden and are designing the NRF to be modular with this in mind), benefits would accrue resulting in a more significant impact on developers. Additionally, the calculations do not reflect the impacts on commercial applications due to insufficient evidence. In line with the aforementioned environmental obligations, some commercial applications might fall under the scope of this policy leading to further savings for developers. The results of the quantitative analysis represent only a partial view and provide a lower bound estimate of the overall impact of the policy.

94. These reforms will also transfer liability for delivering environmental obligations from developers onto the state. At the point of making a payment, the developer will no longer be at risk of legal challenge. This more stable legal environment is expected to improve developer confidence and may result in more development coming forward. Moreover, this would mean that developers are no longer required to build a knowledge base to facilitate mitigation, resulting in both time savings and reduced administrative costs.

To public sector

95. We have not monetised the operational cost of running the NRF. The Department for Environment, Food and Rural Affairs (DEFRA) has been allocated £14 million to fund the initial setup of the NRF, but we expect these costs to be recouped. The NRF will be financed out of developer contributions, with the strategic approach allowing for more efficient delivery of environmental outcomes. Costs to developers are expected to remain the same, and the operation of the NRF will be funded from the efficiency savings of the strategic approach.

Wider Impacts

96. By reducing development delays and lowering the risk that a lack of mitigation could block housebuilding, the policy will contribute to the Government's target to build 1.5 million homes by the end of this Parliament.

97. By reducing costs to developers, the NRF will reduce disincentives to invest in nutrient neutrality catchment areas. This may in turn result in further housing and associated benefits.

98. The NRF can also be made available to infrastructure and Nationally Significant Infrastructure projects. Where a suitable Delivery Plan is in place, this would enable infrastructure

developments to make a payment to the NRF to discharge their obligations in broadly the same way as housing developers (described above). The benefits include greater clarity, certainty and less delay.

99. Mitigation providers will continue to provide mitigation through the NRF but would work with the Delivery Body rather than developers.

Impact on small and micro businesses

100. Use of the NRF is expected to be voluntary in the vast majority of cases. Where SMBs can more efficiently discharge their environmental obligations through other channels, they can continue to do so. The reforms will streamline the process for discharging environmental obligations, benefitting developers especially SMBs, on multiple fronts. A higher percentage of small developers tend to employ off-site mitigation measures, which lead to high administrative costs and expenses relating to technical assessments. This is primarily due to extensive land requirements which make on-site delivery physically unachievable. A more standardised process would limit delays to development projects and lead to cost savings to developers from a reduction in the cost of holding capital. This would be particularly favourable for SMBs with environmental obligations, as they tend to hold lower cash reserves and have less resource to allocate to securing mitigation. It is therefore not appropriate and indeed not desirable to exclude SMBs from these measures, as they will be the greatest beneficiaries.

101. In Table 1.14, we disaggregate our estimate of familiarisation costs into each category of business. As set out in the section above on familiarisation costs, we assume larger companies devote more resource to familiarising themselves with legislation. However, as SMBs have fewer employees, familiarisation costs are likely to impose disproportionate burden on these businesses relative to larger businesses who are likely to have more specialised staff to dedicate to understanding changes in the legislation. Similarly, for medium sized businesses, while the total number of employees is greater than SMBs we would expect them to be disproportionately burdened with familiarisation costs relative to large firms. However, it is important to note that they form a small percentage of all developers (approximately 1%). Ultimately, we expect the cost of familiarisation to be negligible relative to the benefits in the form of costs savings.

Table 1.14 Familiarisation Costs by Business Size

Business Size (number of employees)	Employees	Number of Businesses	Total Familiarisation Cost	Familiarisation cost per business
Micro (1-9)	1	2,571	83,552	33
Small (10 -49)	1	90	2,928	33
Medium (50-99)	2	45	2,937	65
Large (100+)	5	18	2,937	163

Costs and benefits to households calculations

102. We do not expect any direct impacts to fall on households. As outlined above, the measures result in reduced costs to developers. Developers are likely to retain most of these cost savings.

While some of the cost savings may be passed through to households in the form of lower prices, this pass through would be indirect.

103. As set out above, we expect the NRF will have wider impacts on households that have not been monetised. By reducing delays, the NRF will facilitate the earlier delivery of housing. In turn, this measure may result in wider benefits to households in the form of localised impacts on house prices, housing availability and reductions in overcrowding and homelessness. By reducing costs to developers, the NRF will reduce disincentives to invest in nutrient neutrality catchment areas. This may in turn result in further housing and associated benefits.

Minimising administrative and compliance costs for preferred option

104. A simple, one-off payment (or series of payments) to discharge their environmental obligations, where developers choose to use the new framework, will represent in many cases a significant simplification of process (rather than having to conduct their own assessments and deliver their own mitigations etc.). All of the complexity and legal risk will be transferred to the public sector – a specialised Delivery Body for whom this will be their core responsibility.

105. While there will therefore be a significant reduction in administration costs for developers, we cannot guarantee that these will result in lower financial costs for them overall. The levy will need to be sufficient not only to offset the impacts of development, as with the current approach, but also to make a proportionate contribution to restoration. However, we can guarantee that costs will not unduly increase, as this will be voluntary, and developers can choose to stick with the current approach to meeting their obligations if paying into a Delivery Plan would not be beneficial to them.

106. From a developer perspective, this new framework will offer a more straightforward way to meet their environmental obligations, with that money more effectively being used to deliver environmental interventions and nature restoration. While we expect this to support an attractive market for investment, we do not expect it to significantly reduce costs to the extent that it would have significant trade implications, distort international markets or markets between countries in Great Britain and the UK. The key benefit for developers will be simplicity and stability.

Trade implications

107. As the benefits of the policy are around stability and certainty, the policy options proposed through these measures are not expected to lead to a significant direct impact on international investment and trade (see section above on business environment).

Environment: Natural capital impact and decarbonisation

108. The Government has made commitments around maintaining environmental protections, making clear that it would only legislate where it can deliver positive environmental outcomes; this will be a ‘win-win’ for the environment and developers.

109. Better environmental outcomes are therefore embedded in these measures, with a key element being the need for developers to make a contribution towards nature recovery, rather than just avoiding making environmental outcomes worse.

110. In adopting this more strategic approach - one which delivers more effectively for nature while enabling development to proceed where it is needed - we want to:

- Take a holistic view of nature recovery to secure better environmental outcomes;
- Go beyond offsetting environmental impacts and instead use development to deliver positive outcomes for nature recovery;
- Improve efficiency and reduce duplication to ensure every pound spent helps deliver our environmental goals;
- Make it far easier for developers to discharge a range of environmental obligations, and provide the legal certainty necessary to underpin substantial capital investment;
- Give delivery partners the tools they need to generate positive outcomes for nature, empowering them to make the right choices to deliver nature recovery; and
- Establish a robust and transparent framework to monitor delivery of environmental outcomes.

111. A more strategic approach will lead to more effective interventions. Mitigation will no longer be applied on a piecemeal basis by separate parties but instead interventions will be applied strategically by a single Delivery Body according to the Delivery Plan. A greater level of coordination will mean interventions can be delivered more efficiently. This means a greater contribution to nature recovery can be achieved with the same cost to developers.

112. It is expected therefore that this policy is able to contribute to legally binding targets for biodiversity on land, water quality, woodland cover and air quality, by providing a funding stream for relevant activities.

113. The environmental principles have been fully considered in the design of this policy, with environmental protection having been fully integrated. In this case, the developer as the ‘polluter’ will be providing funding to both offset their impacts and contribute to nature recovery. When calculating the impacts that will need to be offset, the Delivery Body will be expected to take a precautionary approach. There will be provisions that set out that strategic interventions that allow for the prevention of harm, or the rectification of that harm at its source should be prioritised above others, with the Delivery Body required to set out how it has applied this hierarchy in the Delivery Plan.

114. This policy is also designed to speed up the delivery of net zero infrastructure, as with other development, and in doing so support decarbonisation.

115. By moving to a strategic approach, the Delivery Body will be well placed to identify opportunities to maximise and stack environmental benefits, and deploy complementary nature-based solutions that maximise environmental impact.

116. There may also be embodied carbon impacts relating to new development (and earlier completion of planned development). There is some evidence on embodied carbon in UK construction. Drewniok et al. (2023) estimate the embodied carbon emissions for a range of development types.[35] However, we do not have an established approach for estimating the scale of embodied carbon emissions so we do not attempt to quantify this impact, which we expect to be largely indirect (relating to new development).

Risks and assumptions

Assumptions

Table 1.15: Key Assumptions

Area	Assumption
Estimating number of Planning Applications affected by Nutrient Neutrality	% of Planning applications in Nutrient Neutrality catchment areas are equal to % of new addresses created in Nutrient Neutrality catchment areas (7.9%), adjusted for decline in percentage of homes granted permission in LAs with catchments (-18%). There is no data available regarding planning applications by catchment area but providing past housing delivery is a good indicator of future delivery, it is reasonable to assume the percentage will remain similar going forward. This facilitates the calculation of monetised benefits.
Nutrient Neutrality Catchments	No new nutrient neutrality catchment areas come up, and the percentage of England addresses created in existing Nutrient Neutrality catchments remains constant. While it is possible new catchments are introduced, there is no information as to where these areas might come up and hence, they have not been accounted for in the analysis.
Growth of mitigation in areas with existing mitigation	In areas with existing mitigation measures, the pace at which mitigation would be provided in the future is in line with demand for mitigation. At present, excess supply of mitigation credits in certain areas.
Uptake of policy	Despite the policy being voluntary, a high uptake is expected, and it is assumed that all developers will partake. The effect of a fraction of developers employing on-site mitigation is not expected to have a significant impact on the outcome.
Baseline Trajectory (OBR aligned)	In the first trajectory, we assume residential applications grow with the OBR's forecast of UK net additions from the October 2024 Economic and Fiscal Outlook. We apply a 2.5-year lag between major planning applications and a two-year lag for minor planning applications.
1.5m Trajectory	In the second trajectory, we assume residential applications follow a trajectory consistent with delivering 1.5 million homes this parliament. We apply a 2.5-year lag between major planning applications and a two-year lag for minor planning applications.

[35] For mid-terrace housing and high-rise flats with more than 10 storeys, the weighted average of embodied carbon emissions across different material is 300 $kgCO2_e/m^2$. For bungalows, the weighted average is over 500 $kgCO2_e/m^2$. *[Available at: Mapping material use and embodied carbon in UK construction]* (January 2025)

Time savings in areas with existing mitigation	We assume there are no time savings relating to the use of existing mitigation credit schemes. In practice there are likely to be time savings as under the current approach mitigation must be delivered and functioning before credits can be released. However, owing to data constraints the analysis does not capture savings from additional delays in the counterfactual[38].
Low Impact Scenario	In the low scenario, we assume mitigation takes two years to develop. This is the time it takes for a credit market to provide sufficient mitigation in the corresponding area.
High Impact Scenario	In the high scenario, we assume mitigation takes five years to develop. This is the maximum time it has taken for credit market to be setup under the existing framework is five years[39]. Even in this high impact scenario, we assume no time savings after 2030. This is still a relatively conservative assumption.
Central Impact Scenario	In the central scenario, we assume mitigation takes 3.5 years to develop. This is an average of the high and the low scenarios.
Estimating Familiarisation Costs	The reform guidance will be similar in nature to Natural England's existing guidance on the Nutrient Mitigation Scheme
Estimating impact on small and micro businesses	The % of micro and small developers affected by the reform is same as the % of new addresses in Nutrient Neutrality catchment areas. This is to compensate the lack of data pertaining to developers by catchment areas. This facilitates the calculation of monetised benefits.
Timeline for mitigation to develop in the counterfactual	Mitigation will begin to be developed from 2025 in the counterfactual
Date NRF begins operating	NRF is operational from 2026. This in line with the expected timeline for receiving Royal Assent but subject to parliamentary time.

Risks

Table 1.16: Key Risks

Risk description	Impact	Mitigation of Risk
Delivery Body is unable to progress Delivery Plans sufficiently quickly	Delays in making a Delivery Plan will reduce the effectiveness of the new approach as fewer developers will be able to benefit, it will also impact on the ability of the new approach to support the Government's housing	Identify Delivery Body as a priority and allow them to progress the development of first Delivery Plans ahead of legislation coming into place.

	targets. It is also possible that the delivery body doesn't achieve the expected benefits in terms of delivering a more efficient solution.	
Liability and responsibility for delivery shifting to public sector	The delivery of mitigation measures will no longer be on developers, but on the public sector Delivery Body. Whilst the intent is that developers fund this delivery, there is a risk that funding is not sufficient	Funding will be designed with a buffer to ensure that sufficient funds are available. The relevant Secretary of State will only allow Delivery Plans to go ahead where they are confident that they are capable of being delivered, this will include having a good level of confidence that developers will come forward to pay into the scheme and the ability to adapt to a range of possible development scenarios including amending rates.
Risk of external factors damaging environmental features and undermining recovery	External factors such as climate change could undermine nature restoration efforts.	This is also a risk under the current system. The Delivery Body will not be tied to ensuring any particular environmental outcomes (so will not for example be liable if external factors cause damage to a site within the Delivery Plan area) rather they must deliver the interventions as set out in the Plan. The Plan is capable of being revised if there are any significant changes to receptors.
Risk of legal challenge	Delivery Plans and subsequent development being challenged introducing cost and delay into the system	We will design the legislation to ensure that legal risk bites early in the process, on the Delivery Plan itself before development starts to rely on it, in this way insulating development as far as possible and minimising disruption.

Monitoring and evaluation

117. We intend to use a standard post-implementation review approach, undertaking a review five years after the regulations have come into force. We will monitor against the success factors set out above (environmental outcomes, development speed, time taken to produce a Delivery Plan and uptake by developers).

- **Housing monitoring:** Data on housing supply will continue to be gathered by Local Authorities and monitored by the relevant Secretary of State. Previous year comparisons will be available to illustrate the changes that the policy has had.
- **Environmental monitoring:** Natural England and the relevant Secretary of State have ongoing duties to monitor, for example, the condition of habitats sites.
- **Delivery Plan monitoring:** The Delivery Body will be required to monitor and report on the effectiveness of the measures it sets out in its Delivery Plan. This data will be to a

prescribed standard and reporting will be fully transparent. This can feed into wider monitoring of site and species condition.