



Report to the Partnership for South Hampshire Joint Committee

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Subject: PFSH NUTRIENT NEUTRALITY UPDATE

SUMMARY

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.

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.

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 for the scheme following consideration by the Solent LEP Board on 11 December 2020.

Since the last meeting of Joint Committee on 25 January 2021 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

- 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.

This report provides a statement of the position at the time of writing. Any further progress will be given as a further verbal update to the meeting.

RECOMMENDATIONS

It is **RECOMMENDED** that the Joint Committee NOTE the content of this report outlining PfSH's activity towards unlocking the delivery of housing which has been on hold due to the nutrient neutrality issue.

SHORT TERM MITIGATIONS - DEALING WITH THE IMMEDIATE ISSUE

1. 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

2. 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.
3. 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.
4. It is anticipated that mitigation land purchased with the proceeds of the award will facilitate the building of c.1,523 new housing units. The loan that will be paid back via developer contributions purchasing nutrient credits. The Solent LEP are contracting with the HIWWT as the delivery body to directly provide the mitigation. PfSH will therefore look to work closely with HIWWT over the coming months.
5. 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.
6. The HIWWT is currently in the final stages of completing the purchase of their second site on the Isle of Wight. If the purchase is successfully completed then this site has the potential to provide up to 3,000 kg/TN/yr.

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

7. 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.
8. A steering group is in place to assist the Strategic Environmental Planning Officer in decision making, the steering group has representation from 10 LPAs, and is chaired by Mark Williams of New Forest District Council with Deputy Chair being David Bibby of Test Valley Borough Council.
9. The steering group has agreed a project plan for the SEPO. The initial key area of work within the project plan is stakeholder engagement, this initial work is now completed.
10. Over 40 substantive stakeholder engagement meetings have taken place - the purpose of which was to gauge a broad overview of activity and thinking as things stand, across the sub-region. These have included:

- consultation meetings with local planning authorities
 - meetings with government agencies such as DEFRA, EA and NE
 - meetings with possible providers of mitigation land
 - webinars to raise awareness and generate mitigation leads
11. The stakeholder engagement process identified that over 30 potential mitigation sites have been, or currently are being, investigated by stakeholders. 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).
 12. There are currently a lot of different approaches to the emerging 'mitigation market' by landowners and potential mitigation suppliers. Landowners are also being approached by a number of different stakeholders on the issue which may act to add further uncertainty to the market and impact the cost of mitigation as well as the speed of supply.
 13. An initial assessment of need and supply of mitigation land has shown that in the eastern portion of the sub-region supply sufficient to meet need could be provided if the potential mitigation sites are delivered. However, it is clear that it will be at least 6-12 months before there is enough supply to satisfy the backlog and generate a surplus.
 14. The supply and demand balance in the western portion of the sub-region shows that there are currently less potential mitigation options moving past initial analysis stage than in the eastern portion. There may be a number of third party schemes coming forward to support these catchments in the short-term, but were these to be delivered these are likely to only satisfy the immediate need and may not be suitable for all developers due to prohibitive costs.
 15. The next step in the project plan is to audit potential mitigation sites in order to determine which sites may be suitable for a PfSH pilot scheme. It is likely that this work will be done in clusters of LPAs dependent on their catchments. It is anticipated that a review of this work and identification of specific schemes and progress towards bringing them to market, as well as a clearer review of need and supply in relation to those schemes, will be available for consideration by Joint Committee on 21 June 2021. However, it may be that pilot schemes specific to individual LPAs may start to come forward before this time.
 16. The work of the SEPO will continue to engage with other relevant workstreams, such as the Greenprint for South Hampshire and future Environmental Land Management Scheme (ELM) to replace the EU Common Agricultural Policy (CAP), to ensure a joined-up approach to nutrient mitigation through offsetting, environmental land management to maximise wider environmental benefits in an integrated and complementary manner.

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

17. 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
- EA has said that it will update PfSH in due course once it has more detail on the review process and timescale

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

19. Engagement with central government

20. 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. PfSH Coordinators have been liaising closely with DEFRA officials and DEFRA presented an outline of how the scheme will work to the PfSH Water Quality Working Group (WQWG) on 8 December 2020.

21. 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.

22. The SEPO has fortnightly engagement sessions with the DEFRA project team. The project remains on schedule with the procurement of a platform provider, as well as a monitoring and audit provider, being anticipated over the next 3 months. The project remains at early inception stage with a number of key considerations still to be dealt with to be able to provide an effective mechanism for nitrate mitigation.

CONCLUSION

23. Action continues under a number of work streams as outlined on the report, in order to progress addressing the nutrient neutrality issue, working with key partners and stakeholders. A further update will be provided to the next meeting of the Joint Committee in June.

RECOMMENDATION

It is RECOMMENDED that the Joint Committee NOTES the content of this report outlining PfSH activity towards unlocking the delivery of housing which has been on hold due to the nutrient neutrality issue.

Appendices: None

Background Papers: None

Reference Papers: None

Enquiries: For further information on this report please contact:-

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