



Report to the Partnership for South Hampshire Overview and Scrutiny Committee

Date: 09 March 2021

Report of: David Bibby, Principal Planning Officer (Strategy),
Test Valley Borough Council

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Partnership for South Hampshire

Subject: PfSH Nutrient Neutrality Update

Summary of the report being presented to PfSH Joint
Committee, 22 March 2021

SUMMARY

The purpose of the report will be to update Joint Committee on progress towards the implementation of mitigation strategies 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;
- b) NOTE that Joint Committee will be asked to 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; and
- c) consider any comments to be passed to the Joint Committee for consideration.

BACKGROUND

1. 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 new housing development does not add to existing nutrient burdens.
2. This report provides 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. 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 work streams as outlined in this report, which includes an update from the newly appointed Strategic Environmental Planning Officer (SEPO).
3. 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 advised that the Hampshire and Isle of Wight Wildlife Trust (HIWWT) is its preferred strategic partner to oversee a land use change mitigation scheme funded with the proceeds of PfSH's bid. The Solent LEP is now releasing funds to the HIWWT for the scheme, following consideration by the Solent LEP Board on 11 December 2020.
4. Since the last meeting of Joint Committee on 25 January the following activity has taken place:
 - The Environment Agency (EA) has confirmed that a review of Waste Water Treatment Works (WwTW) Nitrate (N) permits will take place, no timescales have been provided for this work
 - 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 and the PfSH Water Quality Working Group as begun discussions with stakeholders around agreeing a methodology to interpret the data once issued
 - The SEPO has undertaken a comprehensive number of stakeholder meetings to determine the various strands of ongoing work being undertaken by them, and assess the most appropriate next steps for PfSH.

SHORT TERM MITIGATIONS - DEALING WITH THE IMMEDIATE ISSUE

5. A number of mitigation options continue to be implemented and explored by individual PfSH local authorities, depending upon local circumstances. In some cases these have formal council approval, and also the approval of Natural England. Some local authorities have also revised their position regarding the issue of nutrient neutrality in the determination of planning applications.

MEDIUM TO LONG-TERM MITIGATION STRATEGY (PfSH ACTIVITY)

Getting Britain Building Fund – Solent LEP Loan Funding

6. PfSH's successful bid for funding for a land change use mitigation scheme has been allocated a £2M loan by the Solent LEP. Solent LEP have decided to work with the HIWWT to deliver the proposed scheme and is currently releasing funds

to HIWWT for the scheme following consideration of the HIWWT business case by the Solent LEP Board on 11 December 2020.

7. The funding will be used towards securing the purchase of 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. Whilst this will not in itself provide sufficient provision for the full current amount of mitigation needed and further measures are still required to resolve the issue, it provides a great start and will make a significant contribution towards addressing the current backlog and provide increased momentum in bringing forward future land based mitigation solutions.
8. It is anticipated that mitigation land purchased with the proceeds of the award will facilitate the building of c1,523 new housing units. The loan that will be paid back via developer contributions purchasing nutrient credits.
9. The provision of mitigation to be delivered through the loan funding will be implemented as a first phase, alongside the work of the Strategic Environmental Planning Officer who is looking to establish a pilot sub-regional strategic mitigation scheme in moving towards a strategic solution delivered through a future Solent Nutrient Fund.

Strategic Environmental Planning Officer to establish a pilot sub-regional strategic mitigation scheme

10. The aim is to reach the stage of having developed a PfSH-wide strategic approach to mitigation in order to achieve nutrient neutral development and deliver the planned housing development to meet needs, compliant with the Habitats Regulations.
11. In total, 35 substantive stakeholder engagement meetings have taken place - the purpose of which is to gauge a broad overview of activity and thinking as things stand, across the sub-region. These have included:
 - 12 consultation meetings with local planning authorities
 - 7 meetings with government agencies
 - 12 meetings with possible providers of mitigation land
 - 1 webinar as part of Solent Young Planners network to raise awareness
 - 3 'other' stakeholders
12. There are a number of different approaches emerging related to how nitrogen mitigation land might come to market, including the through owner retained schemes, land sales and letting to third party providers and the potential trading platform. It is apparent that there may be a need for a standard approach to third party mitigation legal agreements to support mitigation schemes coming forward in third party ownership.
13. There are currently six mitigation schemes supporting permissions for new housing (two under local planning authority control, two HIWWT schemes and two being supplied by private mitigation providers), with around 30 other mitigation options currently being investigated by landowners and stakeholders.
14. It is clear that a number of government agencies are approaching a lot of land-owners all at the same time, which will impact cost and deliverability of mitigation land. The availability of supply and demand data is still limited, so some local authorities are waiting to progress their own deals until the supply and demand position is confirmed. The SEPO is seeking to work with the Hampshire Biodiversity Information Centre to help map and fully understand constraints and supply.

Environment Agency (EA) – Review of Waste-water Treatment Works (WwTW Nitrate (N) Permit Limits

15. EA Directors met on the 25 January to discuss the options for a review of Solent WwTW and other permits that are regulated. The outcomes of the meeting are as follows:

- The Directors agreed that a targeted review of permits in the Solent should be carried out to address the implications of the Dutch N ruling
- The review will be targeted and focus on the Solent, but may apply to other locations nationally in due course
- Natural England will be consulted on the scope of the review
- No timescales have been set as yet, as EA will need to ensure it takes account of COVID restrictions and understands resource requirements further

16. Any review of permits would, by its nature, be a lengthy process - and any improvement schemes necessary could take time to implement.

17. Engagement with central government

18. MHCLG, DEFRA, Environment Agency and Natural England officials continue to be invited to meetings of the PfSH Planning Officers Group. On 11 September 2020 a joint DEFRA, MHCLG, Natural England and Hampshire and Isle of White Wildlife Trust press release announced the roll out of a £3.9m online nutrient trading platform for Hampshire. Through the SEPO, PfSH has been liaising closely with DEFRA officials on the development of the joint online nitrate trading platform that it is planning to roll out over the next 12-18 months.

19. The pilot trading platform is intended to test a market based approach to nutrient mitigation which would assess the costs and feasibility of potential solutions compared to other options and wider benefits. It will trial a process to enable developers to connect via its platform to land managers to enable solutions which are fit for purpose and to enable mitigation to be scaled up in a viable manner and which will be in place cover the necessary perpetuity period.

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Appendices: None

Background Papers: None

Reference Papers: None

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