

APPENDIX 2: Credit Allocation Policy Frequently Asked Questions (FAQs).

Below is a list of clarifications to questions that are frequently received from stakeholders, by Stour Environmental Credits Limited (SEC). The list below is beneficial as a source of further information on nutrient mitigation process before, during and / or after a planning application process.

These have been developed in collaboration with the Local Planning Authorities in Canterbury City Council and Ashford Borough Council.

S/N	QUESTIONS	STOUR ENVIRONMENTAL CREDITS EXPLANATIONS
1.	What is SEC's credit allocation policy?	SEC will sell nutrient neutrality credits to a developer, which can only be used to mitigate a specific planning permission. The credit allocation policy will prioritise developments that are "ready-to-go" to help unlock the housing challenge in the catchment.
2.	Does SEC offer a discretionary buyback?	SEC works in collaboration with the local authority planning team to ensure that Nutrient Mitigation Credits are only sold to developers with a high probability of securing and proceeding with the approved planning permission. This will help minimise the optional need to buy-back and reallocate credits. However, when a planning permission has expired without having been commenced, SEC will not automatically buy those credits back.
3.	When do credits enter SEC?	The credit only exists when the mitigation has been assessed through an Appropriate Assessment and legally secured (e.g., Section 106).
4.	When can applicants seek credits from SEC?	The credit allocation policy (section 1.4) refers to applicants being able to approach SEC as soon as their planning application is validated.
5.	Credit upfront payments versus deposit approach?	It is appreciated that a preference has been expressed for a 'deposit' approach which follows other credit systems, e.g. the Natural England scheme. However, that will not be possible through SEC due to the funding arrangements for the company. In the first instance, credits are 'reserved' for a particular development with full payment (and thus ownership of the credit) triggered once planning permission is issued. This avoids much of the 'buyback' scenario coming into play and ensures credits are only ever fully transferred to those schemes that have the LPA's support.
6.	Planning application specific credits	In some situations where the planning application needs to be amended on the same site, through a Section 73 planning application, it is anticipated that the credits could be transferred from the previous planning

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		permission to the new amended planning permission without the need to 'buyback' credits and re-apply for credits.
7.	De-facto return of credits for non-implementation	The Credit Purchase Agreement includes provisions that credits automatically return to SEC if their scheme was not lawfully commenced and thus the planning permission has expired.
8.	Expiry period for credits	<p>There is a credit expiry date, and a de facto return of credits if the scheme isn't implemented within the specified time (this is subject to a case-by-case planning process).</p> <p>This should coincide with the expiry of the planning permission (e.g. 3 years to commence development).</p> <p>NOTE: <i>The Local Nutrient Mitigation Fund is designed to get development moving quickly, therefore, the allocation policy looks for them to be used quickly, the discretionary buyback is triggered on permission expiring.</i></p>
9.	Principles about 'Shovel-ready' schemes	<p>Credit allocation will be prioritised for schemes that will be implemented swiftly and commence shortly after planning permission is granted.</p> <p>NOTE: <i>"This Credit Allocation Policy will aim to maximise the amount of housing which is unlocked and clear the current backlog as a priority"</i></p>
10.	60/40 Prioritisation	The Credit allocation policy refers to 60% of the credits going to schemes of 50 or less dwellings and the remaining 40% of credits going to larger developments that need 'top-up credits'.
11.	Prioritisation based on credit efficiency	<p>Credits will be allocated based on how efficient they can be. For example, 10 credits will be prioritised for a scheme that can release 10 homes compared to a scheme needing the same number of credits but only releasing 5 homes.</p> <p>NOTE: <i>This process will be reviewed, reported and considered. Initial prioritisation objectives are to get developments approved and homes built. The Company will be mindful of credit generation and issuance to ensure there is a fair balance to the shareholders.</i></p>
12.	Prioritisation based on council priorities	The credit allocation policy highlights social value impacts across the catchment. Therefore, some consideration will be offered to enrich community cohesion, e.g., regeneration schemes.
13.	Nitrogen only schemes	Credits are sold separately for phosphorus and nitrogen.
14.	0.1kg credit blocks	Credits will be sold in 0.1kg amounts for nitrogen and phosphorus.

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		<p>Whilst this works in practice, it will need to be acknowledged that if a scheme needs 0.12kg of Nitrogen that it would need to buy 0.2kg of nutrient credits.</p> <p>Applicants would need to know that their requirements for credits are only rounded up, e.g. 0.12kg needs 0.20kg of credits, and not rounded down.</p>
15.	Assessing that schemes have saturated onsite mitigation measures	SEC is intending to assess that all the onsite mitigation measures have been exhausted by working collaboratively with the LPA during the planning verification process to demonstrate what mitigation has been considered and excluded.
16.	Section 33 agreements and selling credits across the catchment	The credit allocation policy is based entirely on credits only to be sold within the catchment and Agreement will be in place for enforcements cross boundary.
17.	What types of mitigation can be purchased from SEC?	SEC will NOT buy existing credits including from other schemes such as Natural England's Nutrient Mitigation Scheme, or other third-party schemes.
18.	I have other questions that have not been addressed via this FAQ.	<p>Contact us via admin@stourenvironmentalcredits.co.uk</p> <p>We aim to address your organisation's clarification(s) within 5 working days.</p>