

CABINET

8 July 2009

AREA BASED GRANTS - PPS 1 CLIMATE CHANGE GRANT & HABITATS
REGULATIONS ASSESSMENT GRANT

REPORT OF HEAD OF STRATEGIC PLANNING AND HEAD OF PARTNERSHIPS,
COMMUNICATION AND IMPROVEMENT

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RECENT REFERENCES:

CAB1560 - Live for the Future: Tackling Climate Change - 12 December 2007

CAB1823 - Winchester District Development Framework - Recommended Core
Strategy Preferred Option Document - 25 March 2009

CAB1848 – Revenue Outturn 2008/0 – 17 June 2009

EXECUTIVE SUMMARY:

The Council has received two grants from the Department of Communities and Local Government. These are 'Area Based Grants' which are given in respect of additional responsibilities imposed on the Council by new legislation or advice. However, the grants are not ring-fenced, so this report asks Cabinet to agree its approach to the use of this type of grant.

The first grant is a Climate Change grant (£22,500 per annum for 3 years) and the second is a Habitats Regulations Assessment grant (£16,835 per annum for 3 years). Although there is flexibility in how the grants can be used, it is recommended that the grants which have been received for 2008/09 be used for climate change and Habitat Regulations Assessment work, to support the emerging LDF policies and to meet the Local Area Agreement and District objectives. Cabinet is asked to agree the priorities for use of the grants in the current and future years, having regard to the projects listed at Appendices 1 and 2, which relate to work needed in association with the LDF, major planning applications and the Winchester District Climate Change Plan.

Appendices 1 and 2 list potential projects for which the grant could be used, but changes are likely, especially in such a rapidly moving policy area as climate change. It is therefore recommended that detailed decisions on projects are made by the Environment Portfolio Holder (for climate change grant) and the Planning and Access Portfolio Holder (for the Habitat Regulations Assessment grant), within limits agreed by Cabinet.

RECOMMENDATIONS:

- 1 That Cabinet agrees to the Area Based Grant 'carry-forwards' in CAB1848 for the priority projects listed in Appendices 1 and 2.
- 2 That Cabinet agrees to give priority in the use of the Area Based Grants to the other projects listed in Appendices 1 and 2.
- 3 That the Head of Partnerships, Communications and Improvement, in consultation with the Portfolio Holder for Environment, be authorised to agree the release of the climate change grants in Appendices 1 and 2.
- 4 That the Head of Strategic Planning, in consultation with the Portfolio Holder for Planning and Access, be authorised to agree the release of the Habitat Regulations Assessment grants in Appendices 1 and 2.
- 5 That the principle of release of any further grants be the subject of further reports under the portfolio holder decision making scheme.

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DETAIL:

1 Introduction

- 1.1 The Council has received notification of two grants from the Department of Communities and Local Government, which have the stated aims to help (i) with the additional burden of work required to meet the objectives of the Planning Policy Statement 1 (PPS1) supplement on Climate Change and (ii) to help cover new burdens associated with Habitats Regulations Assessments (HRA). These grants are paid in monthly instalments, totalling £22,500 per year for three years for the Climate Change grant and £16,835 for the HRA grant (2008/09 being the first year).
- 1.2 The grants are not ring fenced and are accounted for as funding received in the relevant year – in the same way as Revenue Support Grant. The grants received in 2008/09 have therefore had the effect of increasing the Major Investment Reserve at the year end. Requests for expenditure budget carry forwards relating to these grants were agreed by Cabinet in June subject to this further report.
- 1.3 The grants have been classified as 'Area Based Grants', which gives total flexibility on how they are used. This report highlights projects which it is recommended be funded by these grants. Cabinet is asked to decide which projects it wishes to use the grants to fund and whether it wishes to direct any part of the grants to other areas.

2 The PPS 1 Climate Change Supplement

- 2.1 Tackling climate change is a key Government priority. *Planning Policy Statement: Planning and Climate Change, the supplement to PPS1* was published in December 2007 and sets out how planning should contribute to reducing emissions and stabilising climate change and take into account the unavoidable consequences.
- 2.2 The key planning objectives are listed in the PPS1 supplement as to:
 - 'make a full contribution to delivering the Government's Climate Change Programme and energy policies, and in doing so contribute to global sustainability;
 - in providing for the homes, jobs, services and infrastructure needed by communities, and in renewing and shaping the places where they live and

work, secure the highest viable resource and energy efficiency and reduction in emissions;

- deliver patterns of urban growth and sustainable rural developments that help secure the fullest possible use of sustainable transport for moving freight, public transport, cycling and walking; and, which overall, reduce the need to travel, especially by car;
- secure new development and shape places that minimise vulnerability, and provide resilience, to climate change; and in ways that are consistent with social cohesion and inclusion;
- conserve and enhance biodiversity, recognising that the distribution of habitats and species will be affected by climate change;
- reflect the development needs and interests of communities and enable them to contribute effectively to tackling climate change; and
- respond to the concerns of business and encourage competitiveness and technological innovation in mitigating and adapting to climate change.'

2.3 The policies being developed through the LDF Core Strategy are the Council's current focus for meeting the requirements of the PPS1 Supplement. The renewable energy study commissioned last year has been the first step in providing the information needed to develop robust policies in the LDF to meet the PPS1 climate change objectives. Within the limited budget available, this study has provided invaluable information, but also pointed to further information needs. In drafting the Preferred Option policies relating to climate change, further requirements for supporting evidence have also been identified, particularly in relation to the effect on the viability of development.

2.4 There is therefore a need to commission work over the next few months to demonstrate the viability implications of the proposed policies and to ensure mechanisms are available to facilitate future development in line with these policies.

3 General Climate Change Work

3.1 There is also a need to undertake work on Climate Change more generally, to meet the target of 30% reduction in CO₂ emissions and the other objectives of the Winchester District Climate Change Plan adopted in December 2007. This work includes the City Council's contribution to the priorities of the Strategic Partnership's High Quality Environment Group and the actions required to meet the Local Area Agreement's targets on area CO₂ emissions reduction and adaptation to climate change.

3.2 Whilst such projects have arisen from objectives outside the LDF process, they will have important links with the planning policy work, either providing further evidence to justify the proposed policy approach, or putting in place the structures and mechanisms to enable future development in line with

those policies. They will be important in providing evidence that the policies will be deliverable (an important test of soundness for the LDF Core Strategy).

4 The Habitats Regulations Assessment Grant

- 4.1 The Habitats Regulations Assessment (HRA) grant is being distributed to all local planning authorities who have either a designated site of European biodiversity importance within their area, or where the authority is within 5 kilometres of a European site. Authorities with a European site within their area receive 100% of eligible grant (£16,835) and authorities with a European site within 5 kilometres of their area receive 50% of the eligible grant.
- 4.2 In Winchester's case, the main European site is the River Itchen, which is a Special Area of Conservation (SAC). However, other sites designated as being of European importance are within or near to the District, e.g the Hamble Estuary and the Solent. Winchester therefore qualifies for 100% of the grant.
- 4.3 European Directives require that local authorities assess the impact of plans, policies and programmes on European sites. The main such plan locally is the Local Development Framework and the directives have placed an additional burden on the City Council in this respect. The City Council appointed consultants (Enfusion) at the start of the LDF process to undertake work on Strategic Environmental Assessment/Sustainability Appraisal (SEA/SA). Due to the close links between SEA/SA and HRA work the brief for the consultants has been extended to include HRA work (estimated £5,000 for HRA assessment of the Core Strategy Preferred Option and at least £4,000 for 'appropriate assessment' of the impacts of strategic allocations). It is recommended that the HRA grant be used in part to help fund this work, which is essential to ensure that the relevant regulations are satisfied and therefore that the LDF meets the appropriate tests of soundness.
- 4.4 Other local authorities have the same responsibilities and in the PUSH area the authorities are working jointly to meet their HRA requirements. Discussions with Natural England have identified various studies which are needed into the effect of the development proposed on European sites. The details of this work, and the means of apportioning the costs between the authorities, have yet to be finalised. However, depending on how much funding is contributed by PUSH itself (if any) and the method of apportionment chosen, Winchester may be asked to contribute up to £5,625.
- 4.5 There are also other projects which are closely related to the biodiversity objectives of HRA grant. The Winchester Biodiversity Action Plan (BAP) needs updating during 2009/10 and this work would link well with the purposes of the grant. Similarly, a Green Infrastructure Strategy is planned as part of the evidence base for the LDF and aspects of this would also relate well to the HRA grant's purposes.

5 Conclusion

- 5.1 There are several potential projects for which the Climate Change and HRA grants are required and could appropriately be used. These are listed in Appendices 1 and 2, and are split into priority projects which are recommended for use of 2008/09 'carry forward' budget and other projects which would use grants receivable in the current/future years. It is recommended that the carry forwards for the 2008/09 grants which were provisionally approved by Cabinet on 17 June (CAB1848) be allocated to the priority projects in Appendices 1 and 2 so that these can be progressed as soon as possible. The grants for 2009/10 could fund a further tranche of Appendix 1 and 2 projects and it is recommended that this be agreed, unless Cabinet wishes to reallocate the funding to other areas, or indeed defer the decision pending a full budget review.

OTHER CONSIDERATIONS:

6 SUSTAINABLE COMMUNITY STRATEGY AND CORPORATE BUSINESS PLAN (RELEVANCE TO):

- 6.1 The use of these grants will work towards the Community Strategy outcome that "The Winchester District meets the challenge of climate change". They also meets the corporate value of "keeping sustainability at the heart of all we do" and the aim to "encourage biodiversity".

7 RESOURCE IMPLICATIONS:

- 7.1 This report deals with the allocation of additional resources - the PPS1 Climate Change grant for work on climate change and the Habitats Regulations Assessment grant for HRA work.

8 RISK MANAGEMENT ISSUES

- 8.1 None directly for Winchester City Council.

BACKGROUND DOCUMENTS:

"Live for the Future: Tackling Climate Change" – the Winchester District Climate Change Plan, adopted December 2007.

"Planning Policy Statement: Planning and Climate Change, the supplement to PPS1", published December 2007.

APPENDICES:

Appendix 1: PPS1/Climate Change Grant – Priority Projects for Funding

Appendix 2: Habitat Regulations Assessment Grant – Priority Projects for Funding

Appendix 1

PPS1/Climate Change Grant – Priority Projects for Funding

1. Projects recommended for use of 2008/09 carry forward funding

Quantifying the potential reductions from the areas of action - HQE Group Plan

Work has been commissioned by the HQE Group to research the areas of action that will lead to the greatest reductions in CO₂ emissions and quantify those reductions. This will enable prioritisation of the HQE plan actions and will also add to the evidence base for the LDF. The University of Winchester has agreed to contribute £2,000 for this research, with the City Council funding a further £2,000. The results of this work were presented and priorities for work agreed at a facilitated event in June, which also requires funding. Recommended total from Climate Change Grant: £4,500.

Assess Viability and Deliverability of Core Strategy Preferred Option policies

In drafting the Preferred Option policies, questions were raised about the viability of such the draft policies on low carbon development and renewable/decentralised energy. Research estimates for the cost of building to CSH level 5/6 range from £20-40,000 per dwelling down to £5,700. So far, no research has been identified that investigates the cost implications of a policy requiring level 5 for the carbon energy and water aspects of the code (as sought in the Preferred Option policy). A viability assessment therefore needs to be commissioned to look at specific Winchester localities, as part of the evidence base that will enable the policy to pass the tests of soundness. The results of this study are needed before drafting the 'pre-submission' Core Strategy document in the Autumn. Recommended total from Climate Change Grant: £10,000.

Developing Sustainable Building Guidance/SPD.

The need and benefits of a guide or SPD in support of the Core Strategy policy on *Sustainable Low and Zero Carbon Built Development* are currently being considered. Cabinet has asked for a report on this matter and If the Council decides a guide/SPD is needed this would require specialist knowledge which would require the use of a consultant. Recommended total from Climate Change Grant: £8,000.

2. Projects recommended for use of 2009/10 onwards funding

Analysis of the economic benefits of emissions/energy reduction for the Winchester District, with specific focus on the proposed Knowledge Park.

This research will ensure that we have a good evidence base for the LDF, and that the necessary issues and actions are included in other plans and strategies such as the emerging Economic Strategy. Recommended total from Climate Change Grant: £10,000.

High level feasibility study on District Heating/Cooling network(s) for Winchester district.

This feasibility study will determine whether there is potential for creating one or more district heating/cooling networks and provide the basis for taking this potential project forward. A positive feasibility may enable the project to be undertaken by

one or more of the Council's partners, and would unlock potential funding streams. Recommended total from Climate Change Grant: £10,000.

Investigation into setting up mechanisms for investment in low carbon infrastructure.

The delivery of the climate change related policies in the LDF Core Strategy will require investment in infrastructure. There are a number of routes to achieving this and this research will determine which would be the best option given Winchester's circumstances. Recommended total from Climate Change Grant: £5,000.

Adaptation to Climate Change

The LDF will require policies on adaptation to climate change. The high-level nature of the adaptation element in the Core Strategy is unlikely to need supporting evidence, but more detailed documents later may need further research work to provide supporting evidence. This will become clearer as the general work on adaptation to climate change progresses.

Skills

The question of skills needed for low carbon development and a low carbon economy was only considered briefly in the Renewable Energy Study and therefore may need further investigation. However, the work on Economic benefits may look at this and consideration can be given to further work after these projects have been concluded.

Development of a Rural Energy Strategy for Hampshire.

This will need to be undertaken at a Hampshire level, and would be best initiated by Hampshire County Council, with a contribution from each council. The merit of such a strategy is dependent on adding value to the district LDF, those of other districts and strategies developed by Hampshire and the South Hampshire sub-region. This therefore needs further consideration as these strategies develop.

Appendix 2

Habitat Regulations Assessment Grant – Priority Projects for Funding

1. Projects recommended for use of 2008/09 carry forward funding

HRA Assessment of Core Strategy Preferred Option Document

Habitat Regulations Assessment (HRA) of the LDF Core Strategy is a legal requirement and critical to ensuring a 'sound' Core Strategy. Specialist consultants are already appointed to undertake a Sustainability Appraisal (SA) of the Core Strategy, and given the links between SA and HRA, these consultants have been asked to undertake the HRA. Recommended total from HRA Grant: £5,000.

Appropriate Assessment of Core Strategy Strategic Allocations on Sites of International Biodiversity Interest

The HRA Assessment looks at whether the development of the strategic allocations would potentially impact on internationally designated sites, following which Appropriate Assessments are required to establish what the actual impact of a development might be and whether/how it could be mitigated. It is a legal requirement that such effects are avoided or adequately mitigated. The consultants undertaking the SA and HRA are able to undertake the Appropriate Assessments. The cost is likely to be at least £4,000 but this will depend on the requirements of Natural England, which is currently being consulted. Recommended total from HRA Grant: >£4,000.

Contribution to PUSH Solent Disturbance and Mitigation Project.

PUSH authorities are working jointly to meet their HRA requirements and discussions with Natural England have identified various studies which are needed into the effect of the development proposed in the PUSH area on European sites. The details of this work, and the means of apportioning the costs between the authorities, have yet to be finalised. Recommended total from HRA Grant: <£5,625.

Contribution to PUSH Assessment of Impacts on New Forest

The New Forest is an internationally designated site so, like the Solent, requires studies into the effect of the development proposed in the PUSH area and possible mitigation measures. The details of this work, and the means of apportioning the costs between the authorities, have yet to be finalised. Recommended total from HRA Grant: £2,000.

2. Projects recommended for use of 2009/10 onwards funding

Winchester Biodiversity Action Plan (BAP) Update

The Winchester BAP was produced in 2005 and needs updating during 2009/10. The original BAP was commissioned from the Hampshire Wildlife Trust and it is likely that the Trust (or consultants) would need to be used again in view of the limited in-house capacity for this work. With its emphasis on conserving and enhancing biodiversity in the District the BAP would link well with the purposes of the HRA grant and may be a means of implementing some of the measures identified. Recommended total from HRA Grant: £7,500.

Winchester District Green Infrastructure Strategy

Green Infrastructure (GI) is an area of the LDF evidence base which is currently weak and requires strengthening to ensure the Core Strategy is sound. PUSH has commissioned a Green Infrastructure Strategy which is being produced by consultants and will be completed shortly. There will be a need to extend this work to the whole of the District in time to inform the next stage of the Core Strategy. It is expected that much of this can be undertaken in-house but some consultancy may be required to ensure a consistent approach and level of detail with the PUSH work. In view of the role of GI in enhancing biodiversity this strategy would relate well to the HRA grant's purposes. Recommended total from HRA Grant: £5,000

HRA / Appropriate Assessment of Development Management and Allocations DPD

Habitat Regulations Assessment (HRA) of the LDF Development Management and Allocations DPD will be a legal requirement in the same way as for the Core Strategy. This is likely to be needed in 2010/11 and will be critical to ensuring a 'sound' document. HRA may also identify the need for Appropriate Assessment and/or further studies to examine the impact of development. This is however likely to be more limited than for the Core Strategy, given the smaller scale allocations involved. Specialist consultants are already appointed to undertake a Sustainability Appraisal (SA) of the Core Strategy, and would be best placed to assess future LDF documents. Recommended total from HRA Grant: £5,000.