

Poole Harbour Local Nutrient Mitigation Fund

Appendix 1: Suggested Governance Arrangements

The Local Nutrient Mitigation Fund is a grant from DLUHC to enable the delivery of nutrient mitigation within the Poole Harbour catchment. The purpose of the fund is to deliver mitigation to enable residential (and other) development to take place within the catchment whilst ensuring that the nutrient loading on the designated Poole Harbour habitats site does not increase.

Dorset Council has been awarded £4.63m of capital funding and £203,821 of revenue funding to enable development within both the Dorset Council and BCP Council parts of the catchment.

Clear criteria will need to be established to support mitigation project selection to ensure decisions are transparent and consider all available options to select best value projects. The criteria would need to consider the potential for additional public benefits that can be realised as a result of project delivery however the focus needs to remain on the delivery of nutrient mitigation.

Mitigation comes in a number of forms but may include:

Greywater solutions

Upgrading of Septic Tanks/Package Treatment Plants:

Funding to upgrade existing package treatment plants or septic tanks to improve the levels of nutrient removal from waste water. The receipts from the sale of credits would be reinvested to deliver further mitigation. The council would work with both private home owners and registered providers to identify and deliver opportunities.

- Estimate £100,000 per upgrade for a package treatment plant serving around 6 homes, with the funds being reinvested to deliver further upgrades.

There may be other types of greywater solutions that arise such as improving the water efficiency of existing homes and other premises within the catchment, and these will be explored as part of the spend of the fund.

Nature-based solutions

Land Purchase:

These projects involve the purchase or grant purchase of intensively farmed land and a change in management to reduce the nutrient input. These offer an efficient and easy reduction in nutrient loading and therefore can mitigate large numbers of homes in a cost-effective way. The receipts from the sale of credits would be reinvested to deliver further mitigation.

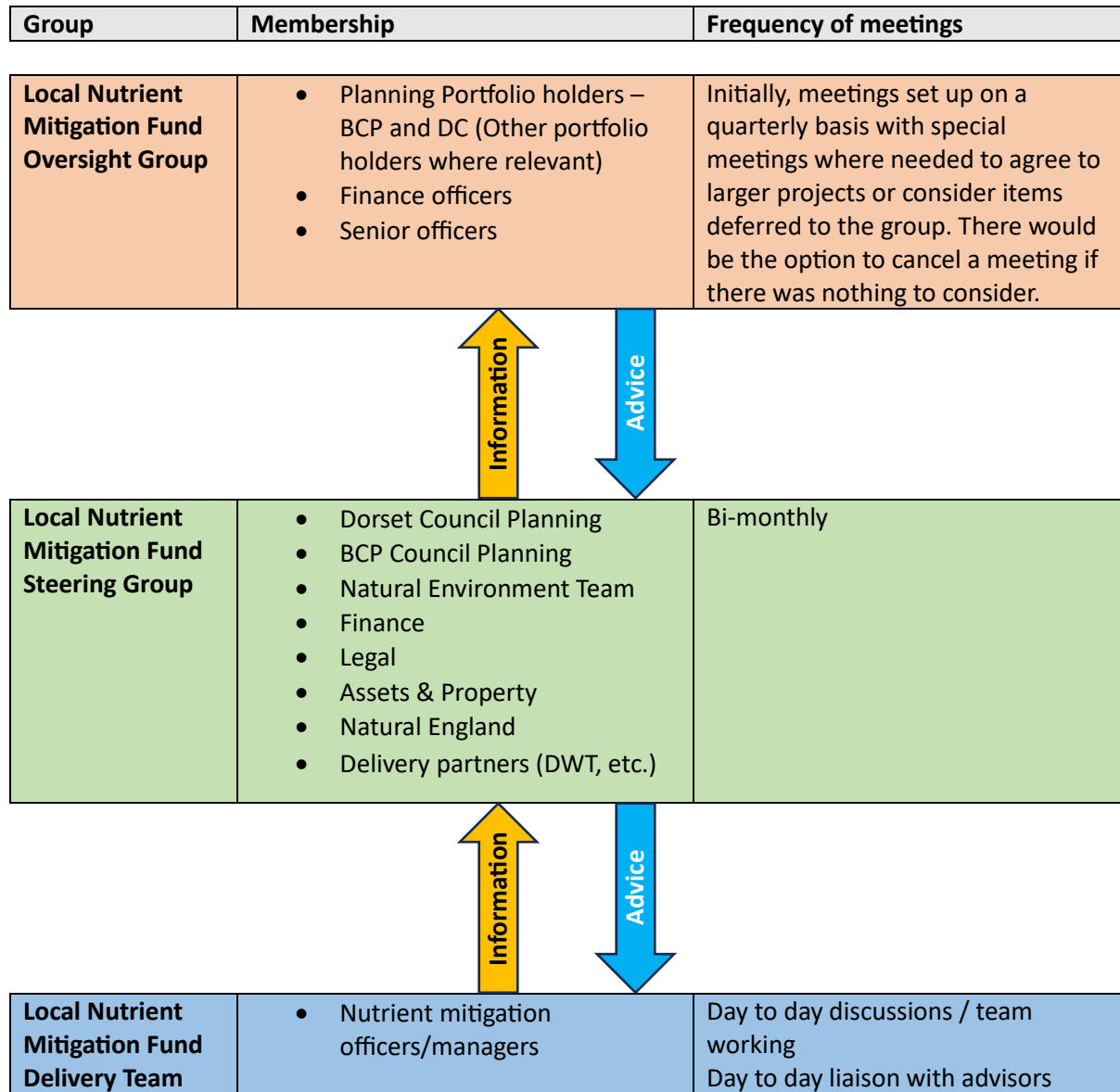
- Estimates of land purchase costs average at about £24,000 per hectare.
- Suggest a fund of £1.5m to fund/part fund land purchase opportunities.

Additionality on top of Land Purchase:

On land within the control of Dorset Council, or in partnership with other landowners, there would be the opportunity for additional nutrient credits to be realised. These additional credits could include the creation of wetlands within the project boundary or for tree planting. There will be a need for detailed feasibility work to understand whether the additional interventions will offer value for money by creating additional nutrient credits. As with other projects, the receipts obtained through the sale of mitigation credits would be reinvested to deliver further mitigation projects.

- Feasibility work could cost up to £50,000.
- Construction/delivery costs for a wetland could be up to £1.0m.

The proposed governance arrangements would involve two groups. The detailed remit of these groups will need to be refined but a suggested role for each group in meeting the requirements of the various MoU associated with the fund, is included at the end of this note.



Identifying, evaluating and delivering mitigation projects will be the responsibility of the Delivery Team. This team would work with landowners and partner organisations (e.g. Dorset Wildlife Trust) to identify projects. The team would then undertake an evaluation of the projects to understand their deliverability and suitability and whether they offer reasonable value for money (i.e. whether the cost of nutrient credits will be reasonable). The team would report to and feed into the Steering Group.

The Steering Group would involve delivery partners and officers from both BCP Council and Dorset Council. The purpose of this group would be to offer guidance to the Delivery team bringing in their expertise and to examine the detail of the proposed mitigation projects.

The Oversight Group would be responsible for the management of the fund ensuring that the aims of the fund are met, that the requirements within the corresponding MoU are met, and that the mitigation provided offers good value for money.

Thresholds for agreement to spend the fund

The Local Nutrient Mitigation Fund awards are only to be used to deliver nutrient mitigation within the Poole Harbour catchment. As such, the funds should be ring-fenced for this purpose and specific arrangements put in place to enable the fund to be spent efficiently.

Feasibility work often costs between £20,000 and £50,000. It is proposed that the approval of expenditure from the Local Nutrient Mitigation Fund not exceeding £50,000 would be delegated to the Environment / Policy / Partnership Manager.

Many of the smaller projects are likely to have a cost of between £100,000 and £500,000. These types of projects include the creation of wetlands, smaller land acquisitions, tree planting and some greywater solutions. It is proposed that the approval of expenditure over £50,000 but not exceeding £100,000 would be delegated to the Head of Planning, in consultation with the Steering Group.

For land purchases, there is often a need to respond to market opportunities relatively quickly in order to secure the opportunity. If a Cabinet decision is needed, the delay could put the purchase at risk. Allowing an increased spending threshold specifically related to the Local Nutrient Mitigation Fund, would enable opportunities for land purchase and other capital projects to be secured swiftly and the management of the fund to be more agile. The Oversight Group would meet on a quarterly basis with the opportunity to call special meetings should there be a need, giving the group an opportunity to examine these significant projects. Due to the need to purchase land at market value, it is proposed that the approval of expenditure over £100,000 but not exceeding £1.5m¹ be delegated to the Portfolio Holder for Planning in consultation with the Corporate Director for Economic Growth and Infrastructure. This level of delegation would enable significant areas of land to be secured to deliver mitigation.

For all other spend from the Local Nutrient Mitigation Fund, Dorset Council Cabinet approval would be required.

Suggested thresholds for spend from the Local Nutrient Mitigation Fund:

Environment / Policy / Partnership Manager – expenditure not exceeding £50,000

Head of Planning – expenditure over £50,000 but not exceeding £100,000

Portfolio Holder for Planning in consultation with the Corporate Director for Economic Growth and Infrastructure – expenditure over £100,000 but not exceeding £1.5m

Cabinet – all spend above £1.5m

¹ The £1.5m value is equivalent to a land purchase of approximately 60 hectares.

Item (summarised from MoU associated with LNMF grant awards)	Suggested remit of each group		
	Oversight Group	Steering Group	Delivery team
Aims:			
i. Deliver nutrient mitigation interventions in the catchment within 2023/24 and 2024/25.	Ensure nutrient mitigation is delivered.	Consider and advise on mitigation opportunities that arise within the catchment.	Identify diverse range of mitigation opportunities within catchment.
ii. Unblock (by making nutrient mitigation capacity available for developers) 1,000 homes per year in the long term.	Ensure mitigation is delivered at the required rate.	Drive the delivery of mitigation at the required rate.	Deliver mitigation at the rate needed to keep pace with development.
iii. Reinvest returns to deliver nutrient mitigation for the long term until no longer required – i.e. when there are no adverse effects from residential development.	Ensure returns received cover costs and are reinvested. Consider evidence of ‘favourable condition’ and when there will be no further need for mitigation.	Ensure mitigation credit value set to cover full cost of mitigation.	Identify cost effective mitigation that offers value for money, acting in an efficient way to deliver mitigation.
Requirements:			
i. Ensure schemes deliver effective value for money.	Receive reports on cost of mitigation and credits released – ensure credit costs are kept competitive.	Ensure value for money and report to Oversight Group on costs.	Ensure efficient and cost-effective delivery of mitigation.
ii. Full cost recovery – including admin costs.	Ensure efficient use of resource and reinvestment of funds.	Ensure costs of credits cover all costs associated with their delivery.	Ensure full record of costs for each mitigation project is maintained and used to calculate credit value.
iii. Cooperation between BCP and DC.	Continue the joint working between BCP and DC.	Engage proactively across councils, providing timely information and managing processes.	Facilitate full engagement and participation with both BCP and DC.
iv. Deliver mitigation at the catchment level.	Ensure mitigation is delivered for development across the whole catchment.	Monitor the distribution of credit sales to ensure even split across the catchment.	Ensure mitigation is delivered at the most appropriate locations across the catchment.

v.	Follow Government advice and guidance.	Consider reports on changes to government advice and guidance.	Identify and interpret government advice and guidance.	Keep track of and respond to latest advice and guidance from Government.
vi.	Consider secondary public benefits – public access to nature, natural flood risk... etc.	Champion the delivery of wider public benefits as a result of mitigation.	Actively consider opportunities for delivering wider public benefits associated with mitigation delivery.	Actively consider mitigation projects that will also deliver secondary public benefits, work to maximise these secondary public benefits.
Monitoring and reporting:				
i.	Keep a record of expenditure, mitigation provided, and homes unblocked.	Receive reports on the effectiveness of mitigation.	Keep a complete record of mitigation provision and reconcile against residential development delivered across the whole catchment.	Ensure detailed records of spend, mitigation provided, and homes unblocked are maintained for each mitigation project.
ii.	Report to DLUHC on a quarterly basis (subject to DLUHC requirements which are still to be defined).	Agree content of reports to be sent to DLUHC.	Report on mitigation delivery to meet DLUHC requirements.	Prepare material for reporting to DLUHC as required.
iii.	Maintain transparency on use of fund.	Review information for publishing on mitigation fund spend.	Ensure appropriate information is published on website and reported to Oversight Group.	Ensure appropriate information is published on website.
iv.	Participate in workshops and round table discussions with PAS.	Engage with PAS workshops where relevant.	Nominate attendance at PAS workshops to gather and disseminate best practice.	Participate in PAS workshops.
v.	Complete end of grant evaluation (in 2025/26).	Agree content of 'end of grant' evaluation to be submitted to DLUHC	Put together response to 'end of grant' evaluation.	Prepare information for 'end of grant' evaluation.
vi.	Respond to DLUHC information requests.	Consider content of any responses to DLUHC information requests as necessary.	Respond to DLUHC information requests and report to Oversight Group on these requests.	Respond to requests for information from DLUHC in a timely manner, reporting to Delivery Group as necessary.
Governance:				
i.	Ensure compliance with all legal and statutory		Take responsibility for ensuring correct processes and assessments	Obtain legal advice and undertake the necessary assessments of the

<p>obligations – state aid, subsidy control, equalities, procurement, health and safety, fraud...</p>	<p>Take overall responsibility for ensuring legal and statutory obligations are met</p>	<p>are followed to meet legal and statutory obligations. Agree project selection criteria and keep under review.</p>	<p>spend of the fund and ensure the strategy for delivering mitigation meets all statutory obligations. Establish clear criteria for mitigation project selection.</p>
<p>ii. Undertake due diligence on other organisations that are involved in the fund.</p>	<p>Take overall responsibility for due diligence on third parties involved in the fund</p>	<p>Undertake due diligence of partner organisations in mitigation delivery.</p>	<p>Prepare information to enable due diligence on partner organisations and ensure correct process is followed.</p>