



Report to the Partnership for South Hampshire Overview and Scrutiny Committee

Date: 13 January 2021
Report of: David Bibby, Principal Planning Officer (Strategy),
Test Valley Borough Council
Subject: PFSH Nutrient Neutrality Update

Summary of the report being presented to PFSH Joint Committee, 25 January 2021

SUMMARY

The purpose of the report will be to update Joint Committee on progress towards the implementation mitigations that unlock the backlog of required housing consents caused by the requirement that all new housing to be nutrient neutral.

RECOMMENDATION

It is RECOMMENDED that the Overview & Scrutiny Committee:-

- a) NOTE the contents of this report and consider any comments to be passed to the Joint Committee for consideration.
- b) NOTE that Joint Committee will be asked to:-
 - i. NOTE the content of the report outlining PFSH's activity towards unlocking the delivery of housing which has been on hold due to the nutrient neutrality issue.

BACKGROUND

1. The report will provide an update on recent progress made on the work that PfSH is undertaking with partners to address the issue of achieving nutrient neutrality from housing development across the sub-region. In light of the advice from Natural England, the aim continues to be to develop a PfSH wide strategic approach to mitigation in order to deliver the planned housing development compliant with the Habitats Regulations. Action continues under a number of workstreams that will be outlined in the report - in order to progress resolving the nutrient neutrality issue by working with key partners and stakeholders.
2. There is evidence of high levels nitrogen and phosphorus in the Solent water environment, including evidence of eutrophication at some internationally designated sites. This must be addressed as required by the Habitats Regulations. The achievement of nutrient neutrality is a means of ensuring that development does not add to existing nutrient burdens.
3. The report will provide an update on recent progress made on the work that PfSH is undertaking with partners to address the issue of achieving nutrient neutrality from development across the sub-region. This follows the previous updates considered by the Joint Committee. In light of the advice from Natural England, the aim continues to be to develop a PfSH wide strategic approach to mitigation in order to achieve nutrient neutral development - and deliver the planned housing development compliant with the Habitats Regulations. Action continues under a number of workstreams that will be outlined in the report, in order to progress addressing the nutrient neutrality issue, working with key partners and stakeholders.
4. PfSH's successful bid in being provisionally awarded a £2m loan by the Solent Local Enterprise Partnership (LEP) from the Government's Getting Building Fund, will be used to secure off site mitigation land in order to assist in unlocking the delivery of housing which has been on hold due to the nutrient neutrality issue. The Solent LEP has since advised that Hampshire and Isle of Wight Wildlife Trust (HIWWT) is it's preferred strategic partner to oversee a land use change mitigation scheme funded with the proceeds of PfSH's bid to the 'Getting Building Fund' over the summer. HIWWT officials have been working with the LEP to determine the governance of the resulting scheme of nutrient credits, and ensure that quality assurance and due diligence processes have taken place to secure the funding. A business case has been submitted and is due for discussion / approval by the Solent LEP Board and we await the outcome of the confirmation of the award.

5. As advised in an update to Joint Committee members on 30 November, PfSH has successfully concluded recruitment of a temporary Strategic Environmental Planning Officer. Simon Kennedy (Project Manager (Regeneration) at Havant Borough Council) has been appointed on secondment. Simon will coordinate PfSH's approach to resolving the nutrient neutrality issues for PfSH authorities as well as working on the wider environmental strategy issues across the sub-region. Simon will head up a new Strategic Environmental Planning Steering Group (membership drawn from across the PfSH membership of local authorities) that will report into the PfSH Planning Officers Group and to Joint Committee. Terms of Reference for the Steering Group have been agreed by the PfSH Planning Officers Group.
6. Since the last meeting of Joint Committee on 30 September 2020, the following activity has taken place:
 - £2m loan as a successful listed project, as part of the funding in principle allocated to the Solent LEP from the Government's Getting Building Fund - to secure off site mitigation land in order to assist in unlocking the delivery of housing, which has been on hold due to the nutrient neutrality issue. HIWWT has put together a business case and submitted it as requested by the Solent LEP to secure the funding.
 - Successful completion of the recruitment of a temporary Strategic Environmental Planning Officer resource for PfSH to work on the nutrient neutrality issue and take forward a pilot sub-regional mitigation scheme.
 - On 27 October PfSH submitted a consultation response to the Government's Comprehensive Spending Review. The response 'Nutrient Mitigation as a way of Strengthening Economic Recovery' set out the case for funding a holistic approach to implementing solutions to the nutrient neutral approach house building and suggested ways that might be done. A copy of the consultation response can be found on the PfSH website [here](#) (**Appendix 1**).
 - At the request of Cllrs Bundy and Glass, as members of the PfSH Overview and Scrutiny Committee, the Chairman has made further representations to MHCLG requesting a suspension of the five-year housing land supply requirement. A copy of Cllr Woodward's letter can be found on the PfSH website [here](#) (**Appendix 2**).
 - Announcement on 11 September by DEFRA (jointly with MHCLG, Natural England and Hampshire and Isle of Wight Wildlife Trust) of a £3.9m online nitrate trading platform. DEFRA officials presented to the Water Quality Working Group on 8 December to outline how it envisages the scheme will work. PfSH will continue to work closely with DEFRA (and others) to coordinate the role out of mitigation projects going forward.
 - Discussion between Natural England (NE) and the Environment Agency (EA) on a potential Waste Water Treatment Works (WwTW) permit review, due to recommence
 - Southern Water continues its voluntary monitoring of nitrate levels in Waste Water Treatment Works with no Environment Agency nitrate or 'N' permit. We expect to have initial results of the monitoring in the Spring.
7. This report provides a statement of the position at the time of writing in

December 2019. Any further progress will be given as a further verbal update to the meeting.

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 - i. NOTE the content of the report outlining PfSH's activity towards unlocking the delivery of housing which has been on hold due to the nutrient neutrality issue.

APPENDICES: **Appendix 1 – Consultation Response**
 Appendix 2 – Copy of letter to MHCLG

ENQUIRIES:

For further information on this report please contact:-

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From: Cllr Seán Woodward, Chairman Partnership for South Hampshire (PfSH)

Email: swoodward@fareham.gov.uk

Date: 23 September 2020

Submission to the Comprehensive Spending Review 2020 - Nutrient Mitigation as a way of Strengthening Economic Recovery

Housebuilding across South Hampshire is essentially on hold while solutions are found to mitigate the impact new development has on the discharge of nitrates into the Solent. This follows a requirement issued by Natural England that all new housing that discharges into water catchment areas flowing into the Solent be 'nutrient neutral' to prevent further eutrophication of its protected sites.

The negative effect of this on the construction industry, their own providers of goods and services, sustainability of jobs and job growth in the sector has been considerable. The ability of local authorities to meet their own government-set housing targets is therefore also at risk. The MHCLG's own standard assumption is that 1.5 jobs are supported per new dwelling built. Multiply that by the current number of homes currently on hold across the PfSH membership ([PfSH Nutrient Neutrality Update Report to Joint Committee 7 July 2020](#)), that's c2,000 jobs across just our sub-region.

Given the gravity of the situation and the impact it is already having on the supply of new homes across South Hampshire, PfSH has been working hard to work up a suite of long-term strategic solutions to mitigate the impact of this requirement. To do this, PfSH has been working with colleagues in central government departments (DEFRA and MHCLG), the Environment Agency, Natural England, water companies and others - culminating in the roll out a nutrient credit scheme. The scheme is based on the purchase of land (by PfSH and its partners) for re-wilding and selling nutrient credits to developers to off-set the nutrient discharge of new homes being built.

The scheme is in its early stages, with the Hampshire and Isle of Wight Wildlife Trust taking the lead. Such is the demand of developers, all land so far purchased has been oversubscribed. A successful bid submitted by PfSH to the Solent LEP for funding from the Getting Building Fund resulted in a provisional £2m loan which will help to pump-prime the purchase of 'mitigation land' - and DEFRA announced on 11 September a further £3.9m for an online nitrate trading auction platform for the same purpose. PfSH will be working very closely with DEFRA to coordinate the roll out of the separate schemes.

But it's not enough, and neither is the nutrient credit scheme alone enough to secure jobs and growth in construction long-term. Whilst there is definitely a need in the short term to purchase more land for mitigation (and more funding will be needed for this), there is a finite amount of land that can be purchased for re-wilding and the issue is not going to go away. The responsibility for the provision of sustainable nutrient neutrality to off-set the impact of development is a shared one, and a national one. Developers, local authorities, water companies and central government all have a part to play in finding long-term solutions.

PfSH welcomes the recent DEFRA-led joint announcement on 11 September and the provisional allocation of £2m through the Getting Building Fund. We are pleased that the situation, which cannot be unique to South Hampshire, is already on the Government's radar. However, these funds will only stretch to resolving the issue in the short to medium term. The challenge is to find a way of reducing nutrient discharge in a way that facilitates sustainable growth (house-building, other construction) that works in harmony with the environment. Our natural environment is precious and has numerous benefits - [the recent report published by NEF consulting for CPRE Hampshire \(June 2020\)](#) finds that the countryside north of the urban centres of South Hampshire could generate almost £26 million a year in health, wellbeing, economic and ecosystem benefits.

In terms of what else we can do, there are several other measures the Government should invest in to facilitate long term job security, sustainable growth and wellbeing if its ambitions for a green, nature-based recovery from coronavirus are to be realised.

1. Investment in better technology to lower the levels of potentially harmful nutrients (including nitrates) returned back into the water system at Wastewater Treatment Works (WwTWs). While there is no such things as 'pure water', what we can be doing is ensuring that what we take from the system is returned at a level that is similar to that at which it is drawn i.e. we are not 'adding' (or are reducing as far as possible) nutrients to the water we discharge back into the system - '[Latest Environment Agency Figures Reveal all English Rivers Fail Pollution Tests.](#)' While upgrades to WwTW are expensive - there is scope to further reduce the levels of potentially harmful nutrients returned to the water system. Better filtration technology will remove higher nutrient levels in water caused by run-off from agricultural practices of decades ago, benefiting our environment and wellbeing and allowing the free growth of jobs and businesses unhindered by the delays we have already seen and levies on developers when housebuilding contributes to only part of the problem.
2. Further incentives that promote farming practises that reduce the use, or off-set, potentially harmful nutrients that 'run-off' in to system. A significant percentage (up to c70%) of excess nutrients in water comes from run off caused by agricultural practises decades ago and that take years to filter into the water system. DEFRA is already exploring opportunities to address nitrate pollution from farming and is pursuing a strategy which combines incentives and nature based solutions, and tackling the prevalence of non-compliance and pollution incidents through advice led enforcement to reduce the contribution that agriculture makes to protected sites. In sharing the responsibility to addressing the issue, it follows that the farming industry too, should be working toward a requirement to reduce such run-off. The [NFU position statement](#) of October 2019) advocates farmers establishing changes to agricultural land in the wider landholding in perpetuity to remove more nitrogen loss at source. In practise this means creating, for example, wetlands on-site to remove potentially harmful levels of nutrients before they enter rivers and streams that feed the Solent. The NFU suggest that such measures can be easily and cost effectively implemented.
3. Investing, nationally, in ways of reducing the amount of water we use in homes and businesses. Water scarcity is already a problem, and the less we use, the less potentially harmful nutrients will be returned back in to the system. Investing in water efficiency measures in new building development, and upgrading what we have, can significantly reduce the amount of water we take from the system and the waste-water we have to put back - reducing costs long term for everybody and reducing the risk of water scarcity in the future (and associated costs financial and otherwise).
4. Investing in a grant to set up a revolving Solent mitigation fund. Such a grant, if issued to a local accountable body, would give local authorities the freedom and adaptability to implement relevant mitigations in the long term, and provide a dedicated sustainable source of funding to set them up. Until now, lack of funding to implement measures quickly has exacerbated the problem - which has persisted for 18 months since early 2019. A revolving fund would be sustained through payment by developers of nutrient credits for the purchase of rewilding mitigation land, but also reinvested in other mitigation measures over time as part of a long term strategy and as other opportunities for long-term nutrient mitigation measures arise. [Bird Aware Solent](#) is an example of how this might work - wholly funded by developer contributions, it was set up in 2017 by PfSH to protect habitats for birds that migrate to Special Protection Areas around the Solent in perpetuity.

We consider that taken together, and in addition to the land use change mitigation measures already in-train, these represent a strategic suite of measures that not only protect delicate environment balance but which will have a significant impact on securing jobs in the construction sector in the long term, facilitate sustainable economic growth in the sub-region and improve the public's health and wellbeing.

We strongly urge the Government to consider further investing and/or incentivising in such a measures now, and as part of its comprehensive spending review. As we begin to recover the economy and the Government's fresh approach to green, nature based economic growth we hope that these suggestions are welcomed.

About the Partnership for South Hampshire

The Partnership for South Hampshire (PfSH) was formed in 2003 and is comprised of 12 South Hampshire local authorities - the unitary authorities of Portsmouth and Southampton; Hampshire County Council and district authorities of Eastleigh, East Hampshire, Fareham, Gosport, Havant, Test Valley, New Forest, Winchester and the New Forest National Park Authority.

PfSH works collaboratively with partner agencies in the sub region as well as key government departments to ensure joined up strategies, pooling of resources and delivery of transformational programmes that focus on better outcomes for local people. More recently, the formation of Local Enterprise Partnerships and in particular, the establishment of the Solent Local Enterprise Partnership (LEP) has further enhanced PfSH's engagement with private sector businesses in a concerted effort to identify and align business priorities. PfSH continues to proactively engage with business leaders, universities and the voluntary sector through the Solent LEP in support of activities that facilitate sustainable economic growth and create additional homes and jobs for our residents.

ENDS

From: Cllr Seán Woodward, Chairman Partnership for South Hampshire (PfSH)

Email: swoodward@fareham.gov.uk

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ENDS



Partnership for South Hampshire

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The Right Hon Christopher Pincher MP
Minister of State for Housing
Ministry of Housing, Communities and Local Government
2 Marsham Street
London SW1P 4DF
7 December 2020

Dear Minister,

Request for the temporary suspension of the five-year housing land supply requirement across the South Hampshire sub-region.

Further to representations made to MHCLG both in 2019 and earlier this year. I write to reiterate the request, on behalf of our 12 member authorities, for a temporary suspension of the five-year housing land supply requirement across the South Hampshire sub-region.

Those representations set out the issues our local authorities are grappling with in respect of the requirement that all new housing should be 'nutrient neutral' - which has led to thousands of new homes being held up in the planning system until solutions to the ongoing situation are agreed and implemented. If a temporary suspension is not forthcoming, our councils will automatically fail to meet the requirement to demonstrate a five-year housing land supply due to the nitrate situation - resulting in a major restriction in granting permissions that would form part of that supply. This, in turn, will open the door to speculative development resulting in planning permissions potentially being granted on appeal and on unsuitable sites. This will make certain important policies in local plans totally ineffective during the time when the five-year housing land supply is not being achieved, and particularly when short and medium term solutions to the nitrate issue have been agreed and are available for implementation. This unsatisfactory situation is solely due to factors beyond our councils' control.

In their responses to our previous representations to MHCLG, Ministers have said the situation will continue to be monitored and have stressed that MHCLG, DEFRA and others (Natural England, Environment Agency) are and will continue to work with us to resolve the situation. This is certainly true, and we that accept that our successful bid 'in principle' to the recent Getting Building Fund for nutrient mitigation measures, and the announcement of DEFRA's online nitrate trading portal represent significant medium-term solutions. However, the implementation of these measures is likely to take many months or more before they have an impact on improving the situation. It would be inappropriate that development that would otherwise be contrary to planning policy could gain permission through the appeal system and potentially utilise limited mitigation solutions in place of policy compliant development. On that basis, the temporary suspension continues to be needed.

In his letter of 23 July 2019, your predecessor advised that solutions to the problem should be looked at 'in the round' when referring to the range of solutions possible to address this ongoing issue. We ask that you consider our councils' inability to meet the five-year housing land requirement at this time as a significant causal effect of the same issue and of huge concern to us. A temporary suspension of the requirement should be included as part of the mitigation that will alleviate the breadth of the problems we currently face.

I reiterate what I have stated in my previous representations, that finding both short and medium/long-term solutions to the problems is a shared objective. It is in all of our interests to ensure that sensible and holistic measures are taken to address the wider impact of the ongoing problems faced now, and in the same way that we will all approach implementing solutions.

I look forward to your reply.

Yours sincerely,

Cllr Sean Woodward
Chairman, Partnership for South Hampshire

