

## **NORFOLK NUTRIENT MITIGATION FUND - SCHEMES AND GOVERNANCE**

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**Portfolio:** Leader

**Wards Affected:** All

### **Purpose of the Report:**

An Expression of Interest (EOI) was submitted back in May 2023 in response to the Government's call for information on the impact of nutrient neutrality and information on projects or strategies for delivering nutrient mitigation to unlock housing delivery in catchments of Habitats Sites affected by nutrient pollution.

As a result, Broadland District Council (BDC) has received £9.6m of Capital funding and £622,610 of Revenue funding from DLUHC, on behalf of the Norfolk Local Planning Authorities (LPAs), to help address nutrient neutrality issues.

This report aims to provide details of the proposed delivery mechanism for administering the Nutrient Mitigation Fund (NMF), and associated governance model, for allocating the funding moving forwards.

### **Recommendations:**

1. That Cabinet agree to seek Expressions of Interest for both capital and revenue funding from the NMF from interested parties to unlock nutrient neutrality mitigation, using the proposed Expressions of Interest Form detailed in Appendix A.
2. That Cabinet agree the proposed evaluation methodology against which Expressions of Interest will be considered as detailed in Appendix B1 and B2.
3. That Cabinet agree the Governance proposals for the administration of the NMF, as set out in the report and consequently agree:
  - i. To establish a Nutrient Mitigation Fund Member Working Group, with a Member from each Local Planning Authority. And approve the proposed Terms of Reference as detailed in Appendix C1.

- ii. To establish a Nutrient Mitigation Fund Officer Working Group, with an officer from each Local Planning Authority. And approve the proposed Terms of Reference as detailed in Appendix C2.
  - iii. To delegate authority for the final decision on the allocation of funding to the s151 Officer, in consultation with the Assistant Director Planning (as LPA lead) and the Leader, taking due regard of the recommendations given by the Nutrient Mitigation Fund Member Working Group.
4. That Cabinet agree to delegate authority to make changes to the Expressions of Interest Form, the Evaluation Methodology, and the Working Groups Terms of Reference to the s151 Officer, in consultation with the Assistant Director Planning (as LPA lead) and the Leader, taking due regard of the recommendations given by the Nutrient Mitigation Fund Officer Working Group.
  5. That Cabinet agree to the recruitment of a Nutrient Mitigation Fund Manager, and supporting administrative and technical support, in order to manage the Scheme, to be funded from the DLUHC revenue funding.
  6. That Cabinet recommends to Full Council to add £9.6m to the BDC Capital Programme.

## **1 Background**

- 1.1 BDC submitted an Expression of Interest (EOI) on behalf of all the Norfolk Local Planning Authorities (NLPAs) affected by nutrient neutrality to the Department for Levelling Up, Housing and Communities (DLUHC) following its invitation to submit costed expressions of interest for programmes or strategies for delivering nutrient mitigation, to unlock housing delivery in catchments of Habitats Sites affected by nutrient pollution.
- 1.2 As a result of this submission, on 19 December 2023, DLUHC awarded BDC £9.6m of Capital funding on behalf of the Broads and Wensum catchments. BDC is the accountable body which will administer the funding provided – acting as the lead for the group of LPAs affected by nutrient pollution in the two catchments.
- 1.3 There is now a requirement to consider the process and respective governance model to administer the fund. The key outcome of an effective scheme and governance model is to ensure we balance the need for collective buy in from all LPAs into the funding allocations and mitigation delivery, with the requirement to commit the funds in line with DLUHC's expectations over the coming 12 months.
- 1.4 BDC Cabinet agreed at a meeting on the 16 January 2024 to accept the capital funding on behalf of the Norfolk LPAs and commit this to a programme of nutrient mitigation work. At this meeting it was also agreed to use up to £1.5m of the capital funding to make a loan to Norfolk Environmental Credits Ltd (NEC) to fund a specific nutrient mitigation intervention.
- 1.5 In late January DLUHC also made £422,610 revenue available to support the delivery of the capital programme. A further £200,000 revenue (£100,000 per catchment) has also been made available through the Nutrient Support Fund.
- 1.6 The full revenue and capital payments from the Department for Levelling Up, Housing and Communities were received by BDC on the 23 February 24.

- 1.7 Five LPAs are covered by this arrangement (Broadland District Council, Breckland Council, North Norfolk District Council, Norwich City Council and South Norfolk Council). The other authorities in the catchments have confirmed that nutrient neutrality and the impact on new homes is only minimal or not relevant and therefore, they will not be directly involved.
- 1.8 The Broads Authority has asked to be included in any circulation of papers and made aware if any nutrient mitigation solutions are proposed in their planning area.
- 1.9 The nutrient mitigation solutions that the local authorities are progressing or enabling will sit alongside and not compete with those that Natural England are working on within the catchment.

## **2 General Approach**

- 2.1 DLUHC has set the following key funding outcomes for the capital grant money:
- i) Deliver nutrient mitigation interventions in the catchment within 2023/24 and 2024/25, and
  - ii) Unblock nutrient mitigation capacity available for developers.
- 2.2 To maximise our ability to deliver schemes within the expected timeframe, it is recommended that we use the money to encourage any suitable projects to come forward.
- 2.3 This therefore requires the Councils to put in place a process to:
- (i) Seek interest from any interested parties via an Expression of Interest process.
  - (ii) Evaluate any expressions of interest.
  - (iii) Award funds to appropriate projects.
- 2.4 It is also acknowledged that not many projects are currently ready to progress to implementation. It is therefore recommended that £200,000 is used to grant fund feasibility work on developing projects.
- 2.5 Consequently, we are looking to develop two schemes:
1. Nutrient Mitigation Feasibility Scheme (for feasibility work).
  2. Nutrient Mitigation Capital Scheme (to deliver mitigation projects).
- 2.6 A flowchart showing how an applicant might progress from an initial enquiry for either Feasibility or Capital funding or both can be seen in Appendix D.
- 2.7 Once launched it will be necessary to publicise the availability of funding in order to encourage Expression of Interest to come forward. A webpage will be developed to provide information and capture requests.
- 2.8 Where a revenue claim is being made for feasibility work, third-party quotes and specifications of work will be required prior to any payments being made.
- 2.9 To help guide the administration of the Norfolk Nutrient Mitigation Fund, and ensure that this is carried out in an equitable, and collaborative way, an Inter Authority Memorandum of Understanding (MoU) will be drafted and agreed by the Nutrient Mitigation Fund Member Working Group.

### 3 Proposed Schemes

- 3.1 It is necessary to work out the best way to utilise the grant funding from Government to the catchment authorities to deliver the required outcomes.

#### Expression of Interest Process

- 3.2 In order to seek interest from any interested parties to deliver nutrient mitigation interventions, an Expression of Interest form has been devised and is included as Appendix A. This form seeks to balance the need to obtain a standard set of information to evaluate the Expression of Interest, with flexibility to respond to different potential solutions. The EOI form will allow submissions for either feasibility / revenue or capital funding but the assessment criteria will be different (see below).
- 3.3 It is proposed that the Expression of Interest process would be launched by the end of March 2024 and interested parties would then be able to submit EOIs at any time. This would help ensure projects could be evaluated and delivered as quickly as possible.

#### Evaluation Process

- 3.4 Any EOI will need to be evaluated to ensure they are robust and meet the needs of the area. EOIs will need to be evaluated quickly and it is suggested that we should aim for the evaluation process to take place at least monthly.
- 3.5 The EOIs could be very diverse and vary significantly in cost and scope. We also need to ensure that local nutrient mitigation projects can help meet each area's needs.
- 3.6 The following evaluation criteria are therefore recommended:

#### Essential Criteria

- Is the project in the catchment area? (Pass / Fail)
- Is there satisfactory scientific evidence that the project will deliver appropriate mitigation?
- Have proposals been shared with and feedback received from the statutory agencies Environment Agency / Natural England / the Local Planning Authority?
- Is there satisfactory evidence that the project is deliverable within the timeframe proposed?
- Is there satisfactory evidence that the project is a financially robust?
- Is there a mechanism in place to repay the funds?
- Satisfactory financial & legal checks.

#### Policy Objective Criteria

- Delivering nutrient mitigation interventions in the catchment, ideally by March 2025.
- Unblocking (nutrient mitigation capacity available for developers) homes.
- Value for Money of the Project.
- Financial Return on Investment.

- 3.7 Further details are set out in Appendix B.

### Feasibility Funding

- 3.8 The feasibility work funding is one-off and will be treated as grant funding that will not need to be repaid.  
The provision of this fund is a local initiative to try and speed up delivery and was not stipulated by the Government.  
Applicants will be able to apply for feasibility funding or capital funding or both.

### Capital Funding

- 3.9 The DLUHC Memorandum of Understanding relating to this Government Capital grant funding states:  
**Cost recovery:**  
Nutrient mitigation credits should be sold at a price which reflects **the full cost** of efficiently establishing, maintaining and monitoring mitigation – including reasonable administrative costs.  
The LPA should **not offer public subsidy to developments and any return generated from the sale of credits should be reinvested in the programmes.**
- 3.10 In essence, the Government grant money can be used to fund mitigation projects up front (to ensure they are not held up by lack of funds and can thus progress quickly) but that the income ultimately generated from the mitigation projects should be sufficient to pay back the initial investment. This therefore means that the Norfolk Nutrient Mitigation Capital Scheme needs to operate on an investment basis (not a non-repayable grant basis).
- 3.11 The most straight forward way to do this is to treat the money as an investment in a project. The return on the investment would need to be negotiated on a project by project basis, but could require the investment to be repaid plus interest, or as a share of the project profits.
- 3.12 Initially there is a requirement by the Government to have committed all the £9.6m capital funding by March 2025 and therefore in the early stages it is likely that the range of investment arrangements will be limited. In time it is likely that further funding models could be explored for the capital investment, potentially including shared risk and reward models or linked to profit on sales.

### Support to Potential Applicants

- 3.13 Developing suitable mitigation projects is challenging. Therefore, as part of the arrangements it is proposed that feasibility / revenue support is available to potential applicants as well as capital funding. This is not prescribed as part of the Government funding but felt by the Norfolk LPAs to be an important part of encouraging viable projects to come forward as soon as possible.

### Credit Brokering Service

- 3.14 Some potential applicants may have a suitable site / scheme for delivering Nutrient Mitigation, however they may not wish to run a nutrient neutrality credit trading scheme themselves.

- 3.15 In order to support these potential projects, it would be an option for the Councils to offer a nutrient neutrality credit brokering service. However, this is not the core business of the Councils and is not envisaged at this stage.
- 3.16 It is therefore recommended that if a potential applicant wanted assistance with delivering a credit brokering service, we would direct them to any credit brokering scheme offered by other parties.

#### **4 Governance**

- 4.1 There needs to be a process whereby the affected Norfolk LPAs can collaboratively input into delivery of the Nutrient Mitigation Fund and the allocation of funding.
- 4.2 A key element to designing this governance model is ensuring that we balance the need for speed of delivery with collective buy-in and agreement at the right level.
- 4.3 Given the strategic importance of this issue, there will need to be active member oversight, and thus it is recommended that both an informal member and an informal officer working group are established as detailed below.
- 4.4 This Governance process will initially be centred on the allocation of the Local Nutrient Mitigation Fund for Norfolk. However, once mitigation is no longer required, any resulting / residual funding must be invested in measures to aid Habitat Site restoration and objectives of sustainable development and promoting public access to nature. In the future, this Governance Structure could be used to develop and implement projects in relation to this requirement.

##### Nutrient Mitigation Fund Member Working Group

- 4.5 It is proposed that a new informal Member Working Group is established, made up of the five LPAs who submitted the expression of interest to DLUHC, co-ordinated by BDC as the accountable body for the funding. This group will not have any formal decision-making powers.
- 4.6 Membership of this group will be determined by each LPA, taking into consideration potential conflict of interests.
- 4.7 This Group would have the following key responsibilities
- Receipt of recommendations from the officer working group and
  - Making recommendations on the allocation of funding, to BDC as the Accountable body.
- 4.8 The Terms of Reference for this group can be found in Appendix C1.

4.9 The proposed Member working group membership is as follows.

Breckland	Councillor Mark Kiddle-Morris (Executive Support Member for Planning Policy)
Broadland	Councillor Sue Holland (Leader and lead for Strategic Planning Policy)
Norwich	Councillor Matthew Fulton-McAlister (Planning and Regulatory Services Portfolio Holder)
North Norfolk	Councillor Andrew Brown (Planning and Enforcement Portfolio Holder)
South Norfolk	Councillor Lisa Overton-Neal (Planning Portfolio Holder)

#### Nutrient Mitigation Fund Officer Working Group

4.10 It is proposed that a new officer working group is established, made up of the five LPAs who submitted the expression of interest to DLUHC, co-ordinated by Broadland District Council as the accountable body for the funding, and with the Broads Authority joining on an ad-hoc basis.

4.11 Membership of this group will be determined by each LPA, taking into consideration potential conflict of interests.

4.12 This Group would have the following key responsibilities

- Assessment of proposed projects.
- Forming recommendations and preparing and presenting reports for the allocation of funding to the Member Working Group, with clear rationale against the criteria for assessment.
- Development of and oversight of the delivery of the Nutrient Mitigation Fund and mitigation delivery schemes; including the requirements set out in the MOU of monitoring and evaluating mitigation delivered and homes unblocked.
- Overseeing of risks and issues with development and delivery of the schemes.

4.13 The group will need to be provided with support (such as legal, procurement and scientific specialisms) as and when required. The Terms of Reference for this group can be found in Appendix C2.

4.14 The proposed Officer working group membership is as follows.

Lead Accountable Officer	Rodney Fincham (section 151 officer BDC)
Breckland	Andrew Holdsworth (Assistant Director – Economy)
Broadland	Ben Burgess (Assistant Director - Planning) from 18 March
Norwich	Sarah Ashurst (Head of Planning and Regulatory Services)
North Norfolk	Russell Williams (Assistant Director – Planning)
South Norfolk	Tracy Lincoln (Development Manager)

## Role of Broadland District Council (BDC) as the Accountable Body

- 4.15 As accountable body for the Local Nutrient Mitigation Fund for Norfolk, BDC is the body that has to legally enact the final allocation of any funding.
- 4.16 However, in the spirit of collaboration, it is proposed that the Nutrient Mitigation Fund Member Working Group will consider and make recommendations to BDC as the accountable body, and BDC will act on these recommendations.  
The Leader at BDC will be the BDC representative on the Member Working Group, so there is a direct link through to final decision making.
- 4.17 In order for BDC to be able to expedite delivery of projects recommended by the Nutrient Mitigation Fund Member Working Group, it is recommended that delegation is given on the final decision on the allocation of funding to the s151 Officer and Assistant Director Planning, in consultation with the Leader, taking due regard to the recommendations from the Member Working Group.

## 5 Other Options

### Scheme Options

- 5.1 In terms of options for managing the Fund and schemes, there are other options that could be considered.  
These are set out below in the table and include an overview of the reasons they are not recommended.

<b>Option</b>	<b>Why it is not recommended</b>
BDC directly commissions and manages projects funded by this Government grant.	It is not in the spirit of collaboration.  BDC does not currently have the expertise to carry this out.  Unlikely to deliver sufficient projects.
We select a single delivery partner. Note: This would be likely to be considered a subsidy but is likely to be a permitted subsidy as it would be likely to meet the Principles of the Subsidy Control Act 2022 and so can be given.	Unlikely to deliver sufficient projects.  Would stifle competition and not help to develop a nutrient mitigation market in Norfolk.  Increasing the risk of failure by just using one provider.  Limiting the range of ideas that might come forward to the capacity of that single provider.



## Governance Options

- 5.2 In terms of governance, there are other options that could be considered. These are set out below in the table and include an overview of the reasons they are not recommended.

<b>Option</b>	<b>Why it is not recommended</b>
Instead of establishing separate Member and Officer groups, there is the option to form a single joint Member and Officer working group.	It is envisaged that there will be significant operational work which will need to be done to assess the bids which come through. A separate Officer working group which reports into a Member working group would enable operational discussions to remain with Officers and for Members to retain strategic and political oversight of the process.
Instead of establishing a new member working group the Norfolk Strategic Planning Member Forum could be used as the Member group to consider allocation of funding.	This work does not fall within the current remit of the Forum. The current membership of the Forum may pose challenges with potential conflict of interests with potential bidders. Fitting with a programme of published Forum meetings would also potentially slow down the allocation of funding.
Instead of establishing a Member working Group, there is the option for each LPA to take a report on the proposed allocation of funding for projects to their respective Cabinet meetings.	The decision-making process would be very slow and would have to fit with the established meeting schedules. This could potentially lead to opportunities being missed and put further pressure on meeting the March 2025 deadline. It is not required by the MOU with DLUHC, as BDC is the accountable body for the funding, therefore, is the only LPA who can formally make the decision on the spend.

## **6 Funding Agreement**

- 6.1 When Expressions of Interest are approved, it will be necessary to award the funding using a grant agreement (for feasibility works) and a loan agreement (for capital works). In the case of the latter two templates will be produced, the first covering simple interest repayment models, the second more sophisticated arrangements such as profit sharing.

## 7 Next Steps

7.1 If agreed, the next steps for implementation would be:

ASAP	Recruitment of the Nutrient Mitigation Fund Manager (using some of the DLUHC revenue funding).
End of April 2024	Funding Schemes finalised and formally launched in May
From May 2024	Receipt of Expressions of Interest, review of submissions, and where appropriate the award of funding.
By March 2025	Awarding all the original £9.6m capital funding.
From March 2025	Recycle the capital funds until nutrient neutrality is resolved.

## 8 Issues and Risks

- 8.1 **Resource Implications** – There is still a significant amount of work to be put in to get the schemes operational and all the local planning authorities will need to play a full role in promoting the scheme and looking for potential solutions. This will particularly be the case in areas at the top of the Wensum or in the smaller catchment areas  
Mitigation: some additional capacity has been brought in to assist with the design of the schemes and establishing the working arrangements and material will be developed for use to promote the scheme. All the authorities will need to be proactive in promoting this funding opportunity through their formal and informal networks.
- 8.2 BDC will require a team to administer the scheme. This will need to be supplemented by external resources to assess and review the submissions that are made. Finding the right skills and experience for the Nutrient Mitigation Fund Manager role will be challenging.  
Mitigation: A draft job description has been prepared and there is an opportunity for a full-time secondment from one of the local authorities – which may mean an appointment can be made more quickly, subject to meeting the selection criteria.
- 8.3 **Legal Implications**
- 8.4 Any funding to third parties will need to take account of the Subsidy Control Act, and each award will need to be assessed in terms of the subsidy requirements that need to be met.
- 8.5 A subsidy is permitted if the four limbs and eight principles of the legislation are met. If funding is provided at commercial terms, then a subsidy would not apply.
- 8.6 **Equality Implications** – An Equalities Impact Assessment may need to be carried out for each individual scheme.

- 8.7 **Environmental Impact** – Nutrient pollution is in essence, the increase in levels of nutrients such as nitrogen and phosphorous. Nutrient pollution is a particular problem for freshwater habitats and estuaries as increased levels of nutrients can impact any wildlife that live there. This fund and subsequent projects will begin to address some of the key issues Nutrient pollution is having in Norfolk, and will support BDC’s key Council priorities they have committed to in the Council Plan for 2024-2028 (as set out below):
- **Cleaner, greener Broadland.** Objective: To think globally and act locally with low-carbon solutions and safeguards for the natural environment through working collaboratively and innovatively to respond appropriately and effectively to the climate and biodiversity crisis.
  - **Providing the right homes in the right places.** Objective: Create a district where all residents have access to safe, and affordable, energy efficient housing, leading to thriving, inclusive communities that promote overall wellbeing.
- 8.8 Funding these projects will have a significant impact on the environment as it is likely that funded solutions will start to improve the environment in the special areas of conservation whilst supporting the much-needed housing growth across both the district and Norfolk.
- 8.9 **Crime and Disorder** – The Council will need to undertake further financial and legal checks on any individuals or companies that are applying for funding including any criminal, insolvency, county court judgments etc which would influence any final funding decisions.
- 8.10 **Risks** – Significant work has been undertaken since the Government announcement on the 19 December 2023. It is anticipated that most applications for funding will need further clarification and work prior to any initial funding decision. Therefore, there is a risk that all the funding will not be committed by the end of 2024/25. This has been mitigated through the pace of work in the past few months, and it will also be heavily influenced by the attractiveness of the offer and the quality of the bids submitted.
- 8.11 As we progress through to delivery of the Fund, a risk and issues register will be maintained to ensure key matters are captured and addressed.

## 9 Recommendations

1. That Cabinet agree to seek Expressions of Interest for both the capital and revenue funding from the NMF from interested parties to unlock nutrient neutrality mitigation projects, using the proposed Expressions of Interest Form detailed in Appendix A.
2. That Cabinet agree the proposed evaluation methodology against which Expressions of Interest will be considered as detailed in Appendix B1 and B2.
3. That Cabinet agree the Governance proposals for the administration of the NMF, as set out in the report and consequently agree:
  - i. To establish a Nutrient Mitigation Fund Member Working Group, with a Member from each Local Planning Authority. And approve the proposed Terms of Reference as detailed in Appendix C1.
  - ii. To establish a Nutrient Mitigation Fund Officer Working Group, with an officer from each Local Planning Authority. And approve the proposed Terms of Reference as detailed in Appendix C2.

- iii. To delegate authority for the final decision on the allocation of funding to the s151 Officer, in consultation with the Assistant Director Planning (as LPA lead) and the Leader, taking due regard of the recommendations given by the Nutrient Mitigation Fund Member Working Group.
4. That Cabinet agree to delegate authority to make changes to the Expressions of Interest Form, the Evaluation Methodology, and the Working Groups Terms of Reference to the s151 Officer, in consultation with the Assistant Director Planning (as LPA lead) and the Leader, taking due regard of the recommendations given by the Nutrient Mitigation Fund Officer Working Group.
5. That Cabinet agree to the recruitment of a Nutrient Mitigation Fund Manager, and supporting administrative and technical support, in order to manage the Scheme, to be funded from the DLUHC revenue funding.
6. That Cabinet recommends to Full Council to add £9.6m to the BDC Capital Programme.

## Appendix A: Expressions of Interest Form and Information to Applicants

### Nutrient Mitigation in Norfolk

Funding is available to bring forward nutrient mitigation for the phosphorus and nitrogen levels affecting the Special Areas of Conservation across Norfolk.

The desired outcome is to release planning applications held up due to the additional nutrient loads that are generated by development (and therefore enable housing currently on hold and a pipeline of future developments to proceed).

The funding is twofold.

- A **Nutrient Mitigation Feasibility Scheme** to enable potential solutions to come forward more quickly by providing revenue funding up front for feasibility work.
- **Nutrient Mitigation Capital Scheme** that will be provided to progress nutrient mitigation projects.

A project will have to be within the Wensum, Yare, Bure, Ant, Thurne and Trinity Broads and an area where there is planned housing growth (planning applications) that are on hold.

In the Wensum in particular any potential mitigation solution will need to be upstream of development or connect to a wastewater treatment works that is upstream to release a particular development site.

#### **Nutrient Mitigation Feasibility Scheme**

Non repayable grants are available to enable projects to progress in a timely manner, for example through funding scientific evidence gathering or modelling, legal or financial support to enable a project to move towards implementation.

There is no cap on the funding that is available per project, but only £200,000 is currently available in total, and we wish to fund a number of feasibility projects.

#### **Nutrient Mitigation Capital Scheme**

Available funding of up to £9.6m.

Repayable loans will be made to successful bidders, enabling the funding to be recycled until nutrient neutrality is no longer an issue.

The funding is to bring forward nutrient mitigation solutions that will release homes for development in a timely manner. It is anticipated this would be through reducing levels of phosphorus and nitrogen on both a permanent and temporary basis.

Investment would be repaid through the income received from the provision of nutrient credits to developers.

Any project that is funded will need to demonstrate that there is a direct link between the mitigation provided and releasing housing in the catchment area.

#### **Launch Date**

The Schemes will launch in early May 2024.

Expressions of interest can be submitted at any time after this date. We aim to review these within 28 days of receipt.

Expressions of will continue to be assessed until there is no funding available.

### **Further Information**

Some initial work has been undertaken by Royal Haskoning on the catchments, nutrient requirements and potential solutions and this can be accessed through the following link  
*Link to be added once website created.*

Whilst we would not wish to constrain any applications, particular projects that could come forward include:

- Nature based solutions
  - Riparian buffers
  - Integrated constructed wetlands
  - Cover cropping.
- Run off management solutions
  - Conversion of agricultural land to other uses
  - Riparian buffers.
- Wastewater management solutions
  - Upgrading smaller wastewater treatment plants (not captured under TAL or other legislative requirements)
  - Portable treatment works
  - Septic tank upgrades to package treatment plants
  - Connection of septic tanks and package treatment plants to the mains.
- Demand management solutions
  - Retrofitting of groups of properties to slow water flow and reduce water consumption.

The Royal Haskoning report highlights that these are the sort of schemes where there is more scientific evidence of their impact and therefore greater likelihood they would be acceptable to statutory agencies such as Natural England, local planning authorities and the Environment Agency.

### **How to Apply for Funding**

An Expression of Interest data capture form has been developed and this is detailed below. This will be used to gather core information on your organisation and the proposed project.

However, don't worry if you haven't worked through all this detail yet, please provide what information you can. We can then work with you to advise you on what is required and where you could go to get some further assistance.

The Expression of Interest will then be assessed against the following criteria.

#### Key Criteria

- Is the project in the catchment area? (Pass / Fail)
- Is there satisfactory scientific evidence that the project will deliver appropriate mitigation?
- Have proposals been shared and endorsed by statutory agencies Environment Agency / Natural England / the local planning authority?
- Is there satisfactory evidence that the project is deliverable within the timeframe proposed?
- Is there satisfactory evidence that the project is a financially robust?
- Is there a mechanism in place to repay the funds?
- Meeting financial & legal checks

#### Policy Objective Criteria

Secondly the application will be assessed against the policy objectives that have been set as part of the funding from Government and the nutrient mitigation details provided.

1. Deliver nutrient mitigation interventions in the catchment by March 2025 (MoU Para 3.2).
2. Unblock (nutrient mitigation capacity available for developers) homes (MoU Para 3.2).  
plus
3. Value for Money of the Project.
4. Financial Return on Investment.

#### **Further Help**

Please provide the information that you can at this stage and contact us with any updates on your project.

You may wish to access the Nutrient Mitigation Feasibility Fund which will provide funding to help bring proposals forward to a state where business cases are complete or improved and investment decisions can be taken in the future.

A dedicated website will be set up to provide further details (*website link to be added once website created*), in the meantime you can email us at [NMFund@southnorfolkandbroadland.gov.uk](mailto:NMFund@southnorfolkandbroadland.gov.uk) and the Team will assist you with any enquiries.

## EXPRESSION OF INTEREST FOR NUTRIENT MITIGATION FUNDING

Please complete this form as fully as possible as any initial investment assessment will be based on the information provided and attached to your application.

There are two funding streams available

- The Nutrient Mitigation Feasibility Scheme to provide revenue funding to undertake further feasibility work.
- The Nutrient Mitigation Capital Scheme to pay for capital expenditure to implement projects to deliver mitigation.

You can apply for either feasibility (revenue funding) or Capital funding or both.

- The feasibility work funding is one-off, and will be treated as grant funding that will not need to be repaid.
- The Capital funding will be a loan agreement and will need to be repaid.

We recognise that you may not be able to complete all the sections at this stage, especially if you are bidding for feasibility work. However, it is important for us to have as much information as possible, which you can add to as and when more details are available.

There is a requirement for both temporary and permanent mitigation.

Permanent mitigation will be required in perpetuity (80 -125 years).

Temporary mitigation will be required because a significant number of wastewater treatment works within Norfolk will be upgraded by April 2030 to clean wastewater to meet the highest Technically Achievable Limit (TAL), thus reducing the need for mitigation in the longer term. Therefore, any temporary mitigation is also important and should be provided for at least six years.

The questions in bold will be the main criteria used to carry out an initial sift of the applications that are received and will be key considerations for the capital funding.

If you have any questions please contact us by email [NMFund@southnorfolkandbroadland.gov.uk](mailto:NMFund@southnorfolkandbroadland.gov.uk)

<b>PROVIDER DETAILS</b>	
1. Applicant name	
2. Applicant details - Address - Companies house registration number (if applicable)	
3. Contact details - Lead person - Telephone - email	
4. Land Owner(s) (if land based proposal) Who is the land owner (if different to the applicant)?  And has their permission been sought to put in this proposal?  Are any consents required to be able to progress with this proposal?	



<b>REQUEST FOR FUNDING</b>	
5. How much Feasibility (revenue) funding are you requesting?	£
6. How much capital funding are you requesting?	£
<b>MITIGATION OFFER</b>	
7. Summary of Nutrient Mitigation proposal e.g. wetland/land use change/water treatment (please append any further details as necessary) in a separate document giving as much detail as possible).	
8. Is the mitigation permanent (secured for 80 years plus) or temporary (secured for less than 80 years)?	Permanent / Temporary
9. If 'Temporary' please state how many years the mitigation will be in place.	
<b>10. Has this mitigation been legally secured yet?</b>	Conservation covenant S106 agreement Other – please state
<b>11. Catchment impacted</b>	Yare Bure sub catchment Wensum Ant Thurne sub catchment Trinity sub catchment
12. If in the Wensum please state the location where mitigation will impact on the river	
<b>13. When do you anticipate the mitigation being in place?</b>	
<b>14. When do you anticipate the mitigation being fully operational?</b>	
<b>15. Nutrient yield anticipated per year?</b>	Kg TP phosphorus Kg TN nitrogen
<b>16. Has the anticipated yield been independently and scientifically verified yet?</b>	Yes/No
17. If 'Yes' please state who has completed the work (and attach any report that has been produced)	
<b>18. Has the scientific evidence been signed off or consulted upon with any other statutory bodies yet?</b>	Natural England Environment Agency Local authority Other
19. Is the site in a nitrate vulnerability zone (NVZ)	
20. If 'Yes' re the NVZ has this been factored into your calculations	

21. How many homes are anticipated to get planning permission due to this mitigation (if known)?	
<b>MITIGATION USE/CUSTOMERS</b>	
22. Do you have specific customer(s) for the mitigation?	Yes/No
23. Do you plan to sell the mitigation yourself?	Yes/No
24. If 'Yes' which developer or nutrient credit provider is your customer	
25. If 'No' how do you plan to repay the funding and enable homes to be permitted?	
<b>FEASIBILITY FUNDING</b>	
26. What do you need the feasibility funding for? e.g. further research, scientific studies, data gathering, legal advice etc.	
<b>CAPITAL FUNDING</b>	
27. Total cost of your project	£
28. Date that funding is required?	XX/XX/XXXX
29. How do you propose to repay the Capital funding?	Through a monetary repayment Through profits on sales Through risk and reward scheme Through equity investment in your company and a profit share Other (please specify)
30. What (if any) security could you providing over the repayment of the funding?	
31. Are there other sources of funding on which the project is dependent or match funding you are relying on?	Yes/No
32. If 'Yes' what is the source of that funding and the amount?	
<b>FURTHER DETAILS</b>	
Please provide further details that you wish to make us aware of.	

## Appendix B1: How we will assess Expressions of Interest for Feasibility Funding (revenue)

Essential Criteria
Is the project in the catchment area (Pass / Fail) ?
Is it likely that satisfactory scientific evidence can be obtained that the scheme will deliver appropriate mitigation?
Is it likely that proposals will be shared with and endorsed by statutory agencies Environment Agency / Natural England / the Local Planning Authority?
Is it likely that there will be satisfactory evidence that the scheme is deliverable within the timeframe proposed?
Is it likely that there will be satisfactory evidence that the scheme is financially robust?
Is it likely that there will be a mechanism in place to repay the funds?
Is it likely that satisfactory financial & legal checks can be obtained?

  

Policy Criteria
Policy Objective 1: Is it likely that this project will Deliver nutrient mitigation interventions in the catchment ideally by March 25 (MoU Para 3.2). Under this criteria we are looking for schemes that can be delivered quickly, and / or are in areas that currently have limited access to credits.
Policy Objective 2: Is it likely that this project will Unblock (nutrient mitigation capacity available for developers) homes (MoU Para 3.2). Under this criteria were a looking to maximise the number of homes being unlocked. This will include whether the credits are meeting the need for temporary or permanent credits.
Policy Objective 3: Is it likely that this project will deliver Value for Money Under this criteria we are keen to support schemes that will provide a value for money solution to a range of developers. Therefore we wish to understand both the likely cost of the credits (per KG of Nitrates and per KG of Phosphorous) and the proposed mechanism for selling / allocating the credits.
Policy Objective 4: Is it likely that this project will deliver a Financial Return on Investment Under this criteria we are looking at how secure the investment is and what return will be generated.

## Appendix B2: How we will assess Expressions of Interest for Capital Funding

Essential Criteria
Is the project in the catchment area (Pass / Fail) ?
Is there satisfactory scientific evidence that the scheme will deliver appropriate mitigation?
Have proposals been shared with and endorsed by statutory agencies Environment Agency / Natural England / the Local Planning Authority?
Is there satisfactory evidence that the scheme is deliverable within the timeframe proposed?
Is there satisfactory evidence that the scheme is financially robust?
Is there a mechanism in place to repay the funds?
Satisfactory financial & legal checks?

	Indicators for a low score	Indicators for a high score
<b>Policy Objective 1: Deliver nutrient mitigation interventions in the catchment ideally by March 25 (MoU Para 3.2). Under this criteria we are looking for schemes that can be delivered quickly, and / or are in areas that currently have limited access to credits.</b>		
To assess this we will look at: - The speed of delivery. With delivery under 6 months being an indicator of a high score, and delivery that will take over 3 years being an indicator of a low score. However, speed of delivery will be affected by the nature of the proposal so this will be taken into account. - Where the mitigation is being delivered. With a higher score being awarded to schemes that will deliver credits in areas that currently have limited access to credits, and / or are in areas where there is significant unmet demand.	A scheme that will take a long while to deliver, and / or is in an area that already has an active market in NN credits.	A scheme that has the ability to deliver an intervention quickly and / or is in an area that currently has limited access to NN credits
<b>Policy Objective 2: Unblock (nutrient mitigation capacity available for developers) homes (MoU Para 3.2). Under this criteria were a looking to maximise the number of homes being unlocked. This will include whether the credits are meeting the need for temporary or permanent credits.</b>		
To assess this we will look at: - The number of homes to be unlocked per £100,000 investment. With a low cost in an allocated development site being an indicator of a high score, and a high cost or being in a speculative development area being an indicator of a low score. However, cost will be affected by the location and nature of the proposal so this will be taken into account. - Whether the proposal will deliver temporary or permanent credits. In general permanent credits are preferred, unless the temporary credit are specifically needed in an area.	A scheme that requires a large investment but will only unlock a small number of homes.	A scheme that will unlock a significant number of homes in an allocated development site(s), and the investment per home unlocked is low.

**Policy Objective 3: Value for Money of Project**  
**Under this criteria we are keen to support schemes that will provide a value for money solution to a range of developers.**  
**Therefore we wish to understand both the likely cost of the credits (per KG of Nitrates and per KG of Phosphorous) and the proposed mechanism for selling / allocating the credits.**

<p>To assess this we will look at:</p> <ul style="list-style-type: none"> <li>- The likely cost per kg of Phosphorus / Nitrogen to developers, and how the cost will be set. With a low price being an indicator of a high score, and a high price being an indicator of a low score. However, price will be affected by the location and nature of the proposal so this will be taken into account.</li> <li>- How the credits will be sold / distributed. With an open market sale process and / or at least some allocation for small developers being an indicator of a high score, and the credits being offered to a single or only a few developers being an indicator of a low score.</li> </ul> <p>We are also interested in whether the project will deliver any wider benefits (e.g. other environmental or social benefits).</p>	<p>A scheme that will deliver high cost credits, and / or help only a limited number of developers.</p>	<p>A scheme that provides the whole market with credits at a cost that is value for money.</p>
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**Policy Objective 4: Financial Return on Investment**  
**Under this criteria we are looking at how secure the investment is and what return will be generated.**

<p>To assess this we will look at a combination of:</p> <ul style="list-style-type: none"> <li>- The likely financial return to us.</li> <li>- The timeframe for the return.</li> <li>- The structure of the investment (ie loan, share of profits etc).</li> <li>- The risk involved in the investment.</li> </ul> <p>A guaranteed high return (eg a loan at a commercial rate / or at least the equivalent PWLB rate) is likely to be rated higher than a share of the profits as and when credits have been sold. However, we do not want to deter innovative schemes and will take this into account as part of the assessment.</p>	<p>High risk investment and / or no proposed return on investment.</p>	<p>Investment with a high level of security, a good return, and which will be repaid quickly.</p>
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## **Appendix C1: Nutrient Mitigation Fund Member Working Group Terms of Reference**

### **Purpose**

The Nutrient Mitigation Fund Member Working Group will exercise political input into the allocation of the Local Nutrient Mitigation Fund for Norfolk.

### **Membership**

The group is made up of five members. One from each of the Local Planning Authorities of Breckland District Council, Broadland District Council, North Norfolk District Council, Norwich City Council and South Norfolk Council.

In appointing Members to this Group, each Local Planning Authority will take into account potential conflicts of interest.

Prejudicial interest - If a Member is directly involved with an organisation that is bidding for funding, then that Member will not be able to vote on whether or not to invest in the project being proposed by that organisation.

### **Key Responsibilities**

- To receive and assess recommendations from the Officer Working Group for the allocation of the Local Nutrient Mitigation Fund for Norfolk.
- To endorse or reject recommendations on allocation of funding to Broadland District Council as the accountable body.
- To oversee the work of the Mitigation Delivery Scheme and receiving updates and progress reports, including expenditure, nutrient mitigation generated, and homes unlocked.
- Once Nutrient mitigation is no longer required, oversee the development of proposals for how the residual funding will be invested, in line with the MoU signed with Government by Broadland District Council as the accountable body.

The parties will work together in good faith and in an open, co-operative and collaborative manner. The Member Working Group and Officer Working Group will work together in the spirit of mutual trust in order to successfully implement the Nutrient Mitigation Fund for Norfolk.

### **Chairman**

The Chairman will be the Broadland District Council representative (as BDC is the accountable body). Should the Chairman not be in attendance at a meeting of the Group, a substitute Chairman, for that meeting, shall be appointed by those members present.

### **Quorum**

A minimum of three of the constitute authorities must be represented at a meeting for any business to be conducted. Substitute members will be permitted, provided they have a good knowledge of the subject matter and have been briefed.

**Voting**

The group will work on a consensual unanimous basis.

It is therefore not expected that formal voting will be required.

**Meeting frequency**

The Group will meet as required, but this will be varied to reflect the needs and requirements of the Schemes which are developed and to ensure opportunities are expedited.

Meetings will generally be held in person.

**Terms of Reference**

The Terms of Reference may only be amended with the agreement of the Group.

**Press and Public**

Meetings will be held without the press and public present.

**Resources**

The Group will be supported by BDC as the accountably body for the funds.

The Secretariat will keep notes and actions from the meeting.

## **Appendix C2: Nutrient Mitigation Fund Officer Working Group Terms of Reference**

### **Purpose**

The Nutrient Mitigation Fund Officer Working Group will provide advice and guidance to the Nutrient Mitigation Fund Member Working Group, in relation to the allocation of the Local Nutrient Mitigation Fund for Norfolk.

### **Membership**

The group is made up of officers from each of the Local Planning Authorities of Breckland District Council, Broadland District Council, North Norfolk District Council, Norwich City Council and South Norfolk Council.

In appointing officers to this Group, each Local Planning Authority will take into account potential conflicts of interest.

Specialist advice from other internal/external agencies will be sought as and when needed. Broadland District Council, as accountable body, will be responsible for commissioning this advice.

Observers (e.g. a representative from the Broads Authority and a representative of the Norfolk Strategic Planning Group) will be able to attend and take part in discussions at the discretion of the Chair but will not be able to vote on the proposed projects. The Broads Authority would be informed in advance if a mitigation solution was put forward within their planning area.

Prejudicial interest - If an officer is directly involved with an organisation that is bidding for funding, then that officer will not be able to vote on whether or not to invest in the project being proposed by that organisation.

### **Key Responsibilities**

- Assessment of proposed projects.
- Forming recommendations and preparing and presenting reports for the allocation of funding to the Member Working Group, with clear rationale against the criteria for assessment.
- Development and overseeing of delivery of the Mitigation Support Scheme and Mitigation Delivery Scheme funding provided by the Government; including the requirements set out in the MOUs agreed with Government on monitoring and evaluating mitigation delivered and homes unblocked.
- Overseeing of risks and issues with development and delivery of the schemes and projects.

The parties will work together in good faith and in an open, co-operative and collaborative manner. The Member Working Group and Officer Working Group will work together in the spirit of mutual trust in order to successfully implement the Nutrient Mitigation Fund for Norfolk.

### **Chairman**

The Chairman will be the s151 officer from the Accountable Body.

### **Quorum**

A minimum of three of the constituent authorities must be represented at a meeting for any business to be conducted. Substitute members will be permitted, provided they have a good knowledge of the subject matter and have been briefed.



**Voting**

The group will work on a consensual unanimous basis.

It is therefore not expected that formal voting will be required.

**Meeting frequency**

The Group will meet as required, but this will be varied to reflect the needs and requirements of the Schemes which are developed and to ensure opportunities are expedited.

Meetings will generally be held in person.

**Terms of Reference**

The Terms of Reference will only be amended with the agreement of the Group.

**Resources**

The Group will be supported by BDC as the accountable body for the funds.

The Secretariat will keep notes and actions from the meeting.

## Appendix D: Application Process

