

## **Nutrient Trading Working Group**

**6<sup>th</sup> November 2025 9.30-11am**

### **Meeting Note**

- **Purpose & Context**

- Nutrient issues in marine SACs are impacting on housing development and Local Development Plans in Pembrokeshire, Carmarthenshire, Swansea, and Neath Port Talbot.
- The First Minister has established an officials led task force addressing short-term solutions such as providing direct support to Local Authorities and development of further tools and guidance.
- The Nutrient trading group is focussing on medium-term strategic measures via a nutrient trading scheme. Implementing a scheme is likely to take 12 months and will be of benefit to development in the pipeline not development currently on hold.
- The focus for the meeting is to share the work that has been undertaken and the actions / recommendations arising from that which will shape an implementation plan for a trading scheme.
- The group will operate on Chatham House rules to enable open discussions.

- **Nutrient Trading Concept**

- Sellers (landowners/farmers) implement mitigation measures to reduce nutrient discharge.
- Buyers (developers/local authorities) purchase credits to offset nutrient impacts from development.

- **Learning from Existing Work**

- Significant groundwork exists that can be built on:
  - **River SAC Action Plan** feasibility study (2023).
  - **Pembrokeshire Coastal Forum** projects (wetlands, modelling, mitigation plans).
  - **Carmarthenshire feasibility study** using high-integrity market frameworks.

- There are a number of practical examples of schemes operating in England to learn from e.g. those operating on the Solent, South Downs and River Tee.
- **Complexity & Risks**
  - Trading schemes are simple in principle but complex in detail: baseline setting, permanence, eligibility, governance, and risk management are critical.
  - There are regulatory challenges (e.g., Community Infrastructure Levy) and legacy nutrient loads that will need consideration.
- **Pilot Scheme Scope**
  - Should cover both nitrogen and phosphorus where possible.
  - Regional scale (affected catchments) but to be scalable nationally.
  - Consider multiple sites (e.g., Burry Inlet, Haven Waterway, Ceredigion wetland).
  - Scheme should aim for nutrient neutrality plus betterment (environmental improvement), not neutrality alone.
  - Explore integrated ecosystem services trading (nutrients + biodiversity + flood mitigation) for viability.
- **Mindset**
  - A recommendation from the Carmarthenshire study relates to a “willingness to fail” approach for pilots—accept some risk to accelerate learning.
  - There are actions that can be taken to ensure safeguards are in place to reduce the risk (e.g., doubling up mitigation, robust verification).

## **What Steps are needed?**

- **Collate & Align Work**
  - Combine recommendations from previous studies into a single implementation plan.
- **Engage Expertise**
  - Commission technical support for:
    - Baseline setting.
    - Trading mechanisms.

- Contracts and governance.
- **Stakeholder Engagement**
  - Map buyers (developers, housing associations) and sellers (farmers, land managers).
  - Plan wider engagement beyond core group.
- **Pilot Design**
  - Identify potential trial sites:
    - Ceredigion wetland (ready for testing).
    - Burry Inlet (high development pressure).
    - Haven Waterway (Pembrokeshire).
  - Consider different mitigation types per site (wetlands, land management, marine restoration).
- **Standards & Governance**
  - Align with emerging BSI nutrient standards (Flex 700 series).
  - Define market rules, permanence requirements, and stacking of ecosystem services.
- **Funding & Resources**
  - Estimate costs for pilot implementation and mitigation actions to inform the requirement for the budget bid.
  - Explore options for pooling contributions and legal mechanisms (Section 106, alternatives to CIL).

## **Actions**

- Schedule next meeting for late November.
- Draft a paper on pilot scope options (nutrient neutrality vs betterment, N vs P, geographic scale).
- Invite Wildlife Trust to talk to the group about the Solent scheme.
- Invite *[information redacted]* to join the group.
- Consider involvement of Environmental Markets Board.
- Members to share any information on funding required for pilots.