Report to the Partnership for South Hampshire Joint Committee

Date: **16 March 2026**

Report of: **Rachel Jones, Solent Mitigation Partnership Manager**

Subject: **Solent Mitigation Partnership – Project Update Report**

SUMMARY

This report provides an update on the projects being delivered by the Solent Mitigation Partnership (SMP) and seeks approval for two mitigation projects to help address predicted mitigation shortfall in River Test and Itchen catchments.

RECOMMENDATIONS

It is RECOMMENDED that the Joint Committee:-

i) NOTES the contents of this report;

ii) APPROVES the Householder Septic Tank Upgrade Programme – Grant Framework (Appendix 1);

iii) APPROVES the business case for the Householder Septic Tank Upgrade Programme – Phase 1, River Arle Waterbody (Appendix 2);

iv) APPROVES the reallocation of funding to the Working with Land Delivery Programme to enable the partnership project with the National Trust at Hinton Ampner; and

v) APPROVES the business case for the Land at Hinton Ampner, National Trust project (Appendix 3)

1. Introduction

1.1 Project delivery continues across the Solent catchments (Figure 1), with a progress update provided in Table 1. The latest nutrient supply and demand analysis, presented to the PfSH Joint Committee on 9 December 2025, highlights the catchments where additional mitigation supply is needed. This analysis is helping to focus the SMP's short-term delivery priorities.

1.2 The largest shortfall of mitigation for all catchments was the Test and Itchen catchment (nitrogen). Planned mitigation will only cover about 55% of the need so significant additional supply is needed. The Upper Itchen catchment (phosphorus) is the second-largest shortfall. Some mitigation is in the pipeline, but more will be needed to fully meet demand.

1.3 In response to this need, we are seeking approval for two projects to be delivered in the Upper Itchen catchment -

- Solent Householder Septic Tank Upgrades Programme – Phase 1 – River Arle pilot
- Working with Land Programme - Hinton Ampner Project, National Trust Project.

Figure 1 – Solent nutrient neutrality catchments

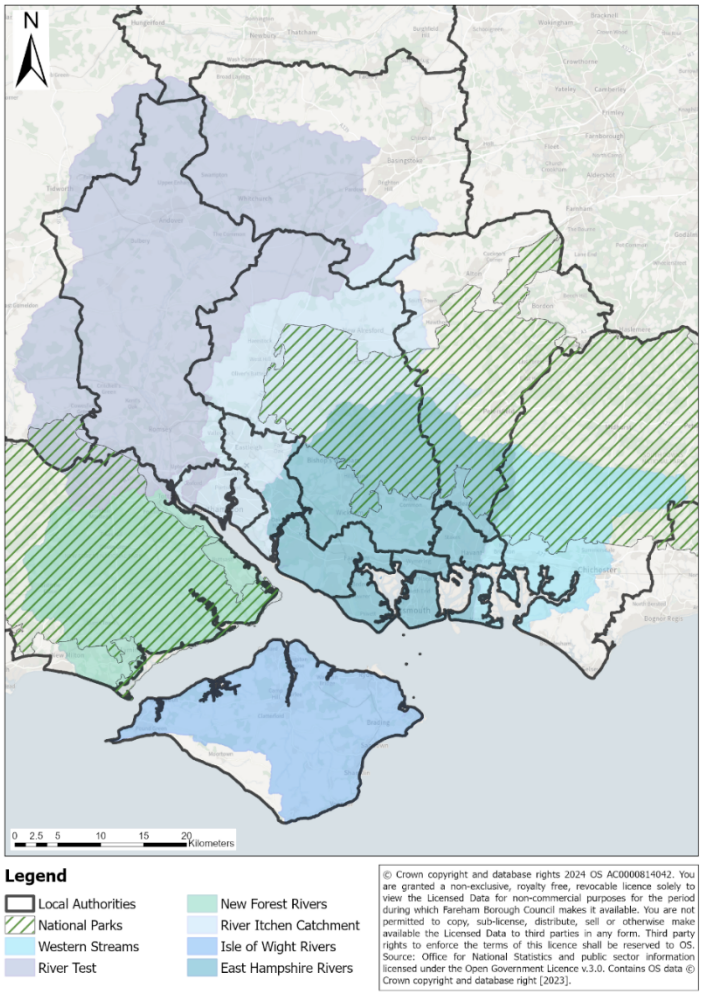


Table 1 – Solent Mitigation Partnership – Update on key projects

Catchment	Project	Details	Status
East Hampshire Rivers (Nitrogen)	Agricultural Reversion - Stubbington Phase 1	Sales for Nitrogen commenced. Hampshire and Isle of Wight Wildlife Trust Partnership Agreement in final stages. Biodiversity Net Gain unit sales will commence once legal agreements complete.	Open
	Agricultural Reversion - Stubbington Phase 2	Short term contractor to start habitat restoration early 2026. Awaiting completion of sales for Phase 1 before we commence sales for Phase 2	Open
Test River (Nitrogen)	Agricultural Reversion - Test Valley	Land purchase in Test Valley progressing as expected. Anticipated completion March 2026.	In progress
	Small Sewage Upgrades - Basingstoke and Deane	Business case finalised.	In progress
Itchen River (Nitrogen and Phosphorus)	Small Sewage Upgrades - Winchester	One project complete. Next priority projects in progress	In progress
	Small Sewage Upgrades - Basingstoke and Deane	Business case finalised.	In progress
	Solent-wide householder septic tank upgrades – River Arle pilot	Business case	Seeking Approval
	Hinton Ampner Project	Partnership with National Trust	Seeking Approval
New Forest Rivers (Nitrogen)	Septic tank upgrades – targeted project	Small-scale targeted project in New Forest, part of partnership approach with Freshwater Habitats Trust	Feasibility
Western Streams (Nitrogen)	Water efficiency - targeted project, Chichester City	Exploring targeted water efficiency project in Chichester	Feasibility
All catchments	Water efficiency - Council-owned properties	Fareham, Portsmouth, Gosport, Southampton, Winchester and New Forest DC installing water efficiency measures in council-owned stock.	To be completed by end of March 2026

2. Solent Householder Septic Tank Upgrades Programme

Background

2.1 The Solent Householder Septic Tank Upgrade Programme involves upgrading older septic tanks in private residences to modernise rural wastewater infrastructure and reduce nutrient pollution at source across the Solent.

2.2 Rural wastewater systems are a significant source of nutrient pollution in the headwaters of river catchments, particularly where properties are not connected to mains sewerage. Traditional septic tanks provide only basic treatment and remove only limited amounts of nutrients, and many are now outdated, poorly maintained, undersized, or affected by flooding. As a result, nutrients can leach into watercourses, impacting the Solent's internationally important chalk streams and wider ecosystems.

2.3 The scheme will fund private homeowners to replace ageing or ineffective septic tanks with modern package treatment plants, mirroring similar approaches already operating in other nutrient neutrality catchments such as Wiltshire, Norfolk, and the Lake District. Upgrading these systems provides a cost-effective opportunity to reduce nutrient loading at source.

Funding allocation

2.4 This project was formerly called the Solent Sewage Treatment Works Upgrade Project. In March 2025, Partnership for South Hampshire (PfSH) Joint Committee allocated £3.4m from the Local Nutrient Mitigation Fund (LNMF) Round 2 to deliver a grant scheme enabling householders to commission the identification, design, and upgrade of domestic wastewater systems, generating both nitrogen and phosphorus credits.

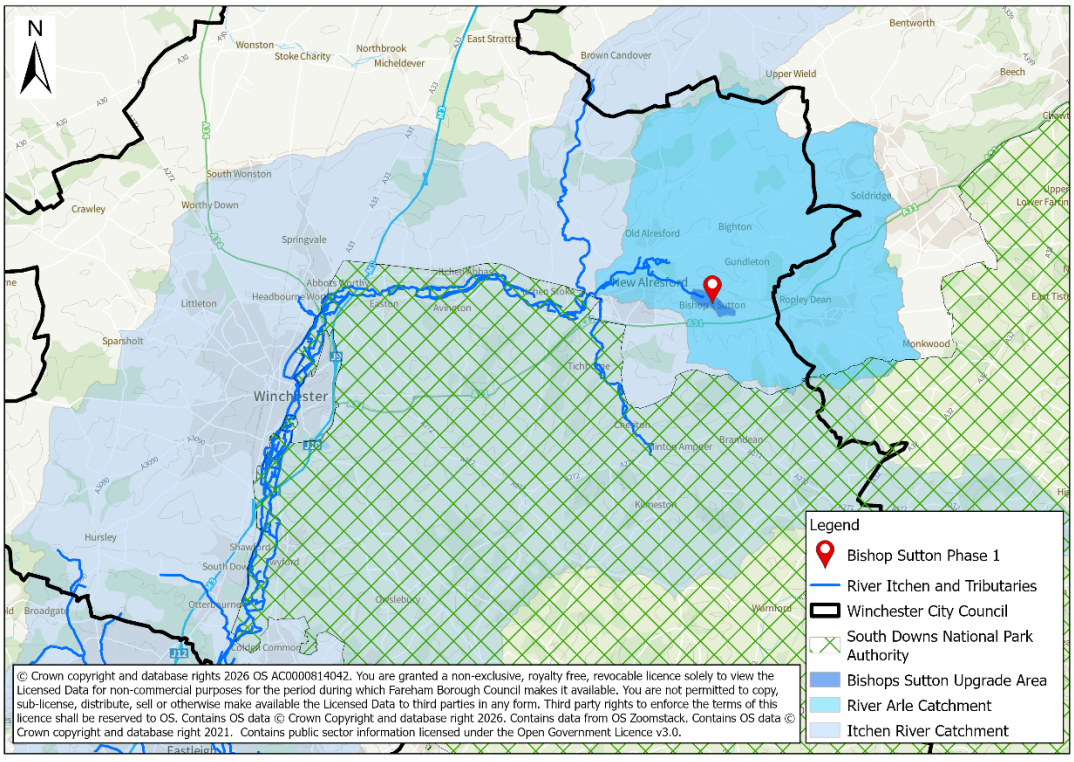
2.5 Recent legislative developments — including the Planning and Infrastructure Act, Environmental Delivery Plans (EDPs), and the proposed Nature Restoration Levy for Nutrient Neutrality — introduce uncertainty for the nutrient credits market. While an EDP is being prepared for the Solent and River Itchen, the implications for existing mitigation schemes and LNMF delivery are not yet clear. However, the Ministry for Housing, Communities and Local Government (MHCLG) has confirmed that projects must continue.

2.6 In response, the scheme will be delivered in phases, allowing progress while retaining flexibility to adapt to legislative change and supporting future extension to other areas of the Solent. A framework (Appendix 1) has been prepared for the delivery programme and a detailed business case for Phase 1 (Appendix 2). The funding breakdown for the whole scheme is showing in Table 2.

Table 2: Householder Septic Tank Upgrade Fund Allocation Breakdown	
Delivery Costs	**Funding allocation**
Phase 1 – Arle Water Body	£1,000,000
Phase 2 – New Forest Rivers	£500,000
Phase 3 – Wider Rollout (eg to extend across the Solent catchments	£1,685,000
Initial scheme set-up costs- website, legal, procurement, resource	£45,000
On-going monitoring, reporting and LA support expenses	£70,000
Sink Fund	£100,000
Total	**£3,400,000**

2.7 Phase 1 will focus on the River Itchen headwaters within the Arle Water Body, in and around Bishops Sutton, Winchester (Figure 2). This area contains one of the highest concentrations of domestic wastewater systems in the region and is therefore ideally suited for early mitigation delivery. It is also well placed to serve new development coming forward in Winchester and New Alresford, as well as proposed development in Ropley, East Hampshire, where there are limited mitigation solutions available. It is expected that the Phase 1 funding allocation can deliver around 33 upgrades. This can deliver mitigation for the equivalent of around 230 new dwellings.

Figure 2 – Location Plan of Arle Water Body and Bishop Sutton



2.8 Phase 2 will cover the New Forest catchment. This catchment only needs a small amount of nitrogen mitigation and standard types of schemes like Agricultural Reversion are difficult to achieve in this area because of the environmental and conservation status of the Forest. As discussed with Chief Executives in June 2025, the Solent Mitigation Partnership is working with the Freshwater Habitat Trust on small-scale targeted approach for the New Forest. A detailed Business Case for will be prepared for approval in Summer 2026. Phase 3 - a wider roll-out of the scheme is also proposed - once Phase 1 and Phase 2 have been tested.

Scheme details

2.9 The scheme will offer grants to homeowners to replace old septic tanks with modern package treatment plants, with Fareham Borough Council acting as the lead authority and grant provider, for residents in neighbouring Winchester City Council (for Phase 1).

2.10 The process will follow a model similar to the Disabled Facilities Grant, where homeowners apply through the SMP website, choose an installer, and enter a contract directly with them, while the council pays the installer once work is completed. The contractor will be able to recommend the right system for the property from a selection of high performing sewage systems. SMP will manage application assessments and contractor payments in line with data governance requirements, and legal agreements - a Unilateral Undertaking and Grant Agreement - are being prepared.

2.11 When the scheme launches, SMP will inform councillors, the parish council and eligible residents through a local communications plan, providing scheme details and Frequently Asked Questions. Before launching, SMP will register suitably qualified contractors, although applicants may nominate others. Homeowners will be able to apply online, provided they meet eligibility criteria such as ownership and tank age, with priority given to council tax bands A–D, and upgrades must be located within Phase 1 grant area.

2.12 Fareham Borough Council (FBC) is the lead authority and host authority for this project under the Inter-Authority Agreement (IAA). FBC is delivering this project which, in this instance, is the creation of nutrient credits by improving domestic sewage systems. The Grant Agreement will assign the rights of the nutrient credits to FBC for onward sale. The Unilateral Undertaking will ensure the new systems are maintained in good order by the householder, and when replaced in the future, a domestic sewage system of similar or better efficiency will be installed by the householder. The grant covers the cost of the initial upgrade only. Ongoing maintenance and any future replacement costs will be the responsibility of the householder.

2.13 The monitoring authority for the scheme will be the local authority in which the septic tank upgrade takes place. This is because that authority will receive the Unilateral Undertaking and will hold the enforcement powers under the legal agreement. All projects will be added to the planning and local land registers for future record. A sink fund (or contingency fund) has been set aside for the delivery programme and a precautionary approach has been taken to nutrient credit calculation to ensure the scheme delivers a net environmental benefit.

2.14 A meeting has been held with potential Benefiting Parties and the following authorities have confirmed an initial interest – Winchester City Council, East Hampshire District Council, Southampton City Council, Test Valley Borough Council and New Forest District Council and National Park Authority.

2.15 Further details of the scheme are included in the framework document (Appendix 1). This covers the approach for Phase 1 (Arle Water Body, Bishop Sutton) and Phase 2, New Forest Rivers. Phase 2 may follow the grant award as per Phase 1, or alternative procurement of a single installer may be considered, and a business case will be prepared for future approval in due course.

2.16 Approval is sought for the Solent Householder Septic Tank Upgrade Programme – Grant Framework. A business case will be submitted for approval for each phase of this programme and will be delivered in accordance with this Grant Framework. Should any learning from the initial phases result in changes to the Grant Framework, a revised document will be present to Joint Committee for approval at that later stage.

2.17 Approval is also sought for the Phase 1 – Arle Water Body Business Case.

3 Working with Land Programme - Hinton Ampner Project, National Trust Project

Background

3.1 At the 5 March 2025 PfSH Joint Committee, it was agreed to allocate £850,000 from the Round 2 LNMF grant to the Working with Land Delivery Programme. This programme aimed to work with landowners—including local wildlife trusts, utility companies, and farmers' groups—to explore nature-based nutrient mitigation solutions. The intention was to secure long-term land use change that would reduce nutrient inputs from existing activities. Although several options were discussed with private landowners, securing long-term nutrient solutions proved challenging. Feedback indicated limited interest due to the need for very long-term legal agreements (80–125 years) and the restrictive land-management conditions required by nutrient mitigation schemes. As a result, it became clear that delivering multiple small grants with individual landowners would be neither viable nor achievable. The programme therefore began exploring partnerships with charitable organisations, such as the National Trust, as an alternative approach.

3.2 The National Trust began a nutrient mitigation project in 2020 by taking two parcels of Grade 3 agricultural land on the Hinton Ampner Estate out of agricultural use. However, the legal arrangements required to establish the nitrogen mitigation scheme have been stalled for more than five years, and the scheme has yet to be delivered. The SMP has therefore been exploring a collaborative arrangement with the National Trust, through the Inter-Authority Partnership, to help unblock progress and support delivery of this mitigation scheme.

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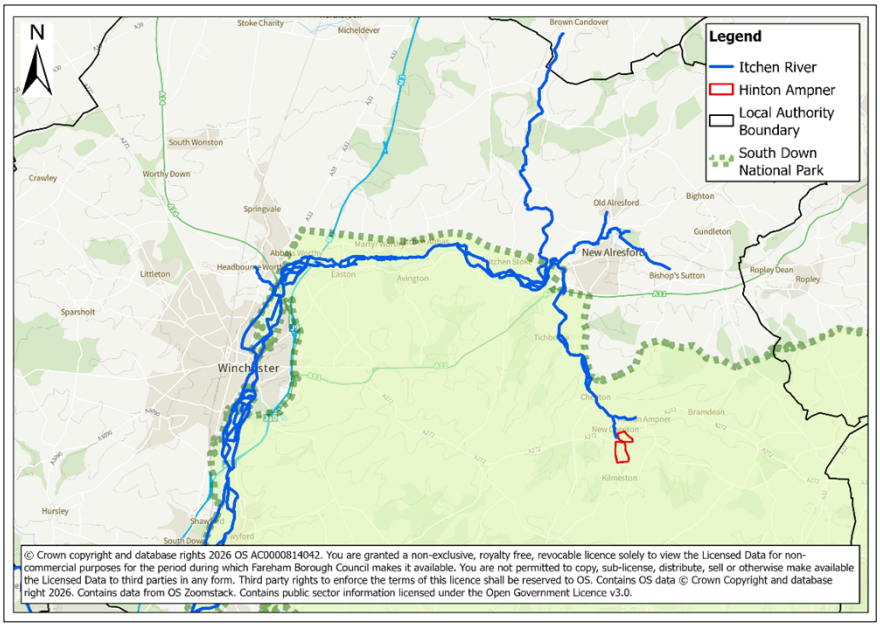
Figure 3 – Location Plan of Hinton Ampner, National Trust Scheme



3.3 A key benefit of partnering with the National Trust is the wider range of public benefits that arise from creating and managing new nature reserves over the long term. The Trust's new 10-year strategy, *People and Nature Thriving*, focuses on restoring nature, improving equitable access to nature, beauty and history, and inspiring more people to care for and take action for the environment. As an organisation committed not only to protecting important places but also to opening them up for everyone to enjoy, the National Trust can help ensure that these sites deliver significant additional benefits for both people and wildlife.

3.4 Working in partnership with the National Trust also creates opportunities to bring forward additional nutrient mitigation schemes across their wider landholdings, using the same ownership model as the Hinton Ampner proposal. There is potential for two further schemes in the River Test and Hamble catchments, both of which would provide much-needed additional mitigation supply for their areas.

Reallocation of funds

3.5 To facilitate this strategic mitigation project, approval is sought for a reallocation of budget to increase the fund allocated to the Working with Land Grants Delivery Programme. It is proposed to increase this programme by £400,000 to £1,250,000 (Table 3) by reallocating funding from projects that are being closed, namely:

- Water Efficiency – this project has been running for 2 years. SMP is working with pilot local authorities to complete works by end of March 2026. Some of the funding from the project is unspent due to limited opportunities for water efficiency upgrades.

- Wetlands - Feasibility studies have been completed for two wetlands in the River Itchen catchment. Unfortunately, these studies concluded that in both cases that wetlands are not viable.
- LA Quick Wins - Research by Southampton University PhD Student explored the potential for Local Authority Quick Win pilots. Unfortunately, none of these schemes has been approved as suitable for nutrient mitigation by Natural England.

3.6 A further review of delivery programme funding allocations will be presented to Joint Committee in July 2026 as part of the Annual Report.

Hinton Ampner Nutrient Mitigation Scheme

3.7 The Hinton Ampner scheme produces 650 Total Nitrogen (TN) credits and 2 Total Phosphorus (TP) credits. The land is covered by the National Trust Act (1907) which makes the land "inalienable," meaning it's protected forever, and the Trust cannot voluntarily sell, mortgage, or transfer it without a specific Act of Parliament. The Trust will therefore retain ownership of the site and all associated liabilities. The SMP would invest in the scheme, and in return all nutrient credits generated by the site would be assigned to the SMP. The SMP would then have full responsibility for marketing and selling those credits to developers. The National Trust would be required to secure the land in perpetuity (100 years) and be responsible for the maintenance of the site to ensure that the monitoring requirements of the credits are met. Natural England has implemented similar partnership models with the National Trust in other nutrient-affected catchments, and this approach is expected to become a priority for future Environmental Delivery Plans.

3.8 Fareham Borough Council (FBC) is the Lead Authority and Host Authority for this project under the Inter-Authority Agreement. In this instance, the project is that FBC shall acquire rights to sell credits in respect of the land owned by the National Trust and ensure its use is regulated by provisions under section 33 Local Government (Miscellaneous Provisions) Act 1982. A different authority will be the monitoring authority for the scheme, and would also be party to the Section 33 agreement. This is still being discussed and will be confirmed in due course.

3.9 A meeting has been held with potential Benefiting Parties and the following authorities have confirmed an initial interest – Winchester City Council, East Hampshire District Council, Southampton City Council, Test Valley Borough Council and New Forest District Council and National Park Authority.

3.10 Approval is sought for the reallocation of funding to the Working with Land Delivery Programme to enable the partnership project with the National Trust at Hinton Ampner and for approval of the business case (Appendix 3).

RECOMMENDATIONS

It is RECOMMENDED that the Joint Committee:-

i) NOTES the contents of this report;

ii) APPROVES the Householder Septic Tank Upgrade Programme – Grant Framework (Appendix 1);

iii) APPROVES the business case for the Householder Septic Tank Upgrade Programme – Phase 1, River Arle Waterbody (Appendix 2);

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Appendices:

Appendix 1: Solent Householder Septic Tank Upgrade Programme – Grant Framework

Appendix 2: (Confidential) Solent Householder Septic Tank Upgrade Programme – Arle Water Body phase 1 Business Case

Appendix 3: (Confidential) Land at Hinton Ampner – Strategic Business Case

ENQUIRIES:

For further information on this report please contact:-

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01329 824828, RJones@Fareham.Gov.Uk

Table 3: Update on Capital Spend

Capital Scheme	Existing Budget	Change	New Budget	Spent	Remaining	Notes
Agricultural reversion opportunities				£13,895		
Stubbington Agricultural reversion	£7,490,336	£0	£7,490,336	£4,102,115	£855,925	
Test Valley Agricultural reversion				£2,518,401		
Winchester WwTW upgrades	£1,985,000	£0	£1,985,000	£326,121	£1,658,879	
Solent Householder Septic Tank Upgrade	£3,400,000	£0	£3,400,000	£0	£3,400,000	
Basingstoke and Deane WwTWs upgrade	£600,000	£0	£600,000	£7,270	£592,730	
Test and East Hants WwTWs upgrade	£1,000,000	£0	£1,000,000	£0	£1,000,000	
Water Efficiency	£547,430	-£80,566	£466,864	£382,260	£84,604	Returned funding due to limited opportunities
Institutional Framework - Solent Mitigation Partnership	£90,000	£0	£90,000	£74,042	£15,958	
Eastleigh Wetland	£67,234	-£18,836	£48,398	£8,398	£40,000	No viable wetland opportunities
New Wetland - feasibility	£200,000	-£150,000	£50,000	£10,000	£40,000	No viable wetland opportunities
Local authority 'Quick Wins' pilots	£200,000	-£200,000	£0	£0	£0	Research by Southampton University - no schemes approved
Work with land grants	£850,000	£400,000	£1,250,000	£0	£1,250,000	Increase in budget to facilitate partnership scheme with National Trust
Scheme wide cover	£100,000	£0	£100,000	£50,000	£50,000	
Unallocated LNMF Funds			£49,402	£0	£49,402	
Total	**£16,530,000**	**£0**	**£16,530,000**	**£7,492,502**	**£9,037,498**	

APPENDIX 1

Solent Householder Septic Tank Upgrade Programme – Grant Framework

Project code : 6418-16206

Introduction

Authorities in the Solent super catchment have received grant funding from MHCLG, through the Local Nutrient Mitigation Fund (LNMF), to deliver schemes that provide nutrient mitigation and support sustainable development. This funding is to ensure schemes are viable for delivery on a cost recovery basis.

The LNMF which is managed by the SMP on behalf of PfSH has funded the upgrade of Sewage Treatment Works owned by Winchester City Council. The project upgraded two WwTWs which are owned and operated by the Council. The upgraded WwTWs resulted in a higher amount of nitrogen and phosphorus being removed compared to the existing equipment. The New Homes Delivery team have used some of the credits to mitigate the council's own developments, delivering affordable council homes. The second phase of WwTW upgrades are underway. This has demonstrated that this type of scheme is viable for creating both nitrogen and phosphorus nutrient mitigation.

It is now proposed to extend this scheme to create further nutrient credits to meet demand by offering funds to upgrade domestic sewage systems of private homeowners across the Solent.

It is thought that many rural sewage systems may be significantly contributing to the water pollution and excess nutrients in our catchments. This is because they are simply designed to separate liquid and solid waste and release wastewater into the surrounding soil where it is 'treated' by natural bacteria process. However, septic tanks (a common type of wastewater treatment system) are not efficient at removing excess nutrients from human waste, and where septic tanks have either been installed in an inappropriate area, start malfunctioning, or are now being affected more by flooding, these nutrients eventually enter our precious waterways.

Excess nutrients create imbalances in rare chalk stream ecosystems, encouraging algal growth when they reach the sea. More efficient, improved sewage treatment systems have been developed and by replacing older, less efficient systems with these better systems helps reduce nutrient pollution at source and helps protect our rivers and estuaries.

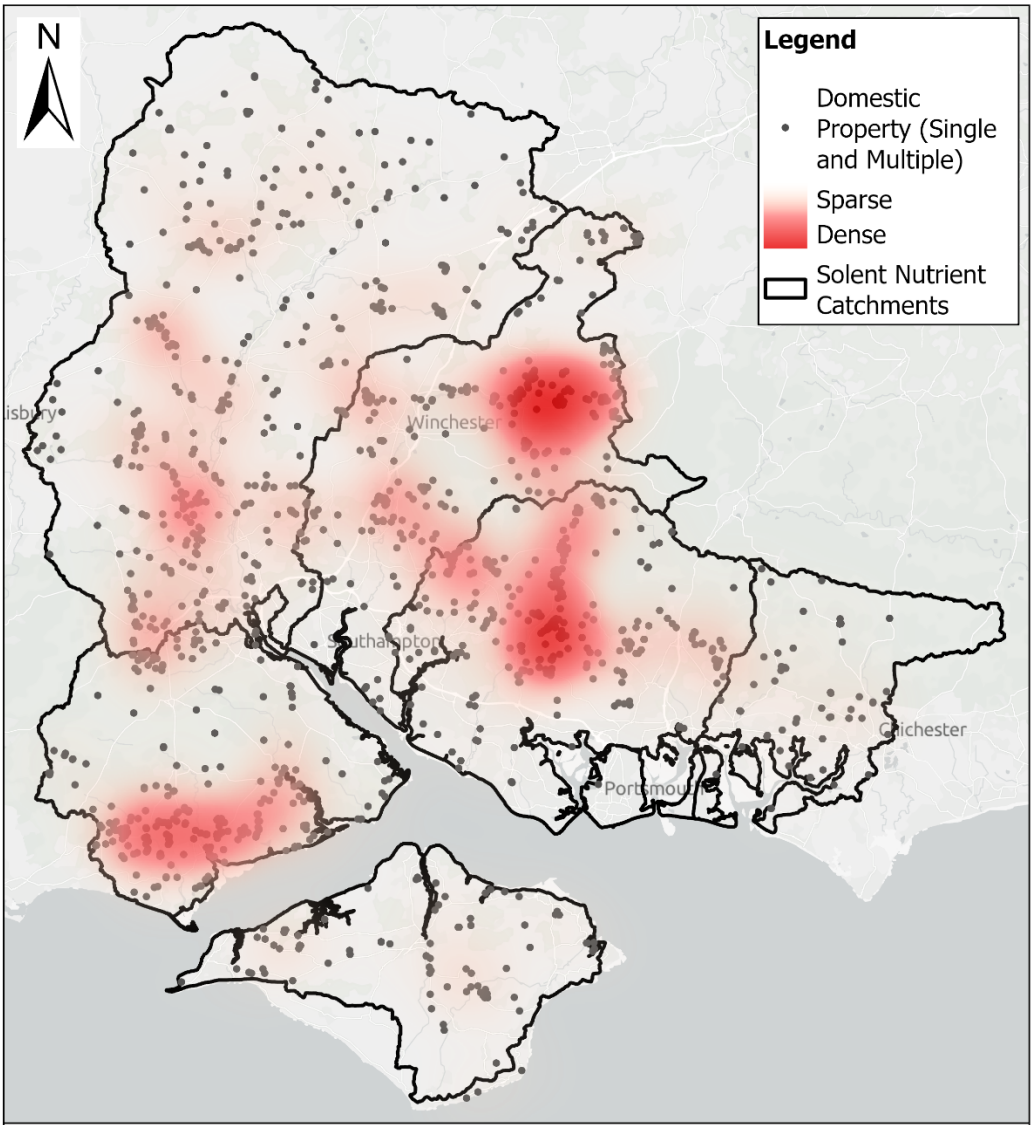
Aims

The Solent catchment includes Arun (western streams), East Hants Rivers, River Test, River Itchen, and New Forest Rivers, as well as the Isle of Wight. Sixteen Authorities across this area have entered into a partnership (via an Inter Authority Agreement) to deliver nutrient mitigation schemes using the LNMF grant. Across the

catchment, many rural areas are not connected to the mains sewer network, so households need to install and operate their own domestic sewage treatment systems.

The heat map in Figure 1 shows the distribution of Consented Discharge records held by the Environment Agency across the Solent catchment, including the Isle of Wight. Smaller sites, such as private residences, generally do not require an Environment Agency permit and are therefore not captured in this dataset. However, the locations of known consents indicate areas that are not connected to the mains sewer network and broadly correlate with areas served by household domestic sewage systems.

Figure 1: A heat map of the Solent and distribution of Consented Discharges



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The objective of this delivery programme is to identify, design and upgrade older, less efficient householder septic tanks across the Solent area to provide mitigation to unlock the delivery of new homes with a quick and cost-effective solution.

The investment will be used to upgrade as many householder septic tanks as possible.

Priorities

The nutrient market within the Solent, is currently assessed by the SMP Team, and reported to PfSH Joint Committee bi-annually, providing the only comprehensive analysis of the nutrient market in the Solent. The data presented below is from the most recent update in December 2025.

The Solent Super Catchment consists of six separate catchments. One of these is the Isle of Wight (IOW) which is excluded from the scope of the assessment as it currently does not require any further mitigation schemes. Of the other five catchments, the specific details of each are set out below in Table 1:

Table 1: Solent catchments

Catchment	Total Nitrogen (TN) Requirement	Total Phosphorus (TP) Requirement
Western Streams	Y	
East Hampshire	Y	
River Itchen	Y	Y
River Test	Y	
New Forest Rivers	Y	

It can be seen in Table 1 that all five catchments have a Total Nitrogen (TN) mitigation requirement and only the River Itchen has a requirement for Total Phosphorus (TP) mitigation. Due to how the rivers interact in the Itchen and Test catchments, these are treated as one catchment for the purpose of nitrogen mitigation. Therefore, a householder septic tank upgrade in all catchments would produce TN credits and properties in the Itchen catchment would create TP credits as well.

There is a significant market demand for nutrient mitigation solutions covering both TP and TN. Out of the five catchments covered by the scope of the project, the River Test and River Itchen catchment has the most significant need for mitigation in the immediate future.

Funding

The Solent area received a further £6.93m in capital LNMF grant funding (Round 2) in December 2024. The existing private market, supplemented by the emerging schemes from the LNMF Round 1 capital programme, provides sufficient mitigation to satisfy the majority of short-term growth across the sub-region. This provides an opportunity to use the LNMF Round 2 funds more strategically and move towards a more diversified mitigation offering.

A total of £5.4m has been allocated to this scheme, comprising of £3.4m from the LNMF Round 2 grant and £2m from future income. The £3.4m is allocated to the following delivery streams, which cover the 3 phases, initial set up and on-going monitoring costs and sink fund (Table 2).

Table 2: Householder Septic Tank Upgrade Fund Allocation Breakdown	
Delivery Costs	**Funding allocation**
Phase 1 – Arle Water Body	£1,000,000
Phase 2 – New Forest Rivers	£500,000
Phase 3 – Wider Rollout (eg to extend across the Solent catchments	£1,685,000
Initial scheme set-up costs- website, legal, procurement, resource	£45,000
On-going monitoring, reporting and LA support expenses	£70,000
Sink Fund	£100,000
Total	**£3,400,000**

Delivery Phase areas

We will develop 3 phases and roll out 2 initial projects in strategic areas to first test the approach. These are:

- Arle Water Body Phase 1 (Bishop Sutton area)
- New Forest streams Phase 2
- Wider roll-out Phase 3

Arle Water Body Phase 1 (Budget allocation - £1m)

The Arle Water Body Phase 1 will be focused in and around Bishops Sutton, Winchester. This will provide the most needed mitigation and test the process before expanding the grant scheme to the whole catchment once ‘proof of concept’ has been completed.

Figure 2 demonstrates a large concentration of septic tanks in the northeast of the Itchen catchment. This will provide a good sample to test the scheme. The Business Case for the Phase 1 Arle Water Body is being presented for approval by PfSH Chief Executives and Joint Committee.

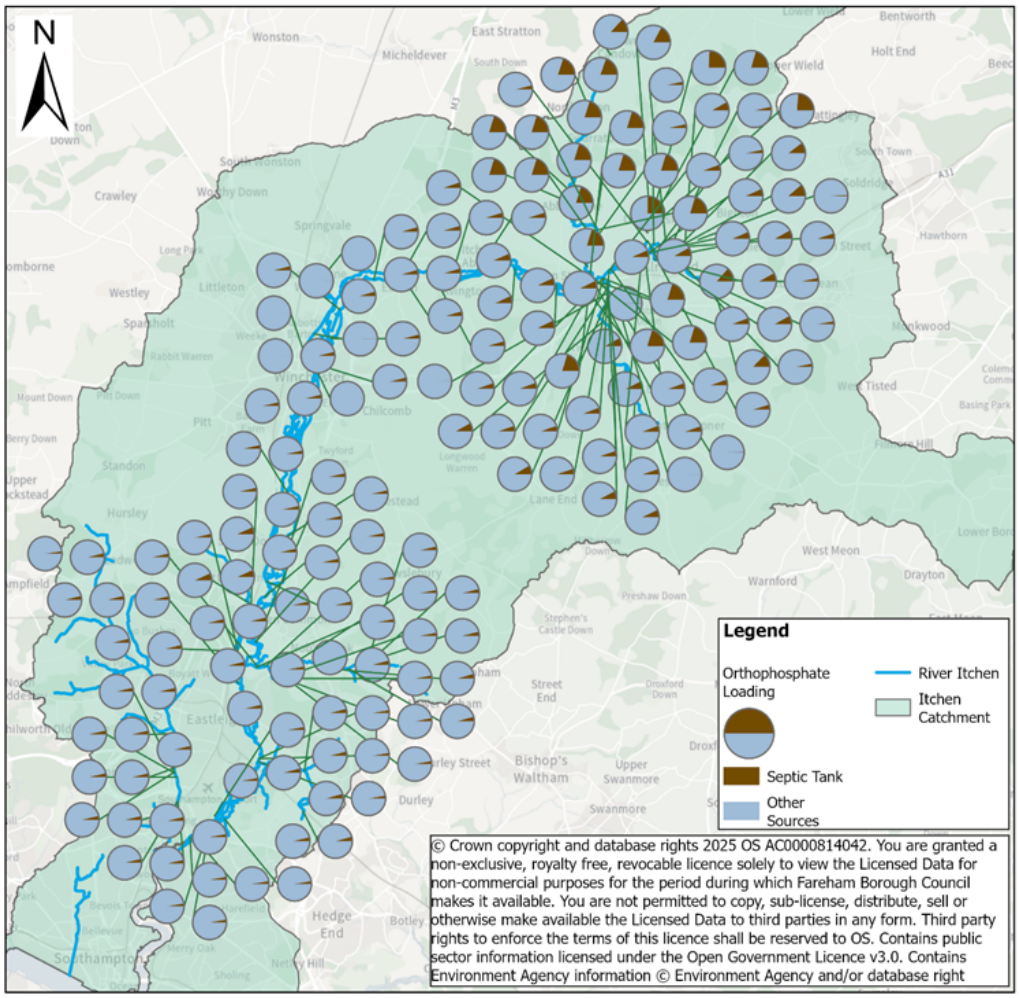

Figure 2: Septic tank discharge in the Itchen Catchment

New Forest Rivers – Phase 2 (Budget allocation - £500k)

The New Forest is of international importance for its freshwater habitats, and this is recognised through its designation as a Site of Special Scientific Interest (SSSI), Ramsar site and Special Area of Conservation (SAC). It is the most important area in the UK for lowland valley mires, networks of small, acidic streams and temporary ponds numbering over 1,000. It also supports around 30% of England's threatened freshwater species such as Tadpole Shrimp Triops cancriformis, Southern Damselfly Coenagrion mercuriale, Medicinal Leech Hirudo medicinalis and 75% of all species of dragonflies and damselflies.

Analysis shows 12,730 properties (both residential and business) within the National Park boundary. Approximately 5,850 of these are properties not on mains sewerage, equivalent to just over a third of all properties (35%). This includes 5,462 residential addresses and 388 business addresses.

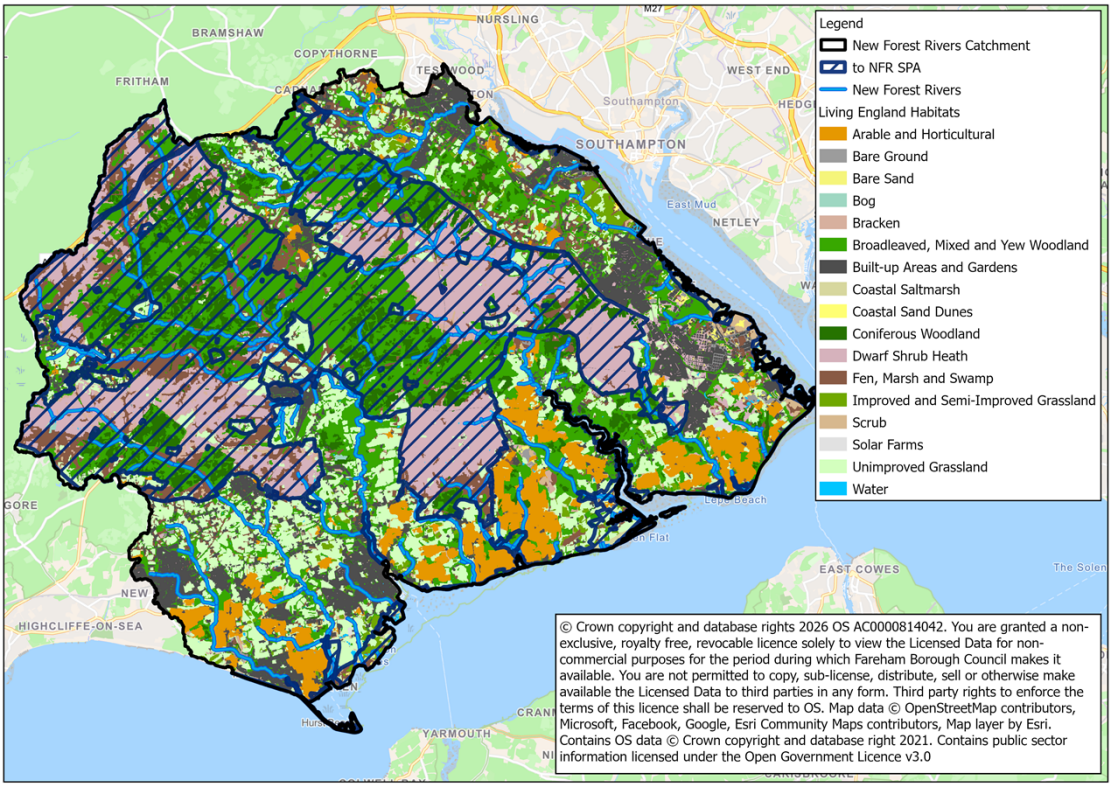

Figure 3: Habitat in the New Forest catchment

The New Forest area only needs a small amount of nitrogen mitigation. The standard types of schemes like Agricultural Reversion are difficult to achieve in this area because of the environmental and conservation status of the forest. As demonstrated by Figure 3 above, realistically the only scheme we can provide is upgrading septic tanks in the forest. This is a simple system that will provide the mitigation required for the developments in the forest area over a long-term delivery. The Solent Mitigation Partnership will work with the Freshwater Habitats Trust (an organisation currently researching and working in the forest with the EA to improve septic tank discharge) to identify septic tanks that supply multiple homeowners with new sewage treatment in the targeted catchments. This could expand to housing associations, camping sites and/or housing estates. The Business Case for Phase 2 is being progressed for sign off in Summer 2026.

Wider rollout – Phase 3 (Budget allocation £1.685m)

To measure the validity of phases 1 and 2 to ascertain if the scheme should be expanded to other catchments in the Solent, two outcomes must be achieved. The first will be return on the investment, as long as the value of the credits generated by the tank upgrades in the Arle Water Body area is higher than the grant investment this will be achieved, a high success will be demonstrated by a 150% return from the credit value. As the New Forest is a nutrient only area this metric will just be a positive return.

The second indicator will be timeframe from grant award to credit generation, the aim is for this to be completed in no more than 6 months.

An assessment to move forward with Phase 3 will be undertaken by Summer 2027, or earlier if mitigation demand arises. An updated scheme approach will be

presented for approval that incorporates learning from phase 1 and 2 and supported by relevant business cases.

The Grant

The offer is to provide a fully funded grant to homeowners within the Solent catchments for upgrading their sewage systems. The initiative promotes the replacement of householder septic tanks with more efficient package treatment plants, tailored to each property's needs.

Assessment of grant mechanisms

Support has been provided by Portsmouth City Council procurement team to assess the best grant award process and mechanism. Three systems were reviewed, a single contractor like Norfolk, a framework like Wiltshire's system and an individual payment relationship.

Framework approach

Wiltshire runs the 'Revamp Your Tank' scheme, which paid for installation works up to a capped level of £30k after assessment of an application by an internal admin team. It used/adapted a national framework to undertake the works paying the 2 contractors on the framework directly. This scheme has provided over 80 grants in 2024/25.

Single contractor

Norfolk's scheme contracted a single supplier to identify potential recipients, undertake feasibility and design, and then perform the install, the contract required a specific quantity of nutrient mitigation in return for payment by the Norfolk Environmental Credits (NEC) LPA special purpose vehicle. NEC had been given a loan from the Local Nutrient Mitigation Fund from the lead authority in Norfolk to undertake a procurement exercise. This is a scheme which has been adopted in Cumbria as well.

Individual payment relationship

This approach mimics the Disabled Facilities Grants process. The applicant would apply via the website and be approved a grant by the lead authority. They would retain the contractual relationship with the installer, the authority would directly pay the installer for the works, and the applicant would 'sign over' rights to the mitigation. Each system has benefits and negatives as set out in Table 3.

Table 3: Comparison of scheme approaches

Scheme	Positives	Negatives
Framework approach	Uses existing framework	Small number of installers on framework
	Can be delivered quickly and scaled to meet demand in certain parts of the catchment.	Upfront time to set up scheme and admin intensive
	Setup of payment to small number of contractors	Legal & procurement framework needs to be built for all benefiting authorities
	Companies have been assessed by framework provider	
	Framework insurance	
	Works in Wiltshire	
Single contractor	Low LA administration required	Full tender procurement required
	Quick delivery of mitigation	Harder to implement across authorities without a special purpose vehicle
	One contractor relationship to maintain	Will require LA buy-in as host authority for contract management
	Uses external expertise	Less adaptive, agile to adjust to changing demand in different parts of the catchment.
	Economies of scale reduces administration costs	Less competition from contractors, so potentially higher costs overall.
	Has been proven in Norfolk (and Cumbria)	
Individual payment relationship	Open to all installers	Potentially admin intensive process, as more relationships, but can be simplified with website processes
	Provides householders with choice of contractor, helping to encourage small and local firms	Need for Grant Funding Agreement and Unilateral Undertaking with householders, but installation contract only between installer and householder
	Utilises all capacity in the market for contractors	Time consuming initial scheme setup
	Control of the budget without contractual requirements.	Potential for more competition between contractors, and potentially lower costs
	Full control over which tanks to upgrade	Larger number of contractors in scheme for invoicing
	Simplified buy in for contractors	
	Customer satisfaction – main responsibility of contractor, reducing admin	

Preferred approach

The framework approach will initially test the Individual payment relationship for Phase 1 (Arle Water Body). The key benefits of this approach is that it can enable numerous local and national contractors to undertake the works, rather than one or

two suppliers, and it allows the customer to choose. From a scheme perspective, there is full control over which tanks to upgrade and where – this allows the fund to focus on the areas of the catchment where there is high demand for nutrient credits, it also enables the scheme to be scaled both in terms of demand but also in light of changes to policy and legislation. The approach can also be completed without a major procurement process.

For Phase 2 New Forest Rivers, the approach may follow the grant award as per Phase 1, or alternative procurement of a single installer may be considered. Being a nitrogen only catchment, a procurement of a single supplier might be a cost benefit by introducing economies of scale for the single installer/supplier. This installer would provide all works for this phase. This would require full tender performed in line with procurement rules. The decision of which authority will action this procurement needs to be decided. The approach for Phase 3 – Wider Rollout – will be confirmed once the initial phases have been completed.

Type of System

The Solent Mitigation Partnership will upgrade householder domestic systems (septic tanks) that are over 10 years old. The known tanks that meet the mitigation specification are from the manufacturers Graf, Klargester and Bio Bubble package treatment system, other equipment can be specified but must meet the nutrient reduction figures.

The grant can be used to create or upgrade a secondary treatment system in the target catchments.

What will the grant pay for

The full cost of an upgrade is up to £30k (including VAT) for an individual application (1 dwelling). This covers the contractor costs for up to £28k and then wider costs – admin, legal costs. The full cost of £75k has been set for systems that serve multiple properties (ie less than 5 dwellings). A separate process will be created for larger systems (over £75k) and allocated on a per project basic.

The site will need to be accessible to the contractor with space for installation and delivery of any equipment. All contractors must be covered by liability insurance and will have complaints process in place for householders.

As part of the grant costs, the site will be returned to basic landscape. Where removal of trees, bushes or vegetation is needed these will not be replaced.

Householder Eligibility

The pre-requisites to being eligible to apply for this scheme are:

- the property/tank must be within one of the phase catchments zones
- the applicant must be the freeholder (or in exceptional circumstances the leaseholder, if the leasehold interest is significant enough)
- the current tank cannot be under 10 years old

- Business/commercial properties cannot apply for the grant (this does not include housing association)
- Priority will be given to properties within council tax brackets A to D

The phase catchment areas will exclude locations and properties that are near the mains sewer network. In line with the Environment Agency's General Binding Rules for small sewage discharges, new or upgraded private sewage systems are only appropriate where connection to the public foul sewer is not reasonable or practicable. Where a mains connection is available, this is the preferred solution over upgrading domestic sewage systems.

The phase catchment areas will prioritise properties located closest to surface watercourses, as upgrading these systems is likely to deliver greater environmental benefits than addressing smaller discharges that are less directly connected to nearby water bodies.

Priority will be given to properties within Council Tax bands A to D, as a straightforward and transparent way of focusing support and ensuring the scheme is fair and accessible.

Some eligibility requirements could change depending on the scheme.

Application

To register interest for the grant, the resident/applicant will need to apply via an online application form hosted on the Solent Mitigation Partnership website. It is important that the applicant is the owner of the land in which the tank is located or has authority to act on behalf of the land titleholder.

The form will be assessed by the Solent Mitigation team, and outcome advised within 4 weeks.

Customer/contractor relationship

We will have a list of recommended contractors who meet necessary standards for customers to engage with. Applicants will be made aware that they have the freedom to make their own choice, including selecting contractors not on the council's list. At time of applying the type of contractor (from the list or own choice) will be selected.

The relationship will be between the customer and contractor, once a grant is approved, the SMP will inform the Customer and Contractor and they will arrange the onsite works.

Eligible Contractors

For a company to become associated with this scheme and listed on the website it will need to satisfy these criteria:

- Been running for 5 years

- Have over £1m liability insurance
- Registration with British Water or another industry organisation is preferred

When an applicant suggests their own contactor, these criteria will also be checked.

Payment

No payment will be made to the applicant. The company installing the Tank will be paid directly by FBC (as lead authority) to undertake the works. We are keen to have one approach for all to make the process simple, ideally payment on completion but some smaller installers might require upfront payments to purchase equipment. To support SME in the area the SMP will offer (if requested by the installer) up to 25% of the quote to installers to start the works, with the remaining on completion and submission of the commission documents.

The grant will be secured by a Grant Finance Agreement and Unilateral Undertaking, agreed by the applicant prior to the grant being awarded.

SMP has discussed planning permissions with local authorities. For the first two phases, the replacement works will be completed under permitted development. In case planning permission is needed in later phases, SMP officers will support this process.

Applicants can, at their own cost, request other works on the site from the contractor. These will be directly managed between the contractor and applicant.

Legal agreements

The legal approach has been reviewed by Southampton, Fareham and Havant Legal Partnership. The council can provide grants under Section 1 of the Localism Act 2011. This extends to FBC providing grants for works in other LA jurisdictions.

To secure the long-term management of the credits it is recommended that a template Unilateral Undertaking is created which the applicant will receive and need to sign before accepting the grant award. Where there is a mortgagee, they would also need to sign up to the legal agreement. The Unilateral Undertaking will include requirements for the future replacement of the tank at the end of its life, the maintenance of the new septic tank and the right for an authority to inspect the install but will not include the assignment of credit.

A Grant Finance Agreement (GFA) will include the 'assignment of credit' on completion of the works.

Sink fund

To offset any risks this scheme will have access to a sink (or contingency fund) of £100,000 to draw down on, if required. This is equivalent to 10% of the Phase 1 delivery costs and is available should any corrective action from the scheme be needed in the future.

Management of Grant

Resources

The Solent Mitigation Partnership - Customer team will require specific staffing resources. The SMP Manager will oversee the entire application, award and payment process and a SMP Project Officer will run the day-to-day grant activities. This officer will have other duties outside of the grant functions.

Monitoring/Enforcement

The Monitoring Authority will have the right to visit properties, visually inspect the tanks, and review the maintenance records for the new systems. The Unilateral Undertaking will include obligations that secure proper maintenance of the system by the householder and, when the system needs replacing, require the installation of a system of the same or better efficiency.

The SMP will provide a report to the Monitoring Authority of all the upgraded tanks within the reporting period which has the date of upgrade, system installed, payment records, completion certificates and records of nutrient credits that have been created.

The report will detail servicing records of the upgraded tanks and show if any data is missing, results of audit visiting and actions for any corrective issues identified. Consideration is being given to an online portal so the grant recipients can upload documents for monitoring.

Credit Creation

The methodology for creating the credits will be reviewed by Natural England via their DAS service. This will be used to ensure every grant creates credits and a legal agreement will transfer rights to them to the SMP, see legal section above.

Natural England's latest guidance on nutrient neutrality has been used to calculate the net nutrient reduction resulting from the sewage treatment upgrades, the Total Nitrogen (TN) and Total Phosphorus (TP) loads for the new system installation will be subtracted from the TN and TP load for the existing, septic tank system.

Water use figures

The nutrient reduction calculations for the existing and proposed budgets will be based on an average water use rate of 150 litres per person per day (l/p/d) which results in an annual wastewater effluent discharge of 131,400 litres (l) from each dwelling. This value is appropriate for existing housing which reflects average values from other existing data sources for water use per person (e.g. Consumer Council for

Water, Southern Water), and it is in line with British Water's Flows and Loads data for informing design of Sewage Treatment Systems.

Discharge concentration value

The nutrient calculation for the existing dwellings served by septic tanks has been based on the default TN and TP discharge concentration figures 96.3 mg/l for TN and 11.6 mg/l for TP. These figures will be used as it is not possible to establish and evidence the actual discharge concentration and/or efficiencies of the existing septic tanks. Use of the default figures is Natural England's recommended approach.

Previous schemes have used the Graf one2clean Package Treatment Plant, which shows a performance against its PIA certificate of 7.9 mg/l TN and 1.6mg/l TP. Other manufacturers have systems that also meet efficient levels for TN and TP removal. To enable the contractor to choose an appropriate system for the property, the grant can be used to install any tank that has a TP under 3.5mg/l on the PIA certificate.

The nutrient credit calculations have been based on a precautionary basis to enable the scheme to deliver a net environmental benefit to the protected sites. The precautionary performance figures used in the calculations are 20mg/l TN and 5mg/l TP.

Occupancy figure

The nutrient reduction calculations will use an occupancy rate of 2.4 persons per dwelling reflecting the national average from Office of National Statistics (ONS) data. This is in line with Natural England guidance.

Deductible Acceptable Loading

Deductible Acceptable Loading (DAL) will not be applied to either the existing or the proposed sewage treatment system scenarios and the associated nutrient budget calculations.

Environment Agency Permit

Most of the upgrades will meet the EA's general binding rules so will not require permits. If an Environment Agency permit is required, this will be completed by the contractor on behalf of the householder. The cost will be covered within the £30k maximum allocation for each upgrade.

Timeframe

The aim is for the time from application to award to take 4 months. The time from award to completion of the installation should take around 6 months. From completion to final documents produced should take 1 month.

What's not included

The long term maintenance agreements will be responsibility of the applicant/resident. The option for them to enter into a service agreement with the installer will be offered at their expense.

When the tank needs replacing the recipient will be required to replace with an equivalent specification or better at their own cost.

Any costs that the applicant incurs in applying for the Grant will not be reimbursed.

Complaint handling

There will be no appeals process if an applicant is not successful. Complaints about the process or conduct of authority staff will use the standard FBC complaints handling process.

Applicants can and will be encouraged to report issues they have encountered with contractors installing the new tank equipment. Those companies will follow their own complaints process.

Scheme sign off and delegated authority

The scheme will be reviewed by Fareham Section 151 officer and the S151 for the grant funding.

The SMP will present to councillors in the Bishop Sutton area and New Forest via a briefing to gain political buy-in to the scheme.

In December 2024, PfSH Joint Committee allocated a total of £5.4m to this scheme, comprising of £3.4m from the LNMF Round 2 grant and £2m from future income. In July 2024, PfSH Joint Committee delegated the detailed spending authorisation, within the agreed capital and revenue allocations, to the lead PfSH Chief Executive, in consultation with the Chair of the Joint Committee, PfSH Monitoring Officer, Fareham Borough Council's Section 151 Officer and following consultation with the wider PfSH Chief Executives Group.

The Solent Householder Septic Tank Upgrade Programme – Grant Framework, and the Business Case for Phase 1 is presented to the Chief Executives and Joint Committee for approval. The scheme involves Fareham issuing a grant to residents in other local authority areas, which is similar to how the Disabilities Facilities Grant works with Portsmouth CC progressing this project for residents in Fareham. In this instance, Fareham BC is issuing grants as Lead Authority for the LNMF fund, and approvals for this delivery mechanism is secured via PfSH governance.