

3 PROJECT STATEMENT (FOR DIRECT DELIVERY PROJECTS PLEASE ENSURE THAT A MAP IS ATTACHED TO THIS FORM)

Please provide a brief clear statement of what the project that SEEDA is being asked to fund is, and what needs that funding will meet.

This appraisal relates to a proposal for the acquisition of 64ha of land at Harty Marshes on the Isle of Sheppey, in North Kent (see plan 1). This requirement arises partly from the development of land at Neats Court as part of SEEDA's Queenborough and Rushenden Regeneration Scheme (see plan 2) which requires the loss of an area of approximately 25ha designated as grazing marsh, 13ha for the initial phase 1 of the development and a further 12ha for later phases 2 and 3. In addition to this, other land within the development is adjacent to areas that have special designation in terms of habitat or species protection such as Sites of Special Scientific Interest (SSSI) and Special Protection Areas (SPA). These areas are protected by European legislation and as such any development on or adjacent to these areas comes with a specific need to include appropriate mitigation measures and the identification of adequate compensatory habitat land is one of these requirements.

The project investment would provide grant funding to the Royal Society for the Protection of Birds (RSPB) for the land acquisition, associated Stamp Duty Land Tax (SDLT), fees and the physical works necessary to revert the current land from arable use into grazing marsh, and provide the key to unlock the development at Neats Court. The total acquisition costs are estimated at **Amount Redacted** of which **Amount Redacted** would come from the Environment Agency as part of their Regional Habitat Replacement Programme (RHRP) to fund 39ha of the 64ha and SEEDA would forward fund **Amount Redacted** for the remaining 25ha on the basis that this would be recouped later from the private sector. SEEDA already has a contractual agreement with TCE that provides for TCE to pay SEEDA **Amount Redacted** for the 13ha required for phase 1 of Neats Court and currently this is forecast to be received by no later than Dec 2009.

SEEDA also has a provisional agreement with TCE to fund the remaining 12ha at **Amount Redacted**. If not, it has been identified that a potential requirement from the private sector for at least 12ha exists and therefore it is anticipated that SEEDA will be left with a net investment of **Amount Redacted**.

Phase 1 of Neats Court is a key component of the Queenborough and Rushenden regeneration plan. SEEDA and The Crown Estates have agreed terms with both Aldi and Amicus Horizon for new headquarters facilities at Neats Court which will bring in some 535 new jobs. However, this scheme is unable to proceed without discharging the planning requirement to provide certain mitigation measures and the provision of compensatory habitat, which this project investment would seek to address.

Neither SEEDA, EA or TCE have any desire to retain ownership of the land or responsibility for the long-term management of the land. We have therefore had discussions with the RSPB to act as the acquiring body and take this responsibility from SEEDA and its partners. The current basis of the agreement would be that RSPB would be required to provide an element of the funding in order to reflect the long-term value of the land as grazing marsh. Figures have yet to be confirmed but any contribution will effectively reduce the contribution required by the EA and eventually the Crown. However this will not affect SEEDA's ability to recover its net investment in full. Any figure that is agreed with the RSPB will have to reflect the cost of long-term management as there is to be no additional dowry made available to contribute to this.

Grant funding RSPB to act as the conduit to pull together the different strands of funding is the most efficient way to deliver the land. Structuring the acquisition in this way will remove costs from future land transactions such as stamp duty, holding costs and potential write down if SEEDA and the EA were to acquire the land then subsequently dispose of it. Also, by using contractual obligations SEEDA and the EA can ensure any long-term liability as landowner is avoided with the RSPB taking on the responsibility for the management of the land as grazing marsh in perpetuity, as required under the existing planning requirements. The RSPB is a registered charity and is the most appropriate body to deliver the management of the site as the primary function of creating freshwater grazing marsh is to support protected bird species. The project will be subject to finalising suitable terms with the RSPB.

Securing adequate compensatory habitat within the Thames Gateway has proven to be a challenging task. There is a severe shortage of suitable land that is capable of being reverted from arable use to developing and supporting wetland/ coastal/ estuarine habitats. SEEDA has previously investigated some 700ha of land across 7 sites and working with Natural England, the Environment Agency, the Greening the Gateway Kent and Medway Partnership and Swale Borough Council, Harty Marshes has been identified as the most appropriate site for the provision of compensatory habitat. This site is currently in arable use but offers the potential for genuine biodiversity improvement through reversion to grazing marsh that can be relatively easily achieved. Also, this land lies adjacent to an existing bird reserve and SSSI and so would be quickly colonised through an increase in the population of various species. (see plan 3)

An initial approach was made to the land owner who has expressed a desire to dispose of the land, however this would be conditional on a larger area of 64ha being made available against the current requirement for 25ha for Neats Court.

Through discussions with partners SEEDA became aware of a requirement for replacement grazing marsh from the Environment Agency (EA) as part of its Regional Habitat Creation Programme (RHCP) that has identified a need for an estimated 800ha of replacement freshwater grazing marsh over the next 100 years. The EA has funding available and sees the opportunity at Harty Marshes as a chance to start the programme.

Rather than continuing to seek land in isolation this combined approach with the EA allows a more significant parcel of land to be acquired and reverted in combination rather than piecemeal parcels of land being bought forward independently, and the ecological benefits of reverting such a large area of land as a whole are obvious.

4 OPTIONS IDENTIFICATION

What other options have been considered in achieving the project's objective? As a minimum the following potential options should be reviewed, each of which should be described in outline below:

Option 1 – *The 'Do Minimum' option (taking the minimum action needed, if any, to meet SEEDA's legal or Health and Safety obligations).*

This option would involve SEEDA investing in the minimum compensatory habitat requirement of 13ha in order to meet the planning obligation. This option would therefore enable the requirements for Phase 1 of employment land at Neats Court (enabling the development of Aldi and Amicus Horizon). Funding for this option would come directly from TCE and therefore there would be no need for SEEDA to forward fund the acquisition.

However, this option would represent a high-risk approach to SEEDA given that further compensatory habitat sites for future phases at Neats Court would be required, together with compensatory land to support other developments on the Isle of Sheppey. In addition, the landowner at Harty Marsh is unwilling to sell land in a piecemeal manner and as such, further investigation would be required to locate and secure the additional 12ha required for phase 2 of Neats Court. As already outlined, an extensive search of over 700ha of land in the local area has previously been undertaken and revealed a severe lack of appropriate land. The risk of not implementing phase 2 would result in a loss of employment space and therefore would effect the output for job creation.

Option 2 – *Reduced scale intervention (a viable alternative involving significantly less SEEDA support).*

The reduced scale option is similar to the do minimum option in that the reduced scale would only seek compensatory land for Phase 1 of Neats Court. However, for the reasons outlined above this is not a realistic option.

Option 3 – At least one alternative type of partner intervention, which could meet the objectives and deliver relevant outcomes).

This option would involve the private sector investing in the compensatory habitat land in order to create new development opportunities on the Isle of Sheppey. However, this option seems unrealistic given that it is SEEDA's /TCE's obligation to resolve the planning issues for the Neats Court scheme.

Option 4 – The Preferred Option.

This option would involve the acquisition of 64 hectares of compensatory habitat land at Harty Marshes to provide 13ha of compensatory habitat to unlock development at Phase 1 of Neats Court and 39 hectares of land for use by the Environment Agency as part of its RHRP. SEEDA would provide funding for the remaining 12ha on the basis that funding for this would be recouped from the private sector either from the TCE for Phase 2 of Neats Court or from other private developers who have expressed a need for compensatory land.

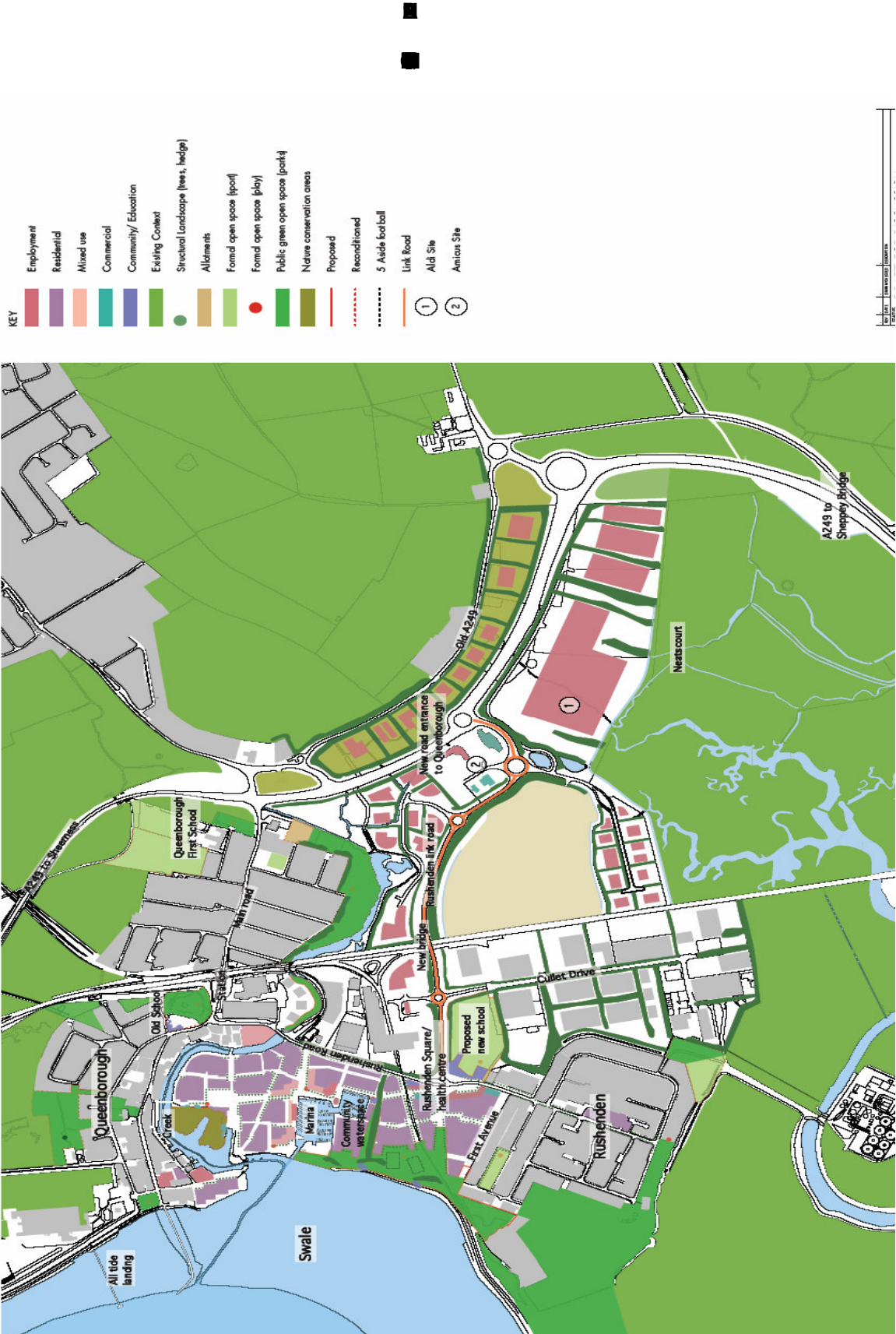
A number of alternative compensatory sites have been considered in the Thames Gateway, but working with Natural England, the Environment Agency, the Greening the Gateway Kent and Medway Partnership and Swale Borough Council, Harty Marshes has been identified as the most appropriate site for the provision of compensatory habitat.

The land at Harty Marshes is currently in single ownership and in arable use but offers the potential for genuine biodiversity improvement through reversion to grazing marsh that can be relatively easily achieved. The current landowner has expressed a willingness to sell this 60ha land parcel but would be unwilling to do so on a piecemeal basis. Natural England fully endorse this site given their preference to revert arable land into grazing marsh and given that this site is adjacent to an existing bird reserve and the Swale SSSI and so would be quickly colonised through an increase in the population of various species, particularly birds. Harty Marshes is therefore seen as representing a significant 'regeneration' opportunity, given that securing such adequate compensatory habitat within the Thames Gateway continues to be ever more challenging due to a difficulty in identifying available land that is capable of developing and supporting wetland/ coastal/ estuarine habitats.

(For projects proposing a SEEDA investment of more than £1 million, please attach the results of the economic feasibility study that show this analysis of alternatives).



<p>Project Name Site Boundary</p>	<p>Project ID 3811 - / C / 1070</p>	<p>Project Description SEDA Project No. NEST COUL Phase 1</p>	<p>Project Location Laydown Replacement Land Site Boundary</p>	<p>Project Details Scale 1:1 1:2500 27.08.07 KES 00</p>
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Nb: Site is located adjacent to area marked 3.