



Strategic Compensation Studies

Compensation Lessons Learnt Report

Document Control

Revision	Author	Checked	Approved	Date	Description of change/status
1	Georgia Penrose, Paul Botterill, Martha Fitch-Little	Emily Goodman, Anna Tarbet		17 Dec 2025	First full draft
2	GP, PB	EG, AT		9 Jan 2026	Updated following comments received
3	GP, PB	EG, AT		19 Jan 2026	Updated following comments received
4	GP, PB	EG, AT		19 Jan 2026	Updated following comments received
5	PB	EG, AT		13 Feb 2026	Updated following comments received
6	PB	EG, AT		20 Feb 2026	Final clean draft

Reference: OWIC (2026). Compensation Lessons Learnt. OWEC SCS Report No. 9. A report produced by OWIC for the OWEC Strategic Compensation Studies (SCS) project.

About the OWEC Programme: This project forms part of the Offshore Wind Evidence and Change (OWEC) programme, led by The Crown Estate in partnership with the Department for Energy Security and Net Zero and Department for Environment, Food & Rural Affairs. The Offshore Wind Evidence and Change programme is an ambitious strategic research and data-led programme. Its aim is to facilitate the sustainable and coordinated expansion of offshore wind to help meet the UK's commitments to low carbon energy transition whilst supporting clean, healthy, productive, and biologically diverse seas.

About the OWEC SCS Project: The Strategic Compensation Studies (SCS) is a £3.5 million project running until the end of 2027 which forms part of the OWEC programme. Alongside OWEC funding, the SCS project is supported through financial and in-kind contributions from participating Offshore Wind Industry Council (OWIC) members.

Further information can be found via the [Strategic Compensation Studies](#) webpage.

Purpose of this Report: This report forms part of the SCS delivery mechanism and overarching work package (WP5) and aims to explore feedback from stakeholders on good practice, lessons learnt, and issues and opportunities from defining and implementing compensation measures thus far.

The workshop and interviews were undertaken at the end of 2025, prior to the Marine Recovery Fund Regulations 2025 coming into force and represent the stakeholder's understanding of the position at that date.

Contents

Executive Summary	1
1 Scope of this report.....	2
2 Evidence Gathering Approach	4
2.1 Workshop.....	4
2.2 Interviews.....	4
2.3 Data handling and transparency	5
3 Compensation Lessons Learnt.....	5
3.1 Lessons learnt from successes and stakeholders' positive experiences of compensation	6
3.1.1 Project-led compensation measures	7
3.1.2 Strategic or collaborative approaches to compensation.....	9
3.2 Lessons learnt from stakeholders' experience of challenges relating to compensation	11
3.2.1 Project-led compensation measures	12
3.2.2 Strategic or collaborative approaches to compensation.....	16
4 Action areas and priorities going forward	19
4.1 Overview of actions and priorities identified by stakeholders	19
4.2 Next steps and concluding remarks.....	28

Acronyms

Acronym	Term
AEoI	Adverse Effect on Integrity
ANS	Artificial Nesting Structure
BTO	British Trust for Ornithology
DCO	Development Consent Order
DESNZ	Department for Energy Security and Net Zero
Defra	Department for Environment, Food and Rural Affairs
HRA	Habitats Regulations Assessment
JNCC	Joint Nature Conservation Committee
MMO	Marine Management Organisation
NSN	National Site Network
RSPB	Royal Society for the Protection of Birds
SNCB	Statutory Nature Conservation Body
SPA	Special Protection Area

Executive Summary

With ambitious government targets around net zero and energy security, the offshore wind sector is set to expand significantly. This expansion of future developments means the derogation process is increasingly likely to be triggered, resulting in a greater need for compensation delivery to offset adverse ecological impacts. As such, there is a need for lessons to be learnt sector-wide from the compensation practice to date, which can then be used to inform how improved, more effective compensation can be delivered into the future.

This report has been written by Mindfully Wired Consulting on behalf of the Offshore Wind Industry Council-led Strategic Compensation Studies (SCS) project. It explores feedback from stakeholders on good practice, lessons learnt, and future opportunities from implementing compensation measures thus far. This report will be used to inform the future direction of the SCS project's work by providing an interim snapshot of stakeholder perspectives, and by offering a benchmark that will be used to assess progress at the SCS project's end in 2027. Beyond this, the findings of this report will be used to capture insights on how offshore wind compensation has changed over the duration of the SCS project and understand the impact of government interventions, like the Marine Recovery Fund (MRF) and environmental compensation measures reform.

Stakeholder feedback was collected through an in-person workshop and series of online interviews to collectively engage over 25 stakeholders representing Offshore Wind Developers, Environmental Non-Governmental Organisations, Statutory Nature Conservation Bodies, Other Arm's Length Bodies, Government Departments and other Marine Industries.

Through this engagement, a total of 14 key lessons learnt were identified, reflecting on both the project-led compensation approach undertaken thus far and forward to the strategic approach expected in the near future. These lessons were identified across the consenting process, from pre-application to delivery, and drew upon stakeholders' experiences, both positive and negative. The lessons cover inter-organisational working, the use and collection of data, and details of the compensation process at all stages.

Building on these lessons, stakeholders listed action and priority areas as key avenues for ongoing work relevant to both the SCS project itself as well as government, developers, and other stakeholders. This work has shown that there is clear appetite for improvement and good-will across the sector to collaboratively enact change, despite the complexity of the process.

1 Scope of this report

This report forms part of the Offshore Wind Evidence and Change (OWEC) programme, led by The Crown Estate in partnership with the Department for Energy Security and Net Zero (DESNZ) and Department for Environment, Food & Rural Affairs (Defra). The OWEC programme is an ambitious strategic research and data-led programme. Its aim is to facilitate the sustainable and coordinated expansion of offshore wind to help meet the UK's commitments to low carbon energy transition, whilst supporting clean, healthy, productive, and biologically diverse seas.

With ambitious government targets around net zero, the offshore wind sector is set to expand significantly. It is recognised that this expansion of future developments could mean the derogation process is increasingly likely to be triggered, resulting in a greater need for compensation delivery to offset adverse ecological impacts. As such, there is a need for sector-wide consideration on what lessons can be learnt from past practice around offshore wind compensation. These lessons can then be used to inform how improved, more effective compensation can be delivered into the future.

The term 'compensation' as used within this report refers to both that required through derogation under the Habitats Regulations, to offset any Adverse Effect on the Integrity of the National Site Network, and measures of equivalent environmental benefit (MEEB) required under the Marine and Coastal Access Act (MCAA).

The Offshore Wind Industry Council-led Strategic Compensation Studies (SCS) project, funded by the Offshore Wind Evidence and Change (OWEC) programme, within which this piece of work is being delivered, aims to investigate the effectiveness of potential strategic compensation measures through desk-based studies and practical pilots to increase confidence in measures and provide strategic compensation options for offshore wind plans and projects.

This report forms part of the SCS delivery mechanism and overarching work package (Work Package 5) and explores feedback from stakeholders on good practice, lessons learnt, and issues and opportunities from defining and implementing compensation measures thus far. To ensure impartiality in this evidence gathering process, Mindfully Wired Consulting, a cause-and-effect communications agency with 13 years' experience working across a variety of marine issues in the UK and further afield, were commissioned to facilitate and undertake this work as an independent party with relevant experience and expertise.

This report offers an interim snapshot of stakeholder perspectives which will be used to inform the future direction of the SCS project's work, offering a benchmark that will be used to assess progress at the SCS project's end in 2027. Beyond this, the findings of this report will be used to capture insights on how offshore wind compensation has changed over the duration of the SCS project and understand the impact of government interventions, like the Marine Recovery Fund (MRF) and environmental compensation measures reform¹. As such, the evidence gathering approach and structure of this report have been purposefully designed to enable replication and facilitate comparison as the SCS project draws to a close.

This report draws on stakeholder insights and experiences relating to project-led compensation, the predominant approach to date, as well as emerging collaborative and prospective strategic approaches. For the purposes of this report, project-led compensation is defined as measures proposed or delivered by a single project to compensate for the residual, adverse environmental impacts of that project.

Collaborative compensation refers to multiple projects working together to deliver environmental compensation. While there are currently only a few examples of inter-project collaboration on compensation, these early-stage initiatives offer valuable insights that can inform the more formal strategic approaches anticipated for roll out from late 2025, following the launch of the MRF.

Strategic compensation refers to measures delivered at scale, across multiple projects, and may include measures that can only be delivered by government. At the time of writing, a strategic approach to compensation has yet to be implemented for offshore wind developments. Accordingly, feedback focused on learnings from other marine industries and reflected on the process of developing the MRF. Feedback also explored stakeholders' views on the opportunities and potential pitfalls involved in strategic compensation-related government interventions, such as the MRF.

This report documents the key lessons learnt, both experienced 'successes' and 'challenges', involved in compensation thus far, with an eye to future developments around a more strategic approach. The report conclusions are guided by a solutions-oriented focus, highlighting key priority and action areas in need of greater consideration going forward – particularly the pathways identified by stakeholders as ways to enable a more effective and meaningful compensation system for offshore wind.

¹ References to the MRF refer to both the UK and Scottish MRFs, whilst references to environmental reform relate to both the proposed Environmental Compensatory Measures Reform in the UK ([Defra, 2025](#)) and the Strategic Compensation Policy for Offshore Wind in Scotland ([Scottish Government, 2025](#)).

By encompassing a wide variety of perspectives, this report seeks to capture the current position of stakeholders at this critical juncture in the compensation landscape. It aims to be broadly relevant across stakeholders in an accessible manner to facilitate understanding across areas of commonality and difference. In doing so, the report seeks to demonstrate where shared steps can be taken toward a more effective compensation system – within which the UK's offshore wind ambitions are successfully balanced alongside the need to protect and restore its rich marine and coastal biodiversity.

2 Evidence Gathering Approach

To collate stakeholder perspectives on compensation, the research team conducted a two-pronged approach to evidence gathering, undertaken between November and December 2025. This involved:

- 1) A whole-day, interactive **workshop** held with offshore wind developers.
- 2) A series of online **interviews** conducted with other stakeholders engaged in the offshore wind compensation system.

2.1 Workshop

Insights from offshore wind developers (henceforth referred to as 'developers') were gathered through a one-day workshop held in London, with participation from 15 representatives of 9 developers working on projects across the UK. These representatives had a range of experience developing and implementing different types of compensation measures.

Developers were led through a set of interactive activities to obtain insights on the major 'successes' and significant 'challenges' from project-led compensation thus far, in addition to their engagement with more novel strategic or collaborative approaches. They were also asked about key 'action areas' or priorities that need addressing going forward. The interactive approach of the workshop enabled discussion between developers and allowed for synthesis around key areas of feedback.

2.2 Interviews

To gather feedback from other stakeholders, a series of 13 semi-structured, one-to-one interviews were undertaken with representatives of organisations working across the compensation system. The organisations represented by interviewees can be broadly categorised into the following stakeholder groups:

- Environmental Non-Governmental Organisations (eNGOs)
- Statutory Nature Conservation Bodies (SNCBs)
- Other Arm's Length Bodies (ALBs)
- Government Departments
- Marine Industries
- Offshore Wind Developers (i.e. those unable to attend the in-person workshop)

These stakeholders were sampled purposively, with the intention of capturing a range of perspectives on and experiences of compensation. The interviews also sought to gather insights on the same lessons learnt on the compensation system to date, again covering compensation 'successes' and 'challenges' (across both project-led, collaborative and strategic approaches to compensation), as well as key 'action areas' and priorities. Held online, these interviews were transcribed and subsequently synthesised by the research team to draw out key areas of feedback and common themes that arose within each stakeholder group.

2.3 Data handling and transparency

All stakeholders' feedback has been anonymised according to 'Chatham House rules' – i.e. feedback is not attributable to any one individual or organisation but is instead referred to as part of a collective stakeholder group (i.e. eNGOs). To ensure evidence gathering was conducted ethically, stakeholders were also informed that they were free to contact the research team to amend or add to their responses following their engagement at either the workshop or via interview.

3 Compensation Lessons Learnt

Rather than capturing every detail of the feedback provided within the evidence gathering process, this report aims to summarise feedback in a clear and concise manner. As such, the findings here represent an overview of key lessons learnt, rather than a conclusive account, and highlight significant areas of consensus and/or division between different stakeholder groups.

Where relevant, stakeholders were also encouraged to identify which stage of the consenting process their comments related to (pre-application, examination, decision, or implementation/delivery). This is noted throughout the chapter that follows in brackets.

3.1 Lessons learnt from successes and stakeholders' positive experiences of compensation

To capture lessons that could be learnt from positive experiences with compensation to date, stakeholders were asked to detail instances where the compensation system had worked well, pin-point examples of best practice and highlight what they considered key areas of success.

Stakeholders identified these positive lessons learnt across the consenting process, relating to their experience with project-led compensation and their views on strategic approaches (see figure 1. below).

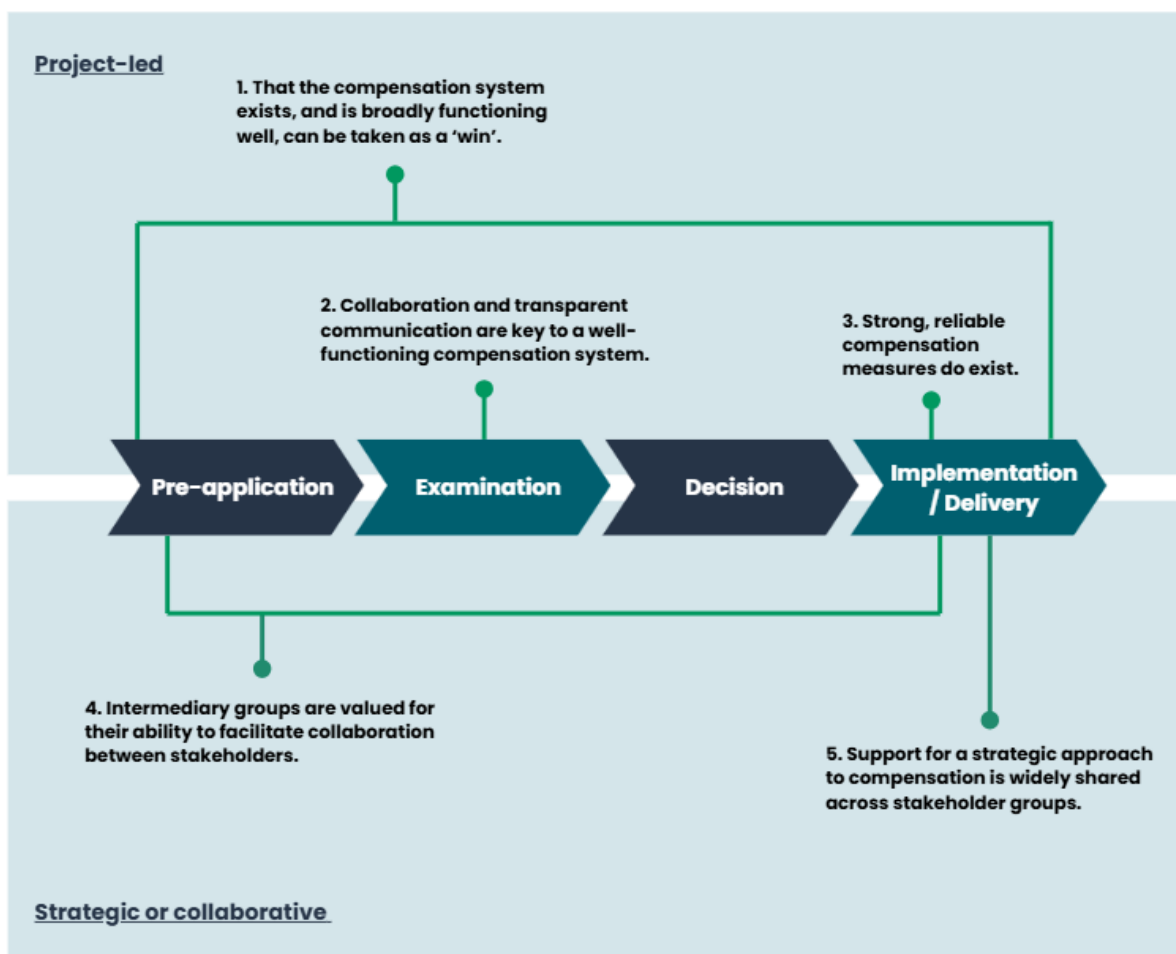


Figure 1. Overview of the key positive compensation lessons learnt, identified by stakeholders across the consenting process.

3.1.1 Project-led compensation measures

Lesson Learnt 1: That the compensation system exists, and is broadly functioning, can be taken as a 'win' (all stages)

That compensation was occurring at all was considered by **eNGOs** as a 'major win'. Emphasising this, they reflected on a sense that marine planning and the Habitats Regulations had remained effective in the marine space, which they stated was not always true in respect to terrestrial spatial planning. Further, given the recent acceleration in the scale and ambition of Offshore Wind development, **eNGOs, ALBs, and government departments** all reflected that they felt as though the marine consenting system, and compensation within this, was relatively robust and broadly holding up to the strain – even though, they accepted, the extent of offshore wind projects currently going through the consenting process had led to delays. Despite this broad functioning, **all stakeholders** expressed concerns with aspects of the current system which are covered later in this report.

Nonetheless, **all non-industry stakeholders** reflected that the requirement for compensation and use of the derogation process has been relatively rare. Resultantly, **SNCBs** reflected, this has meant regulators are still learning 'on the hoof' in terms of facilitating both project-led and strategic compensation.

Lesson Learnt 2: Collaboration and transparent communication are key to a well-functioning compensation system (examination stage)

Across all stakeholders, effective collaboration and communication were cited as essential factors in allowing the compensation system to work well. Examples of where this collaboration and communication had been functioning best, however, varied between groups.

All non-industry stakeholders identified that successful compensation depended on early, collaborative engagement between the different stakeholders involved in the consenting process – with this improving outcomes and helping to reduce risk. Additional factors identified as supporting examinations progress smoothly, with minimal dissent, included:

- Making sure that all relevant expertise was considered and integrated at an early stage.
- Ensuring clear aims were outlined at the outset, i.e. regarding compensation need.
- Making sure advice given, i.e. from SNCBs and eNGOs, was taken seriously and considered at an early stage.
- Having compensation measures developed as fully as possible at the application stage (i.e. high quality in-principle compensation plans).

Government departments noted that, with the latest round of projects, these factors have been more thoroughly addressed, with collaboration between developers on compensation measures viewed as having supported this – allowing the upfront costs and risk associated with compensation to be shared between developers.

Some developers praised the effective communication they experienced with Defra and DESNZ, highlighting that this was a result of their more strategic, holistic view on and understanding of the need for offshore wind. They noted that this was rooted in an ability to put the broader need for offshore wind front-and-centre due to their distance from the detailed challenges that arise within the process. This ability to take a broad view on compensation was also recognised by **government departments** themselves. With government departments reflecting that recent changes toward greater cross-government working had enabled them to take a more strategic, rather than piecemeal, approach.

Whilst **developers** did not cite their experience with eNGOs as wholly positive, they did cite examples of where they had collaborated effectively on specific projects. Further, they noted that eNGOs had become more open to having strategic-level conversations around compensation, rather than purely operational ones. As their negative experiences working with eNGOs related to tensions surrounding compensation in the examination stage, and eNGOs recent decision to withhold collaboration until the MRF was launched, they hoped that the advent of a more strategic approach would further support more collaborative engagement. Similarly, **eNGOs** themselves highlighted their relationship with developers in a positive light. They noted that they had come to view developers as ‘on the same side’ in the fight to address the climate and nature emergencies and were more ambitious than other industries. Supporting this, they said, had been industry-led and cross-sector workshops, such as those led by OWIC.

SNCBs also reflected on the tension that often characterised their relationships with developers, with **developers** themselves also noting their engagement with SNCBs in the same vein. **SNCBs** noted that whilst frameworks exist to ease relationships with developers in the examination stage, successful outcomes tend to be determined by the specific relationships, motivations, and individuals involved in the process. Significant in supporting success, they stated, was working with developers who had environmental stewardship at the core of their corporate identity. Beyond this, they cited developers having sufficient internal expertise, or leaning on consultants who provided this, and being open to accepting external input as factors that supported better engagement in the examination stage.

Lesson Learnt 3: Strong, reliable compensation measures do exist (implementation/delivery stage)

Reflecting on the success of existing compensation measures, both **eNGOs** and **developers** highlighted that predator eradication programmes had worked well – citing, as best practice examples, eradications on Lundy Island and the Isles of Scilly (noting these were not delivered as compensation). Key to enabling the success of this measure, they said, was the availability of long-term funding, effective community engagement and participation, and biosecurity planning. **Developers** also noted that predator eradication was viewed as successful as it offered a high degree of certainty (due to a clear causal chain), allowing them to discharge their compensation requirements under derogation with confidence.

Nonetheless, **eNGOs** cautioned that, despite its effectiveness, the outcomes of predator eradication are not guaranteed – noting that, as with any conservation or restoration intervention, there is always the possibility that external, environmental factors could undermine success. In connection, they noted, there is also a risk that compensation measures do not benefit the intended beneficiary species, with the benefits of predator eradication, for example, instead experienced by a secondary species.

Developers also noted instances where project-led measures, i.e. artificial nesting structures, had subsequently been expanded to become more collaborative. Predator eradication was also similarly highlighted as a measure that was easily scalable. Both **developers** and **ALBs** emphasized that successful cooperation and collaboration between developers, SNCBs and eNGOs was key in allowing this to take place.

3.1.2 Strategic or collaborative approaches to compensation

Lesson Learnt 4: Intermediary groups are valued for their ability to facilitate collaboration between stakeholders (all stages)

Shared amongst **all stakeholders** was a view that the continuing work of OWIC had been valuable. They noted that its work in fostering constructive engagement and problem-solving between stakeholders had built trust, despite their differences in opinion. Despite being an industry body, stakeholders emphasised that they viewed OWIC as a pragmatic, adaptable organisation that had been helpful in driving major improvements in the compensation system forward. Beyond OWIC, other groups and initiatives, such as the North East and East Ornithology Group, were highlighted as having helped facilitate similar processes – bringing a range of stakeholders together to enable progress on compensation in a pragmatic and non-conflictual manner. **eNGOs** reflected that these collaborative endeavours have allowed development of compensation measures to progress faster by facilitating collective transparency and candid, open discussions.

Additionally, **developers** and **government departments** both stressed the positive role of OWIC in facilitating pre-competitive collaboration between developers, encouraging a more transparent approach and greater information sharing to progress certain measures.

Lesson Learnt 5: Support for a strategic approach to compensation is widely shared across stakeholder groups (implementation/delivery stage)

All stakeholders highlighted the importance of pursuing a more strategic, coordinated approach to compensation, with this viewed as having the potential to be more effective and credible than the piecemeal, project-led approach to date.

Whilst **developers** voiced frustration around the long wait for and associated uncertainty around the MRF's establishment, the fund itself was wanted and viewed as sorely needed by **all stakeholders**. Stakeholders cited a hope that the MRF would simplify the compensation system by shifting responsibility for compensation away from developers and on to an MRF operator. This, they hoped, would help streamline examinations and thereby reduce uncertainty around and delays in projects being consented. Removing the liability for compensation from developers was also viewed as a sensible step forward, however, stakeholders noted that they remained uncertain around how exactly this would work in practice. **Developers** also cited that the MRF being government-led, rather than spearheaded by developers, had allowed there to be high stakeholder buy-in and trust regarding the process.

Developers also noted that the MRF could help reduce and simplify the cost they are required to spend on compensation. Additionally, alongside **eNGOs**, they hoped that a strategic approach would ease some of the disagreement around compensation that currently causes delays in the consenting process.

Developers, eNGOs, and government departments also cited the potential of the MRF regarding its ability to deliver compensation at scale, in a way only possible through a government-led approach. For example, they noted the potential benefits that could be enabled by compensation for impacts to benthic (seabed) habitats through Marine Protected Area (MPA) designation or expansion. Further, **developers** highlighted that the MRF offered an avenue through which wider measures could be pursued in greater earnest.

Nonetheless, given the MRF and its strategic approach to compensation are yet to operate in practice, **all stakeholders** emphasised that the ‘proof will be in the pudding’. Stakeholders noted that it will only be when the MRF is practically delivered, with full legislation in place and the MRF operator online, that a full assessment of its effectiveness can take place.

3.2 Lessons learnt from stakeholders’ experience of challenges relating to compensation

To identify lessons learnt from aspects of the compensation system that had not worked well, stakeholders were asked to identify key challenges they had faced within the compensation system, including barriers or roadblocks and significant examples of ‘failures’.

Again, lessons learnt from negative experiences with compensation were examined across the consenting process and related to both stakeholders’ experience with project-led compensation and their views on strategic approaches (see figure 2. below).

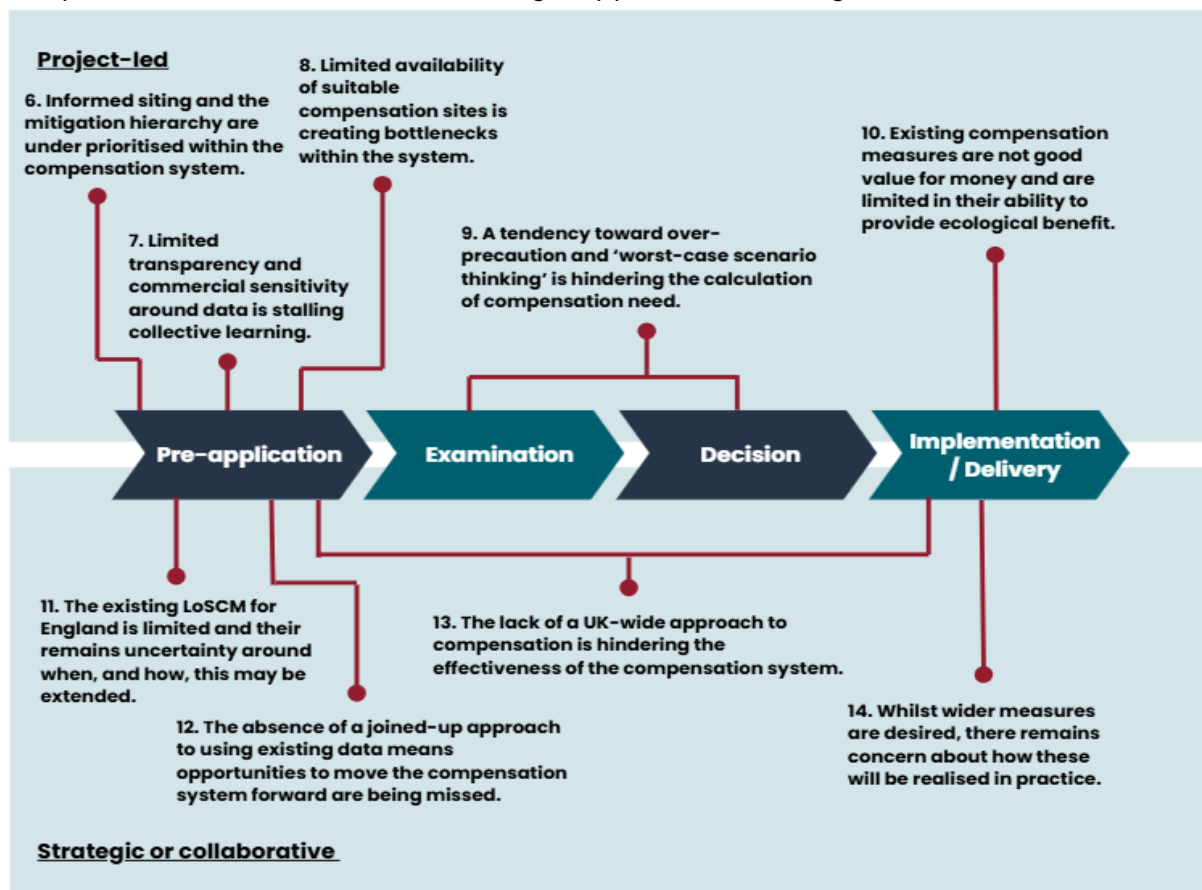


Figure 2. Overview of the key challenge-related compensation lessons learnt, identified by stakeholders across the consenting process.

3.2.1 Project-led compensation measures

Lesson Learnt 6: Informed siting and the mitigation hierarchy is under prioritised within the compensation system (*pre-application stage*)

Both **eNGOs** and **government departments** highlighted they felt avoidance, as part of the mitigation hierarchy, had not been recognised or prioritised enough across the compensation system, not just by developers. They felt that derogation, and thus compensation, had increasingly been viewed as a ‘silver bullet’ rather than a last case resort. **eNGOs** noted that through focusing more on avoidance the consenting process would be made smoother in the examination stage, easing some of the existing tension between stakeholders relating to compensation.

Government departments emphasised that responsibility for addressing this lies with The Crown Estate and other bodies, with there being a greater opportunity for siting and leasing in areas that mitigated adverse ecological impact and the need for compensation. Similarly, **marine industries** added that more could be done on identifying opportunities through which to reduce the need for compensation at an earlier stage – noting that, thus far, there had been the lack of a forum within which these discussions could occur.

Lesson Learnt 7: Limited transparency and commercial sensitivity around data is stalling collective learning (*pre-application stage*)

Whilst **developers** and **government departments** noted that in many cases collaboration between stakeholders has been improving, **eNGOs** highlighted the difficulty around accessing project information from developers, noting that requirements around confidentiality, and developers desire to maintain competitive advantage, was stalling data sharing and assessment of whether compensation is working. Similarly, **developers** also noted a missed opportunity around collaboration with SNCBs, noting that their hesitance to collaborate was hindering their ability to benefit from SNCBs expertise. This **ALBs**, added, was part and parcel of the disagreements relating to advice around potential impact to habitats, with a lack of transparency around evidence-use creating this roadblock.

eNGOs also reflected on challenges around internal coordination, where different parts of the organisation may simultaneously oppose and collaborate with the same developer, and the impact this may be having on stalling collaboration on data due to an absence of trust.

As a solution, **SNCBs** noted that increased, standardised transparency would help speed up the compensation and consenting process, perhaps working through a strategic lever like the MRF. Similarly, both **ALBs and Industry** both suggested the importance of independent data collection, potentially facilitated by the government, to resolve these disputes around data within the examination process. The Crown Estate's Marine Data Exchange (MDE) was identified by **developers** as a potential mechanism for data sharing. However, they noted frustration over the lack of data standardisation currently involved in how data is collected and inputted into the MDE, resulting in challenges for stakeholders in accessing and using these datasets.

Lesson Learnt 8: Limited availability of suitable compensation sites is creating bottlenecks within the system (examination and decision stages)

Given the present statutory requirements to deliver like-for-like compensation, **developers** highlighted difficulties experienced around additionality² and accessing the limited number of sites suitable to discharge their compensation requirements. Given the site-specific nature of some compensation measures, particularly those relating to seabird habitats, they noted there was a risk that the sector might reach a point where there was insufficient site capacity to deliver compensation. Part of this, they reflected, could be attributed to the distribution of sites across the UK and difficulties in accessing sites across different devolved nations (as detailed in section 3.2.2).

Separately, **eNGOs** also noted that the limited number of sites available for like-for-like compensation, amplified by the competitive nature of the industry, has led to tensions around developers 'picking off' local landowners or wildlife organisations to secure compensation and get projects consented quickly. Similarly, this approach was also felt to be less effective than a more strategic approach, as the site-specific nature of the compensation process undermines the ability to pursue more ambitious, strategic measures.

Both **eNGOs** and **developers** were hopeful that the more strategic approach embodied by the MRF would help mitigate these issues. Further, **developers** cited that pursuing wider, non-like-for-like measures would help address the issue, and future risk, of insufficient site capacity.

² The principle of 'additionality' refers to the specification, within existing guidance and practice, that compensatory measures should go beyond the normal or standard measures required for the designation, protection and management of protected sites (Defra, 2025). In other words, compensatory measures should be additional to normal practice.

Lesson Learnt 9: A tendency toward over-precaution and ‘worst-case scenario thinking’ is hindering the calculation of compensation need (*examination and decision stages*)

Developers noted that they felt current compensation methodologies had become overly precautionary, sometimes involving double counting and limited grounding in observed impacts. They noted that even though clear methodologies exist to calculate compensation, the confidence limits required within this had recently increased. Similarly, they reflected that difficulties around having sufficient real-world data, obtained through monitoring, to use in their modelling of projects impact had resulted in tensions around calculating compensation.

Whilst understanding the motivations of SNCBs and eNGOs for being risk-averse and applying precaution, **developers** felt as though this had become prohibitive, with shifting expectations during examination and insufficient clarity at pre-application stage. They highlighted that these issues had led to developers accepting unnecessarily high compensation requirements to avoid delay in securing consent. Beyond this, they also expressed frustration that the ‘good of offshore wind’ had been lost in disagreements around compensation calculations.

eNGOs and ALBs also noted the difficulty in balancing the need for flexibility, due to long lead times on projects and lack of certainty around project scope/size. They attributed these as factors ‘forcing’ advisors to issue more precautionary advice and take a ‘worst case scenario’ approach, despite this being unlikely. **ALBs** also reflected a tendency amongst SNCBs to amend conservation advice without sufficient communication, i.e. changing the status of the SAC, causing confusion as developers were having to race to adapt compensation provision within their applications accordingly. High staff turn-over in organisations, such as SNCBs and within the Civil Service generally, they said, could be exacerbating these issues, an issue that **developers and SNCBs** also emphasised.

Developers emphasised that clearer communication around data requirements and evidence thresholds are needed to define when impacts trigger compensation and what evidence is required. Further, they suggested that provision of independent evidence from a non-industry source would help increase the trust eNGOs and SNCBs had in the compensation calculations put forward by developers.

Lesson Learnt 10: Existing compensation measures are not good value for money and are limited in their ability to provide ecological benefit (*implementation/delivery stage*)

Developers and **eNGOs**, among others, highlighted the incredible expense entailed with current compensation pricing, with developers citing expense of up to £200,000/bird impacted. **ALBs** also reflected that disagreements around compensation calculations had led to developers delivering costly ‘without prejudice’ compensation packages that ultimately may be unnecessary, depending on the Secretary of State’s consent decision.

Both **developers** and **eNGOs** agreed on a desire that this money be spent more effectively, on measures that are known to work and deliver positive ecological impacts. Regarding this, they felt there was a need for a new approach, be it through a strategic approach or wider measures, to redress the balance between money spent and the realised ecological benefit of compensation. Whilst they felt that the cost of compensation was increasingly understood by non-industry stakeholders, **developers** emphasised a need for greater collaboration to ensure that if this money needed to be spent, it delivered the maximum amount of benefit for marine ecosystems. Further, developers highlighted that given the cost of compensation is inevitably passed on to consumers, the public would also demand that this money be most effectively spent if they were aware of how inefficient current compensation pricing was.

Separately, **all stakeholders** highlighted the existing limitations associated with like-for-like measures, noting they were overly specific. Some **SNCBs** noted that the rigidity of the derogation requirements had limited ‘out of the box’ thinking, potentially preventing exploration of more effective measures for some seabirds, for example. Further, they highlighted that equal application of these requirements, irrespective of project size and impact has stalled innovation, missing an opportunity to test alternative approaches through smaller projects.

All stakeholders suggested a need for an approach that provides wider ecological benefits, which does not focus solely on seabird breeding sites, and that could tackle broader environmental pressures, i.e. relating to fishing pressures on seabird prey species or bycatch. **eNGOs** cited these broader ecosystem-wide pressures as the limiting factor for many seabird species, meaning that many habitat-focused compensation measures simply provide “more places to starve” rather than addressing the root causes of the threats to species. Relatedly, **developers** highlighted frustration at wider compensatory measures (Tier 2 and 3 measures^{3 4}) being ‘gatekept’ for the MRF and expressed the need for developers to be able to progress these independently.

³ <https://www.gov.uk/government/consultations/offshore-wind-environmental-compensation-reforms>

⁴ <https://www.gov.scot/publications/policy-document-strategic-compensation-consultation/pages/5/>

Separately, **government departments, eNGOs, and marine industries** also highlighted that questions remain as to whether compensation is going to last for the lifetime of projects. They stated a need for development of a more holistic, long-term view on this to provide additional confidence across the compensation system.

3.2.2 Strategic or collaborative approaches to compensation

Lesson Learnt 11: The existing Library of Strategic Compensation Measures (LoSCM) is limited and there remains uncertainty around when, and how, this may be extended (pre-application stage)

With only 3 measures in Defra's Library of Strategic Compensatory Measures (LoSCM) ([Defra, 2025](#)), **all stakeholders operating in England and Wales** felt the lack of options may result in the potential for missed opportunities. However, stakeholders were broadly supportive of the measures currently outlined, notably the option of MPA extension or designation to compensate for benthic impacts.

That said, **developers** highlighted that they remained unclear around how much guidance would be available to support use of the MRF and how the MRF operator would assign compensation needed for specific projects to spend on compensation measures. Further, they emphasised a worry that the MRF would not function effectively. Noting the lack of clarity around what would and wouldn't be listed in the LoSCM, this could mean developers would be forced to pursue project-led approaches to effectively discharge their compensation requirements. This, they viewed, would be a substantial missed opportunity. **eNGOs** cited similar concern, particularly around predator eradication which, whilst listed in the LoSCM, is still undergoing a 2-year trial meaning it is not yet ready to be practically deployed.

Also recognising this, **ALBs** noted that there was a need for a clear roadmap towards widening measures in the LoSCM, and for ensuring that the MRF remained cost-effective – something also highlighted by **developers**. On this, the ALBs stressed the work of COWSC on compensation options as something that should be drawn on. Further, **ALBs** stressed that they needed to be involved with the MRF from the outset, to ensure that listed measures were both regulatable and licensable.

Further, both **SNCBs** and **marine industries**, highlighted that some listed measures for seabirds, such as Artificial Nesting Structures (ANS) for kittiwake, held potential for other species too, so needed to be extended accordingly. Additionally, **SNCBs** emphasised that for measures, like ANS, it was important to set out stock of existing provision prior to providing more at great expense.

Government departments recognised this need for additional clarity, stating that work was being done to bring this about. They also emphasised that they were exploring measures outside of those presently listed in the LoSCM but stated that given their inclusion required Secretary of State sign-off, this was ultimately a political decision.

Lesson Learnt 12: The absence of a joined-up approach to using existing data means opportunities to move the compensation system forward are being missed (*pre-application*)

eNGOs and **developers** highlighted a major funding gap around research on and trialling of compensation measures, noting that this evidence base was essential to both establish new measures and monitor the effectiveness of those that exist. **eNGOs** highlighted examples of this research taking place, such as that of the Seabird Monitoring programme, but emphasised that often these projects have had to be managed on a shoestring budget, thereby limiting their ability, scope and scale. As a result, they stated, this is undermining the offshore wind sector's collective ability to make evidence-informed decisions and implement change. They highlighted that improved developer support on this, through provision of funding, would help also support developers' own baseline evidence needs.

Reflecting on past instances of collaboration on monitoring, **SNCBs** highlighted that developers operating on different timelines had caused collaborative endeavours to fall through – as developers did not want to be constrained by a process over which they had minimal control. Further, they highlighted that developers should take the first step in proposing monitoring plans, as the ability to achieve this is dependent upon their resource and financial capacity to deliver it.

eNGOs also reflected that the use of consultants, who deliver present work tailored specifically to a developer's needs, has led to a general lack of joined-up data sharing across the network – something that could be attributed to the non-systematic or 'short-term' view required by the pressure to simply get projects consented. **Government departments** noted that a lack of standardised condition writing, failing to require publication of monitoring data, had also contributed to this. In a similar vein, **developers** also emphasised a desire to make better use of existing evidence and data. They highlighted the potential for a strategic evidence, monitoring and research infrastructure, pulling on existing and emerging data, to sit alongside the MRF. This, they stated, could build on the Marine Data Exchange (MDE), increasing its accessibility, which could be funded via the MRF. **Government departments** also highlighted the potential for better use of the MDE and noted a need for standardised conditions to enable data to easily be contributed to the MDE.

Lesson Learnt 13: The lack of a UK-wide approach to compensation is hindering the effectiveness of the compensation system (*all stages*)

Both **developers** and **SNCBs** highlighted difficulties arising due to an absence of a joined-up approach to compensation between the UK's devolved nations, notably due to differences in legislation applicable in Scotland vs England and Wales.

Developers expressed frustration at the lack of a UK-wide approach to compensation, noting the different provision of measures offered in Defra's LoSCM vs that currently being developed under the Scottish MRF. They highlighted the difficulty in working across the two different jurisdictions and thereby needing to navigate two different MRFs. Relatedly, they also noted their frustration in the two jurisdictions being at different stages in their consideration of wider measures – with Scotland exploring strategic measures, based upon 5 work themes, in addition to wider measures within both its MRF and for use at the project-level.

The issue of compensation capacity and sites being earmarked solely for use by projects developed in that jurisdiction (i.e. Scottish sites for Scottish projects only) were raised by both **developers** and **SNCBs**. Both noted that, as a result of specific habitats and species being distributed primarily in Scotland, this has hampered the ability of some English projects to effectively discharge their compensation requirements, particularly with seabird breeding sites and provision of predator eradication. As a result, **developers** noted this has generated a shortage of sites, increasing competition which has not eased their relations with landowners. Exacerbating this, they stated, was the use of suspensive conditions allowed in Scotland, allowing projects to progress without clearly outlined compensation plans which has allowed projects with large compensation needs to progress. Whilst many developers expressed that the suspensive condition being applied in England too would ease the consenting process, they highlighted that this has resulted in a potential shortage of compensation capacity in Scotland – as sites have been earmarked so as to protect sites for the associated expected compensation need. Developers, however, expressed that the provision of the MRF would ease their experience with these cross-jurisdictional difficulties. That said, they noted that this problem would likely remain and be experienced by the MRF operator instead.

Further, **SNCBs** expressed concern, due to a lack of clarity on the above, on how compliance, monitoring and adaptive management would be handled in instances where English projects required Scottish sites to discharge their compensation (or vice versa). They also highlighted a lack of clear, standardised processes across devolved nations for reviewing projects with cross border impacts.

Lesson Learnt 14: Whilst wider measures are desired, there remains concern about how these will be realised in practice (*implementation/delivery stage*)

Wider measures were raised by **all stakeholders** as having potential to improve outcomes but in need of further work to offer clarity and certainty. **Developers** highlighted that while like-for-like measures technically 'do the job', they miss out on opportunities to contribute to wider nature recovery which wider or novel measures could contribute towards. **Government departments** also highlighted that wider measures were needed and could be drawn on when like-for-like measures were exhausted – looking to those such as water quality or fisheries measures that benefit the wider National Site Network or increase wider ecosystem resilience. They noted that the recent environmental compensation measures reform sought to unlock the use of more novel measures and anticipated that further progress on wider measures would take place once the government response was publicised. **Some government departments** have subsequently stated that fisheries measures are not currently being explored as part of these reforms.

All stakeholders pointed to potential practical difficulties around how to equate adverse ecological impact with wider measures, emphasising this has potential to exacerbate issues around uncertainty. Similarly, they all noted concerns relating to the legislative difficulties of implementing wider measures, citing this as a major area in need of ongoing work moving forward – with **government departments** noting that legislation on the matter was still being drawn up.

eNGOs, SNCBs, government departments and **ALBs** all emphasised the need for more trials of wider measures to demonstrate their efficacy, citing examples where previous novel measures had not worked well, i.e. marine litter removal. They all cited the work of OWEC's SCS project as an effective avenue through which these wider measures could be tested and further work on equivalence could take place, stating this was essential to ensure that any formally-proposed wider measure was realistic and had proven effectiveness (as required under the Habitats Regulations).

4 Action areas and priorities going forward

4.1 Overview of actions and priorities identified by stakeholders

Throughout the workshop and interviews, stakeholders were given the opportunity to suggest and prioritise actions in response to the challenges identified. The table below summarises the key actions and priorities identified. Responsible parties and a timeline for actions were not agreed upon as part of the engagement and so have been omitted here.

Table 2: Overview of priorities and action areas identified by stakeholders to address key challenges within the compensation system.

Key Challenge	Priority or action areas	Stakeholder backing
The existing Library of Strategic Compensation Measures (LoSCM) is limited and there remains uncertainty around when, and how, this may be extended.	1. Adoption of broader, sometimes novel, measures with urgency (in an ideal world, pre-empting the launch of the Marine Recovery Fund/Statutory Instrument).	<i>Developers.</i>
	2. A collaborative approach in including further measures , drawing upon research and trials in addition to SNCB and eNGO expertise.	<i>Developers, eNGOs, SNCBs, Government Departments, Marine Industries.</i>
	3. Need for supportive and legislative progress and refinement , with reform to elements of the legislation that prevents rapid, evidence-based additions of new measures. Existing measures need to be broadened in scope, i.e. seabird measures, and the MRF needs to be flexible enough to adapt as and when SPA objectives are met.	<i>Developers, ALBs, Government Departments.</i>

Key Challenge	Priority or action areas	Stakeholder backing
	4. Thresholds and boundaries for wider measures need to be adjusted to enable scaling and progress , with the bar to entry into the LoSCM lowered. Relatedly, risk tolerance needs to be raised across the compensation system, reducing reliance on numbers and accepting that failures are part of the route toward progress.	<i>Developers.</i>
Whilst wider measures are desired, there remains concern about how these will be realised in practice	5. A broader focus to be inclusive of wider and non-like-for-like measures is needed , taking an ecosystem-based view to measures rather than a focus on specific species. Collaboration, innovation and trialling are needed to achieve this. This should be needs-based and prioritised with urgency.	<i>Developers, ALBs, Government Departments.</i>

Key Challenge	Priority or action areas	Stakeholder backing
	6. Guidance and government backing are needed to support this, with further work needed to develop clear standards to link ecological impacts and wider measures. This could be facilitated by trialling initiatives and the potential creation of an independent body. Legislative reform is also needed to enable greater flexibility and allow smaller projects to proceed with more novel approaches to compensation.	<i>Developers, eNGOs, ALBs, SNCBs, Government Departments.</i>
	7. Need for clear articulation of remits and roles during the ideation stage on novel measures, to ensure that ideas are 'right' prior to being further developed. Further, a need for greater clarity around what compensation intends to deliver.	<i>SNCBs, Marine Industries.</i>

Key Challenge	Priority or action areas	Stakeholder backing
	8. Need for clear monitoring structure around wider measures, to ensure projects are not set up to fail , particularly with climate change resulting in greater change and less certainty within the marine environment.	<i>Government Departments, Marine Industries.</i>
	9. Need for a more holistic, interconnected approach to broadening compensation measures, drawing upon best practice from other industries and stakeholder expertise from across the system. Notably, drawing on eNGO and SNCB 'wish lists' of desired projects and connecting compensation to wider initiatives such as Marine New Gain were noted.	<i>Developers, Government Departments.</i>

Key Challenge	Priority or action areas	Stakeholder backing
A tendency toward over-precaution and 'worst-case scenario thinking' is hindering the calculation of compensation need	10. Imperative to redress the cost-benefit equation around precaution , in particular in compensatory calculations. Stakeholders across the compensation system need to be aware of the prohibitive nature of this, however, development of adaptive management may ease this in due course.	<i>Developers.</i>

Key Challenge	Priority or action areas	Stakeholder backing
	11. Monitoring needs to be effectively translated into evidence and guidance to address knowledge gaps fuelling precaution. Improvements to strategic monitoring and evidence gathering to answer key questions, improved utility of the Marine Data Exchange, agreed standards developed via stakeholder workshops, and clear application of methods/data to reduce the uncertainty around compensation calculation would assist this. An independent, government arbitrator, or the Secretary of State, could help facilitate this and resolve conflicts relating to compensation figures.	<i>Developers, eNGOs, ALBs, Government Departments.</i>

Key Challenge	Priority or action areas	Stakeholder backing
	12. Transparency and bridge building are essential to enable over-precaution to be addressed , with a greater focus on building institutional knowledge within organisations to support greater risk taking. Drawing on best practice examples of transparency, for example that demonstrated by the Scottish Offshore Wind Energy Council.	<i>Developers, eNGOs.</i>
The absence of a joined-up approach to using existing data means opportunities to move the compensation system forward are being missed	13. An improved, more accessible, evidence base would help to 'oil the wheels' of the system – including funding, from developers in particular, for research and improved capacity of the research system around compensation (e.g. more ecologists and research platforms). Greater use of existing data contained within the Marine Data Exchange through developing this interface could be enabled by use of the MRF, for example.	<i>Developers, eNGOs.</i>

Key Challenge	Priority or action areas	Stakeholder backing
	14. Coordination between ongoing work underway led by different organisations, research, and working groups to ensure duplication of effort is avoided where possible, to ease transfer of knowledge, and support collective learning. For example, developing a UK-wide register would assist this, and also enable tracking of whether compensation is working.	<i>eNGOs, SNCBs, Government Departments.</i>
The lack of a UK-wide approach to compensation is hindering the effectiveness of the compensation system	15. Governmental agreement needed around a unified policy across the UK , regarding both legislative consistency and shared aims/ambitions. In particular, a need for a shared approach to compensation measures across devolved nations.	<i>Developers, eNGOs.</i>
	16. Need for coordinated research across the UK's four nations , to mirror the transboundary distribution and mobility of key species impacted by offshore wind.	<i>Developers, eNGOs.</i>

4.2 Next steps and concluding remarks

As outlined at the outset, the findings of this report will be utilised to inform the future direction of the SCS project's work and provide a benchmark against which progress to a quicker, more ecologically effective compensation system will be assessed at the SCS project's close in 2027. The report will be utilised to understand how offshore wind compensation has evolved over the project's duration, specifically in relation to the impacts of government interventions such as the MRF and environmental compensation measures reforms. Given the extent of change expected to be triggered by the delivery of the MRF, the findings of the subsequent assessment and comparison in 2027 stand to provide an exciting snapshot of how the compensation system has evolved, hopefully for the better.

Beyond this, the findings of this report indicate two clear next steps for ongoing work to support improvements to the effectiveness of the compensation system:

- 1) **Further work can be undertaken to assign timelines and prioritise the key actions and priorities outlined above**, including ordering these based upon urgency and their level of complexity. Conducting this further research, alongside stakeholders, would allow for a clear roadmap to set out and provide a greater level of certainty to stakeholders of how feasible, and when, actions may be likely taken.
- 2) Relatedly, **further work can be undertaken to assign responsibility for these key actions and priorities**. Again, through engagement with stakeholders, further research to attribute action owners who hold responsibility for ushering change would support additional sketching out of a clear roadmap for change.

Whilst these steps fell outside of the scope of this work, the findings detailed within this report suggest that responsibility for improving the compensation system likely sits across all stakeholder groups – with government, in addition to developers, SNCBS, eNGOs, and others. They also highlight that a coordinated approach and shared commitment to making compensation work, particularly at a strategic level, will be the key to future success. The evident goodwill between stakeholders, examples of bright spots, and a shared ambition amongst all to make compensation effective, for both the offshore wind industry and the UK's marine and coastal ecosystems, offer hope that this can be achieved.