

# Individual Cabinet Member Delegated Decision

**Cabinet Member for Finance, Development Management and Strategic Planning -  
Cllr Nick Botterill**

**Service – Historic and Natural Environment**

**Officer Contact:** Lynn Trigwell, 01225 718479, [lynn.trigwell@wiltshire.gov.uk](mailto:lynn.trigwell@wiltshire.gov.uk)

**Reference: FDMSP-01-22**

## **SETTING THE PRICE FOR NITROGEN OFFSETTING ON COUNCIL LAND AT ROUNDBARROW FARM**

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### **Purpose of Report**

1. To set the price for nitrogen offsetting credits at £2,500 for 1kg / Nitrogen (plus legal and admin fees) to deliver a strategic mitigation scheme on Council land at Roundbarrow Farm.

### **Consultation**

2. Under the Conservation of Habitats and Species Regulations 2017 (as amended) ('Habitats Regulations') planning applications in the River Test catchment in Wiltshire are required to be nitrogen neutral. Some planning applications have been held up for over 18 months but now a mitigation solution is available on Council land at Roundbarrow Farm, Pitton.
3. Roundbarrow Farm was previously managed as a dairy farm and was returned to Wiltshire Council in September 2021. Managing the land to enhance the natural capital and for conservation purposes, rather than as an intensive dairy farm, creates nitrogen 'credits' that can be traded to counterbalance the nitrogen burdens from new development.
4. It was agreed at the Asset Management Group (21.09.21) to bring forward Council land at Roundbarrow Farm for nitrogen offsetting. A separate strategy is being progressed for the potential repurposing of the farm buildings.
5. The main consideration for the Council is the price of the nitrogen 'credits'. This is important as it will secure the necessary funding for the loss of farming tenancy revenue to the Council in perpetuity (80 to 125 years) and cover long term management costs.

### **Options Considered**

6. The price has been set at £2,500 per 1kg / Nitrogen (plus legal and admin fees) to ensure there is adequate revenue to cover the loss of farm rental income, to deliver a successful environmental mitigations scheme, and to manage future risks from policy and legal changes.

### **Reason for Decision**

7. The price of nitrogen 'credits' needs to be set to establish the strategic nitrogen mitigation scheme at Roundbarrow Farm. Some developments have been held up for over 18 months whilst awaiting strategic mitigation solutions and these planning applications can be unlocked once the price has been set.

### **INTENTION TO MAKE DECISION**

Following consultation with officers I give notice that I intend to make the decision set out in the attached report. If you would like to make any representations to me on this issue please do so by 16 May 2022.

**The following supporting documents are attached:  
Appendices**

**The following supporting documents are available from the officer named  
above:**

**Background Papers**

**Date.....signed.....**

**Cllr Nick Botterill  
Cabinet Member for Finance,  
Development Management, and  
Strategic Planning**

# Individual Cabinet Member Delegated Decision

Cabinet Member for Finance, Development Management and Strategic Planning - Cllr Nick Botterill

Service – Natural and Historic Environment

Officer Contact: Lynn Trigwell, 01225 718479, [lynn.trigwell@wiltshire.gov.uk](mailto:lynn.trigwell@wiltshire.gov.uk)

Reference: (*Democratic Services will insert this*)

## SETTING THE PRICE FOR NITROGEN OFFSETTING ON COUNCIL LAND AT ROUNDBARROW FARM

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### Purpose of Report

1. To set the price for nitrogen offsetting credits at £2,500 for 1kg / Nitrogen (plus legal and admin fees) to deliver a strategic mitigation scheme on Council land at Roundbarrow Farm.

### Relevance to the Council's Business Plan

2. This approach is in line with the Sustainable Environment priority of the Business Plan 2022-2032 (adopted 2022), which seeks the Council to take the lead to become carbon neutral and, together, to take responsibility for conserving the environment. The proposal also helps to achieve a Thriving Economy by facilitating sustainable growth.

### Background

3. Under the Habitats Regulations planning applications in the River Test catchment are required to be nitrogen neutral to ensure they do not add to the existing nutrient burdens on the River Test Catchment. New planning applications must therefore be subject to an Appropriate Assessment under the Habitats Regulations to conclude that there are no adverse effects on European protected habitats. Some planning applications have been held up for over 18 months awaiting strategic mitigation options to come forward. To continue to support the delivery of housing development, a legally compliant solution of securing nitrogen mitigation is needed to provide certainty on the grant of planning permission.
4. Work has progressed on finding a strategic solution for Wiltshire and it was agreed at the Asset Management Group<sup>1</sup> (21.09.21) to bring forward Council land at Roundbarrow Farm for nitrogen offsetting (**Appendix 1**). A separate strategy is being progressed for the potential repurposing of the farm buildings.
5. Roundbarrow Farm was previously managed as a dairy farm and was returned to Wiltshire Council in September 2021. Most of the land is Grade 3 quality and the susceptibility of the lower lying parts of the site to groundwater flooding made farming difficult in some years. Managing the land to enhance the natural capital and for nature conservation purposes, i.e. a nature reserve rather than as an intensive dairy farm, creates nitrogen 'credits' that can be traded to counterbalance the nitrogen burdens from new development. It can also

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<sup>1</sup> It was agreed that 'the proposed re-letting of the holding on a traditional basis is not undertaken until at least 1<sup>st</sup> October 2022 and only then if the proposed re-purposing of the site for the nutrient and ecological mitigation purposes has proven unfeasible.'

deliver wider community benefits such as a new greenway between two villages and other biodiversity and carbon benefits.

6. Importantly the Roundbarrow scheme would provide sufficient credits to mitigate growth in the catchment for the remaining planned development, as identified in current spatial planning documents, and further growth anticipated to come from the emerging Wiltshire Local Plan Review. This provides the certainty for the Local Plan Review that future growth in this catchment can be nitrogen neutral.

### **Main Considerations for the Council**

7. The main consideration for the Council is the price of the nitrogen 'credits'. This is important as it will secure the necessary funding for the loss of farming tenancy revenue to the Council in perpetuity (80-125 years) and cover long term management costs.
8. Risks include potential policy or legal change over the Local Plan timescale affecting whether nitrogen neutrality is required, and a risk that credits will not be needed. Also, there is only a small amount of development coming forward in the River Test catchment and this will be phased over the Local Plan period. Future market conditions may be different, and this may affect the price of credits and total revenue secured.
9. Benchmarking against similar schemes has informed the recommendation that the price be set at £2,500 for 1kg / Nitrogen (plus legal and admin fees). The price is considered appropriate to cover the costs of the management of the site for this purpose, allowing for the risk associated with the sale of the credits and the long term need to secure the site. It is comparable to the average market price (which ranges from £1,241 to £4,500 for 1 kg / Nitrogen across the Solent, though the price of other strategic schemes in the River Test catchment is set above £3,000 per 1 kg / Nitrogen) (see Appendix 2). However, pricing the credits at the top of the market could mean that they remain unsold, whilst pricing at the lower end could increase the risk that there will be a loss of income when compared to a farm use over the duration of the project (in perpetuity (80-125 years)).
10. The price set at £2,500 (per 1kg / Nitrogen) equates to circa £3,000 per house for developments on agricultural land. For developments on non-agricultural land, it is circa £7,000 (though there is potential for this to be reduced with best practice Sustainable urban Drainage Systems (SuDS)). The higher figure is because if housing is proposed on agricultural land, the nutrient calculation includes the nitrogen that would have been added to the land from fertilisers and animals. Developing the site stops this source of nitrogen being added to the land and this partly offsets the nitrogen generated by the new people, thereby reducing the mitigation burden for these developments. This is based on national guidance from Natural England<sup>2</sup>. Most developments can take measures to avoid impacts as far as possible on-site through high quality SuDS or by creating areas of public open space to reduce the mitigation burden and associated costs.
11. This nutrient mitigation scheme provides an option within the Council's boundary and ownership to allow developers in Wiltshire to mitigate the impacts of their developments and demonstrate that they are Habitats Regulations compliant. Developers would still have the choice to secure mitigation through their own approach or to purchase credits from a 3<sup>rd</sup> party.

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<sup>2</sup> [Advice on Nutrient Neutrality for New Development in the Solent Region for Local Planning Authorities, Natural England, June 2020](#)

## **Overview and Scrutiny Engagement**

12. No engagement has been undertaken with the Council's Overview and Scrutiny function.

## **Safeguarding Implications**

13. There are no safeguarding implications associated with the proposal.

## **Public Health Implications**

14. The scheme will improve the health and wellbeing of the residents in Pitton and Firsdawn and other local communities, mainly from potentially better public rights of way links across the land and the wider health benefits that connection with nature brings. This approach would deliver best practice examples of nature-based solutions that can mitigate the impacts arising from people that can be replicated across the County benefiting many more communities in similar ways.

15. One of the aims of the scheme is to look at partnership opportunities for the future management of the nature reserve to maximise opportunities for training and education as well as other benefits for Wiltshire's residents.

## **Procurement Implications**

16. There will be direct procurement implications for the next stage including from delivering the infrastructure needed for the project and habitat restoration on site. Procurement will be undertaken in line with corporate procedures.

## **Equalities Impact of the Proposal**

17. There are no direct equalities impacts arising from the proposal.

## **Environmental and Climate Change Considerations**

18. The scheme will deliver many environmental and climate change benefits, as well as meeting statutory obligations under the Habitats Regulations, Natural Environment and Rural Communities Act 2006 and Countryside and Rights of Way Act 2000. The project will result in some energy consumption from restoring the land, removing slurry lagoon infrastructure, and creating footpaths but this will be less than managing the land as an intensive dairy farm. The restoration of the land to chalk grassland will be a carbon sink and will help to provide resilience to climate change for rare plants, birds and insects.

## **Risks that may arise if the proposed decision and related work is not taken**

19. The main risk is further delay to planned growth if the price for nitrogen credits is not agreed and nutrient neutrality requirements cannot be met. This is especially problematic for small and medium sized developers. These developers would need to purchase credits from other strategic providers outside of Wiltshire and these schemes are more expensive, and complex for the Council from a legal and governance perspective. Whilst there is currently some capacity from these schemes, there is also sufficient demand to predict that these options may not be available in a few months. Many applications could be held up again if supply runs out.

## **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

20. Even with the price set, revenue is dependent on the market and demand from development. There is no guarantee that all credits will be sold. Whilst this has been considered when setting the price of the credits, there remains a risk that maximum revenue will not be generated for the scheme. This risk can be managed in the design phase of the project and when considering long term management options.
21. The price also reflects that we are reserving credits for Wiltshire's development over the Local Plan period. This development may not come forward for 10 to 20 years, when the policy and legal framework and the market could be different. This risk can be managed by phasing certain aspects of the project delivery.
22. Whilst the land would be reserved for nitrogen credits should this market change any remaining land, not needed for nitrogen mitigation, could be used for other nature-based credit schemes such as carbon credits or for biodiversity net gain.

## **Financial Implications**

23. These are predominantly associated with the loss of farm income and from the long-term management costs associated with the mitigation scheme. However, the recommended price has been set to minimise these risks. Furthermore, if all the credits were not sold for the scheme, there would be scope to explore other forms of environmental offsetting for the remaining land, or alternative land use options.
24. Staff resource costs are covered by the fee for legal and admin work. Wider project management would be undertaken by the nutrient project officer as part of their existing role.

## **Legal Implications**

25. In accordance with the Habitats Regulations all development proposals which could have a likely significant effect on the integrity of the River Test catchment, must demonstrate that the project can mitigate these impacts, this is demonstrated through nutrient neutrality. Before the planning permission can be granted the mitigation measures necessary to prevent a development impacting on the River Test catchment must be secured. Planning obligations under s106 Town and Country Planning Act 1990 will be used for developers to secure the purchase of nitrogen credits from the Council.
26. The purchase of the nitrogen credits will be secured through planning obligations pursuant to Section 106 Town and Country Planning Act 1990. Further governance measures will be required to ensure that the site is maintained and monitored to ensure that requirements under the Habitats Regulations are met.

## **Workforce Implications**

27. A previous Cabinet Paper<sup>3</sup> dated 5 January 2021 agreed the funding for a project officer to oversee the delivery of both phosphorus and nitrogen offsetting schemes. Project managing this scheme falls within this remit.
28. The alternative approach of having to direct developers to many and changing alternative strategic schemes also has workforce implications, as well as legal implications and so is

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<sup>3</sup> Allocation of Community Infrastructure Levy Funding to manage phosphates in the River Avon Special Area of Conservation, 5 January 2021

not a preferred option.

29. In delivering a successful project, it will be necessary to coordinate with other Council departments. This is unlikely to have significant workload implications and is essential to ensure the multiple benefits from the project are maximised.

### **Options Considered**

30. To set the price at £2,500 per 1kg / Nitrogen (plus legal and admin fees) - this secures adequate revenue to cover the loss of farm rental income, deliver a successful environmental mitigations scheme and manage future risks from policy and legal changes (**Appendix 2**)

31. To set a lower price - this would be beneficial for developers but increases the risk of not recovering the loss of rental income for the Council and increased risk that site management costs would not be covered. This could jeopardise the viability of the scheme.

32. To set a higher price - this could provide more certainty of revenue if all the credits could be sold but could have a negative impact on the viability of some schemes. Developers may look to achieve nitrogen neutrality from alternative mitigation schemes leaving nitrogen credits at Roundbarrow unsold. Under the Habitats Regulation there must be certainty with any mitigation scheme that it will remain in place for the duration of the effect and a Council scheme would provide that certainty. Other options would require monitoring and, if necessary, enforcing bespoke mitigation projects, or large strategic mitigation schemes outside of Wiltshire's authority area. The preference for the Council is for developers to use this scheme and the price has been set to facilitate this. However, alternative mitigation options continue to be available to developers should they wish.

### **Proposal**

33. To set the price for the nitrogen offsetting credits on Council land at Roundbarrow Farm at £2,500 per 1kg / Nitrogen (plus legal and admin fees).

### **Reason for Proposal**

- To successfully deliver a Council led strategic nitrogen mitigation scheme
- To provide an option for developers located in the River Test catchment in Wiltshire to achieve nitrogen neutrality and unlock planning applications on hold
- To deliver a strategic mitigation solution sufficient for the growth planned Local Plan Review
- To deliver a project that also meets wider Council Green and Blue Infrastructure and Climate Change aspirations.

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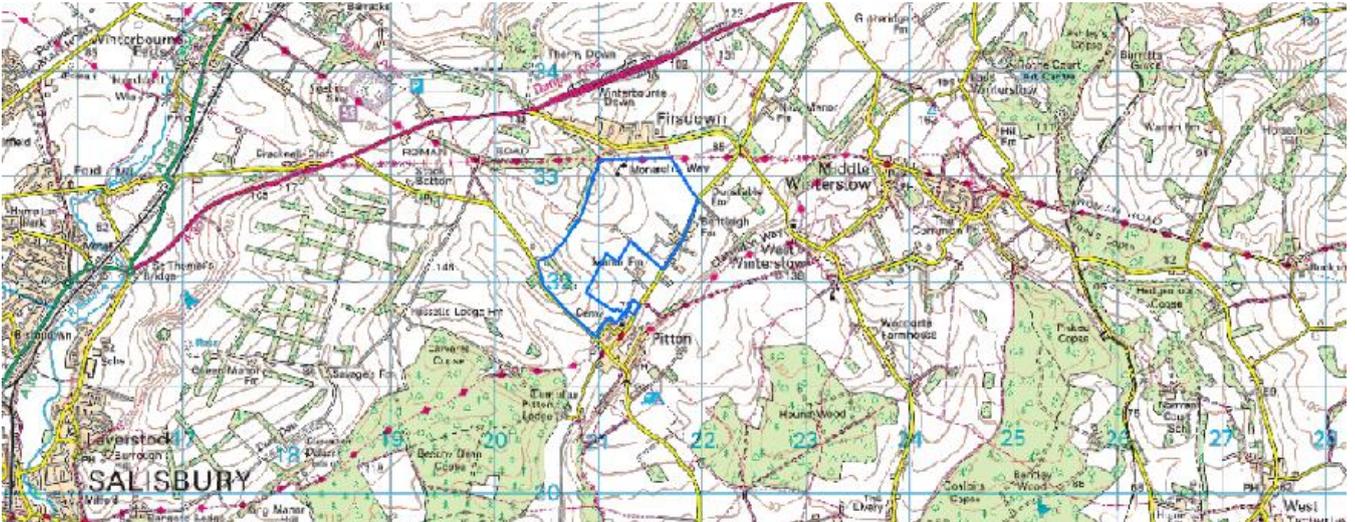
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29 April 2022

## Appendices

### Appendix 1 Site location and draft proposals



### Appendix 2 Price of nitrogen credit in other local planning authorities

Below is a summary of comparable schemes that have been investigated:

LPA	Cost per 1 kg/N	Comments
<b>River Test catchment schemes</b>		
Winchester City Council	£3,500	WCC has set up a charging scheme for development (with Grampian conditions until they secure a mitigation scheme)
Test Valley Borough Council	£3,000	No LPA scheme as yet, but charging developers in advance of bulk purchasing credits or finding an LPA solution
Eastleigh Borough Council	£3,000	Eastleigh Borough Council has bought land purposefully to deliver mitigation
Private Landowner (Test Valley)	£4,500	This is a private scheme available to developers.
<b>Wider Solent catchment (not applicable for Wiltshire's development)</b>		
Havant Borough Council	£1,241	This scheme is most similar to Roundbarrow Farm. Havant Borough Council bought out the long term lease of the farm, but the cost does not cover any management for 80 to 125 years. This is being secured from other Habs Regulation mitigation pots (SPA birds), which covers management for 80-125 years.
Hampshire and Isle of Wight Wildlife Trust scheme	£2,500	Two options on the Isle of Wight that can be used by development in Havant, Portsmouth, Gosport and Fareham, southern parts of New Forest. HIWWT is looking to buy other land but this is more expensive in Hampshire.

## **Background Papers**

The following documents have been relied on in the preparation of this report:

**We are legally obliged to publish background papers. Please send these to Democratic Services clearly labelled as being background papers.**

**The Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 require published documents to be accessible to everyone browsing the web, including those with screen readers. You must check the accessibility of your final report and appendices by following the final steps (for Word documents) before releasing it for publication:**

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