



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
8 June 2021
Agenda Item 6

Key Decision [Yes/No]

Ward(s) Affected:

Sussex Bay: Restoring our marine and estuarine habitats, supporting our coastal communities

Report by the Director for Digital, Sustainability and Resources

Executive Summary

1. Purpose

- 1.1. In January 2021, the Joint Strategic Committee considered the recommendations of the **Climate Assembly**, a representative group of 43 Adur & Worthing residents brought together to consider how to tackle climate change while supporting our communities to thrive.
- 1.2. Recommendation 1 from the Climate Assembly was to “support the restoration of natural kelp - promoting the positives and managing the negative effects on the environment and the local community”
- 1.3. Our coastline, inshore waters and intertidal rivers are all precious habitats, and the Councils are committed through the Platforms strategy to supporting and enhancing our natural assets, working with local partners and communities to tackle climate change and reverse habitat and biodiversity loss.

- 1.4. Responding to the Climate Assembly recommendation, Adur & Worthing Councils have been working with partners in recent months to drive forward the restoration and management of the kelp forest and other “blue” habitats at the pace the climate emergency demands, including the purchase of Pad Farm and New Salts Farm in the Adur Estuary.
- 1.5. This work is being brought together under an emerging initiative called Sussex Bay, which aims to bring partners together, and build the funding and governance infrastructure needed to make a real impact.
- 1.6. We believe restoration of these habitats could create enormous opportunities for our coastal communities in terms of new local jobs in fishing, aquaculture, recreation and tourism under the compelling identity of **Sussex Bay, the blue counterpart to the South Downs**.
- 1.7. As described in the report, the work with The Crown Estate to **lease the seabed** to support investment in kelp restoration is the first of its kind in the UK.
- 1.8. The historic kelp forest stretched from Selsey Bill to Shoreham, across an area of 172km². A haven of marine biodiversity, ~90% of the forest was uprooted in a major storm in 1987 and has been unable to recover ever since due to trawling in the area. The Sussex Inshore Fisheries Association (IFCA) - aided by an effective 'Help Our Kelp' campaign and a short film narrated by Sir David Attenborough - has now implemented a bylaw that outlaws trawling in a **large exclusion zone**. The ban creates a remarkable opportunity to regenerate a massive marine forest off our coast, a project of national, indeed international significance.
- 1.9. We are at the beginning of an era where the value of natural habitats is being recognised through legal and regulatory instruments, as well as carbon offsetting (currently voluntary) . The value of “blue” habitats like kelp, seagrass, saltmarsh and wetland are increasingly recognised, delivering multiple benefits such as flood risk management, water quality, biodiversity and carbon capture. A report commissioned by Sussex IFCA estimates the value of a fully restored Sussex kelp forest could be as much as

£3.7 million per annum. This includes the value of revitalised and sustainable fishing and opportunities for seaweed and shellfish aquaculture.

- 1.10. One of several ecosystem services of the kelp forest will be carbon sequestration. The Adur & Worthing Councils Carbon Reduction Plan identifies that the councils will need to offset 1,600 tonnes of carbon to meet its **carbon neutral 2030 target**.
- 1.11. As a coastal authority without large areas of land for tree planting, we see “blue” habitats such as kelp, saltmarsh and mudflat as crucial options - helping us **offset locally** rather than further afield - and unlocking investment in nature restoration “at home”. This strategic aim is shared by many local organisations we have spoken to.
- 1.12. Beyond work on kelp, there has also been good progress with plans for restoration in the Adur Estuary at Pad Farm and New Salts Farm. Intertidal rivers, wetland, coast and inshore waters all form part of an **integrated ecosystem**, and it is proving very constructive to bring these projects together.
- 1.13. In this report, we begin to set out a long term vision for estuarine, coastal and marine nature restoration at scale in Sussex, aimed at attracting investment into various “blue” habitats, and supporting revitalised, and sustainable coastal industries, enhanced recreation opportunities and ecotourism.
- 1.14. The report seeks support for the Sussex Bay concept and the next stage of development work.
- 1.15. To note that a report will be presented to the July Joint Strategic Committee providing a progress update across the whole SustainableAW programme. This will include an update on the Shepherds Mead restoration project, the Worthing Heat Network and also the many smaller projects led by the councils and also communities, that demonstrate a wide ranging response to the climate and biodiversity crisis in our neighbourhoods.

2. Recommendations

- 2.1. The Joint Strategic Committee is asked to endorse the Sussex Bay approach to build a delivery model for marine, coastal and estuarine habitat restoration at scale, creating the exciting prospect of Sussex Bay as a “destination” and new economic opportunity.
- 2.2. The Committee notes that by developing Sussex Bay, Adur & Worthing Councils have the opportunity to create local carbon offsetting opportunities for multiple organisations, while meeting its own carbon neutral 2030 target through blue carbon offsetting.
- 2.3. The Committee is asked to note the excellent progress on a natural capital seabed lease with The Crown Estate, **the first of its kind in the UK**, and to agree to the release of £50k of project development funds (from existing budgets) to commence the legal and financial work to set up a trial kelp blue carbon investment product.
- 2.4. The Joint Strategic Committee is also asked to note the £75k of funds already offered by a local organisation seeking carbon offsetting options (agreement in process), and the financial support committed by the Blue Marine Foundation for the September launch event, circa £10k.
- 2.5. The Joint Strategic Committee is asked to approve a budget virement of £85,000 to create funding for the project part funded from within existing budgets and part funded from external funding
- 2.6. Subject to progress, it is anticipated that the Joint Strategic Committee could receive a report as early as the July JSC, recommending approval for incorporation of a new legal entity, Sussex Bay.

Context

The problem

- 2.7. Intertidal rivers, coastlines and inshore waters across Sussex are under pressure with sea temperatures predicted to rise due to climate change, and storms, flood events and erosion risk expected to

increase.

- 2.8. The Environment Agency is increasingly seeking to address flood risk through natural management measures, both in intertidal reaches and along the coast where natural measures could assist. There is also a requirement on the EA to compensate for habitats lost as a result of engineered flood defence works, meaning there is pent up demand locally for saltmarsh and mudflat compensatory restoration schemes.
- 2.9. Water quality is also a real issue. For example, the Adur Water Body is currently failing on chemical status due to agricultural and water industry sectors, and our Sussex Bay coastal waters from Selsey Bill to Beachy Head (the Sussex Transitional and Coastal Water Body) are similarly failing.
- 2.10. Many fish populations continue to decline, including sole, bass, and lobster according to landing data collected by the Sussex IFCA. Our inshore waters are much poorer for the loss of protective habitats like kelp forest, which used to host spawning fish, crab, whelk, wrasse, cockle and lobster.
- 2.11. Over centuries on the Adur, a story repeated on other Sussex rivers, banks were progressively created to turn saltmarsh into agricultural land. The loss of saltmarsh and mudflat habitat on our rivers, as well as the loss of the kelp forest has removed incredibly important carbon stores and havens of biodiversity - birds, fish, insects, and smaller vital micro-organisms.
- 2.12. Systemically, there are significant barriers to progress, but emerging opportunities as new systems come into place. The emerging legal and regulatory environment is promising, but still very new. Measures like Biodiversity Net Gain and ELMS payments contained in the new Environment Bill need to be understood and implemented locally. Landowners need to be helped to understand future income options as existing payment systems come to an end.
- 2.13. Other ecosystem service payments and investments, like carbon offsetting or water quality need to be 'played in' but there is currently no infrastructure to support this. There is no kelp blue carbon code, but a clear need to create one.

- 2.14. “Blue” ecosystem services are less developed than the terrestrial mechanisms like BNG and ELMS, although future versions of these instruments are expected to include marine habitats.
- 2.15. This is in the context of the Office for National Statistics recently reporting that Britain’s marine natural capital assets are valued at £211bn, with the seabed considered “more valuable as a carbon sink absorbing pollution from industry than as a source of oil and natural gas”.

The opportunity

- 2.16. There is an opportunity to build a vision for marine, estuarine and coastal habitat restoration at scale, with Sussex Bay becoming a well understood and supported “grand mission” among our communities and with our partners.
- 2.17. By unlocking investment and payments into blue habitat restoration projects, Adur & Worthing Councils and partners can deliver restoration at scale and pace, while building financial capacity for good management and development of the area, including **maintaining our beaches** appropriately.
- 2.18. We are working with the Sussex Local Nature Partnership to create an approach to blue natural capital investment which will form part of the Local Nature Recovery Strategy. Sussex Bay has been discussed and shaped by multiple partners already, receiving strong support as a much needed delivery model, **right for its time**.
- 2.19. The opportunity is to **aggregate** “blue” restoration projects together into a “habitat bank” so that large scale investors like Environment Agency, water companies and carbon offsetters can easily access opportunities at the scale they require.
- 2.20. With the successful delivery of the habitats over time, Sussex Bay could provide the platform for a revitalised and sustainable small boat **fishing** community, innovation in seaweed and shellfish **aquaculture** and multiple **recreational and visitor opportunities**.
- 2.21. Data from a comparable project in Lyme Bay, Dorset shows that restoration of kelp habitat will increase lobster numbers x4, crab x 2.5 and scallop x 2. Documentaries like Blue Planet II “Green Seas” or the

award winning “My Octopus Teacher” (Netflix) provide excellent insights into the abundance and potential of restored habitats in inshore waters.

- 2.22. Sussex IFCA, The Crown Estate, the Marine Management Organisation and the EA have different regulatory responsibilities with regard to maritime activities, and discussions with them so far suggest an appetite to work together on integrated marine planning, improving how decisions are made locally.
- 2.23. While the geography of Sussex Bay is intentionally not tightly defined at this stage, the area currently extends from **Selsey Bill to Beachy Head**, (matching up with a number of statutory and regulatory areas such as the Sussex Transitional and Coastal Water Body, and Shoreline Management Plan 12), and incorporates coastal habitats and the tidal areas of the four rivers feeding into the Bay, the Arun, Adur, Ouse and Cuckmere.
- 2.24. There are more partnership conversations to be had, but support is strong and widespread, and the Bay geography could potentially extend further across East Sussex. To date we have had positive conversations with East Sussex County and West Sussex County Councils, Brighton & Hove City, Chichester, Arun and Lewes.

Progress made

- 2.25. The Councils are making excellent progress in forging a highly innovative partnership with **The Crown Estate**, who are owners of the seabed. This is key to the creation of a kelp blue carbon investment product, and in March 2021, an application for £79k was made to the DEFRA Investment Readiness Fund (IRF), requesting support for the financial and legal work required to create a trial product. Adur & Worthing Councils has partnered in the bid with Blue Marine Foundation, a leading international marine charity, and Finance Earth, leading natural capital finance consultants. We await news, expected in July, but recommend that the Councils commence the consulting support immediately, using project development funds from existing budgets, in order to support the required development work and negotiations with The Crown Estate.
- 2.26. A funding application has also been submitted to Coast to Capital LEP for project support for the development of Sussex Bay, with an

emphasis in the bid on coastal economic regeneration, including supporting the fishing, aquaculture and leisure industries. There is already keen interest from seaweed farmers, curiosity about the potential to restore historic oyster beds, and a real opportunity for producers to harness the Sussex Bay brand in due time.

- 2.27. The Crown Estate have agreed to provide a trial “**natural capital seabed lease**”, to Adur & Worthing Councils, the first of its kind in the UK. This is the foundation required for investment. This is expected to be an area off our coastline, and if successful the area could be expanded to the whole of the trawler exclusion zone and potentially beyond, working with other local authorities and partners.
- 2.28. As part of the Sussex Bay IRF application, a significant number of **letters of support** were received, including Southern Water, Gatwick Airport, The Crown Estate, Blue Marine Foundation, Sussex Local Nature Partnership, Arun Council, Sussex IFCA, Sussex Wildlife Trust and Shoreham Port. We have already received a **commitment of £75k** over three years from one organisation, in support of the research and development work needed to create the kelp blue carbon investment opportunity.
- 2.29. A key element alongside the development of the natural capital finance instrument(s) will be an active kelp restoration plan, which is expected to involve “seedling trays” or “green gravel”. We are working with the Help Our Kelp group, and specialists at University of Brighton and University of Portsmouth to create the plan. Both Shoreham Port and Southern Water have expressed interest in supporting the growing of the green gravel trays at their facilities.
- 2.30. Moving to intertidal and estuarine habitats, the land acquisitions at Pad Farm, and New Salts Farm for the purposes of nature restoration have attracted much praise from local communities and also accelerated the development of **strong new, action-oriented partnerships**, including with the Environment Agency, Ouse and Adur Rivers Trust, Sussex Local Nature Partnership, South Downs National Park and the Sussex Wildlife Trust.
- 2.31. For Pad Farm, the Environment Agency has expressed strong interest in the project, as they are seeking salt marsh / mudflat **compensatory habitat creation**. We are currently planning the pathway to significant

EA capital investment which will require substantial feasibility work.

- 2.32. At New Salts Farm, we are developing a partnership with the Ouse & Adur Rivers Trust and currently identifying funding options such as the National Heritage Lottery Fund. Significant community engagement work is being planned, based on the fantastic success of similar work by the Rivers Trust at the EPIC project in Sompting.
- 2.33. For the Adur estuary as a whole, the wider strategic aim is to present Pad Farm and New Salts Farm as **demonstrators**, where the landowner (Adur Council) develops the financing and income model for the restoration project (BNG, ELMS, EA etc). To this end, we have also submitted an expression of interest to the **DEFRA Test & Trials fund** for support to engage other landowners up to Upper Beeding, and explain how viable income models for nature restoration on their land might be created.
- 2.34. At all our newly acquired sites, including Shepherds Mead (chalk grassland), we have commissioned Surrey Wildlife Trust to develop “natural capital plans”. This will enable the creation of **Biodiversity Net Gain credits**, opening up the possibility of payments into those sites as the new system comes into force (via the Environment Bill). It may also increase the chances of payments being received from developments outside Adur & Worthing, as there is currently a lack of supply of suitable habitats in the region.
- 2.35. As a result of the progress being made on the Adur, and through the Sussex Bay “platform”, we have also convened and facilitated conversations with project officers across West Sussex working on the Arun, Ouse and Cuckmere. There is a real opportunity to strengthen collaboration between project teams, learn about natural capital investment together, and potentially aggregate opportunities into a **habitat bank**. This would help more easily unlock investment from large organisations seeking to dispense obligations, such as the Environment Agency and Southern Water, as well as provide smaller landowners with an easier way to understand and access financing opportunities.
- 2.36. We have made good links with the South East Corridor project led by **Knepp Estate**, which aims to create a nature corridor from Knepp cross country to Climping beach. The potential for a large landscape scale recovery project in the area is strong when the Corridor is joined

with the work by Sussex Bay. We hope that DEFRA will be interested to explore this as they look for 10 UK projects for their Landscape Scale Recovery Pilots.

3. Issues for consideration

- 3.1. From the letters of support received for Sussex Bay, and the £75k commitment already received from a local carbon offsetter, it is clear that there is real interest and emerging demand for investment in blue habitat restoration.
- 3.2. The letter of support from The Crown Estate is particularly positive, and it is now important to establish the **specialist capacity** to develop and agree a natural capital seabed lease and unlock investment in kelp forest restoration, building a model capable of extension to other blue habitats and ecosystem services.
- 3.3. It is recommended that Adur & Worthing Councils commit £50k of project development funding from existing budgets in order to make immediate progress with those negotiations, maintain momentum and show commitment.
- 3.4. This support is broken down into two principal elements:
 - 3.4.1. Specialist legal support to examine the legal entity / entities that may be required to establish a natural capital investment and project delivery model. The vehicle would be required to bring together a number of stakeholder and activities to provide appropriate governance, environmental restoration activities, research, licensing of the seabed, and investment from commercial third parties. Early indications are that a new vehicle will be required to incorporate the different stakeholder interests, provide enough project capacity, and enter into the required commercial agreements.
 - 3.4.2. Specialist finance support to develop the investment case in kelp blue carbon including:
 - Expenditure and operational costings review
 - Carbon benefit review
 - Carbon instrument design

- Financial model and sensitivity analysis
- Carbon market pricing analysis
- Project financing model

3.4.3. Alongside the £75k commitment mentioned, Blue Marine Foundation have agreed to fund a Sussex Bay launch event to be held at Worthing Connaught Theatre on September 18th 2021, including production of a short film. We are currently in discussions with Blue with a view to Sussex Bay joining their international blue carbon programme which if successful will come with significant additional investment.

3.5. An alternative option to developing Sussex Bay would be to continue with habitat restoration at Pad Farm and New Salts Farm as discrete projects, and allow the kelp forest to restore more naturally and through the efforts of the Help Our Kelp group.

3.6. It is suggested that this approach would miss the significant opportunity to take a more strategic approach to natural capital and miss substantial opportunities to attract investment into habitat restoration and the development of Sussex Bay.

3.7. Without Sussex Bay vision and action, enhanced sustainable fishing, aquaculture, recreation and tourism opportunities will be missed, and we will not take the opportunity for developing a major asset for our coastal communities.

4. Engagement and Communication

4.1. The Adur & Worthing Climate Assembly selected the restoration of the kelp forest as Recommendation 1 in their findings. The Climate Assembly was a representative group of 43 residents.

4.2. The Help Our Kelp group, led by Sussex Wildlife Trust have undertaken significant engagement with the public and stakeholders, and will continue to be a major conduit for engagement with the community and volunteers, as well as key to restoration efforts.

4.3. Substantial partner engagement has taken place, as demonstrated in the wide range of letters of support for Sussex Bay. Recently a partnership workshop was undertaken with project officers from all four

West Sussex rivers, establishing a network which aims to help share learning and tools to accelerate delivery.

- 4.4. The Sussex Bay launch event in September will bring together a range of stakeholders and supporters, setting out the vision and showcasing projects from across Sussex Bay, including the voices of fishermen, researchers, leisure users and the community.

5. Financial Implications

- 5.1. The Councils have a business development budget of £132,410. It is proposed to allocate £50,000 of this budget to developing the Sussex Bay proposition.
- 5.2. The Councils have secured external funding of £85,000 towards the projects with £35,000 expected in the current financial year and so overall a budget of £85,000 will need to be approved by the Committee which will see the business case developed further.
- 5.3. Further reports will contain more detail about the business case and financial implications of the proposed scheme.

6. Legal Implications

- 6.1 Adur and Worthing councils have declared a Climate Emergency in 2019 and have set a target date of 2045 for areas to be net zero carbon.
- 6.2 The Adur and Worthing Councils Carbon Reduction Plan identifies that the councils will need to offset 1,600 tonnes of carbon to meet its **carbon neutral 2030 target**.
- 6.3 In spending any amount of grant funding received from third party's to assist delivery of the Councils' Carbon Neutral Plan the Councils must ensure that the expenditure is in line with the funder's requirements terms and conditions.
- 6.4 As part of the due diligence, specific legal advice will be sought to ensure the Councils have the powers to enter into a separate legal entity to give form to the Sussex Bay vision, bringing together a number of different stakeholders and activities. The structure will need to allow for appropriate governance, environmental restoration activities,

research, licensing of the seabed, and investment from commercial third parties. It is likely the “main” vehicle would need to be non-profit (specifically a charity, probably a company limited by guarantee). Further discussions will inform the eventual vehicle which best suits the Councils.

- 6.5 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 6.6 s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation
- 6.7 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 6.8 s1 Local Government (Contracts) Act 1997 confers power on the local authority to enter into a contract for the provision of making available assets or services for the purposes of, or in connection with, the discharge of the function by the local authority
- 6.9 Under the Public Contract Regulations 2015 where a Public Authority is to enter into a contract for the supply of goods & services the Council is to comply with its Contract Standing Orders and, if the value of those goods and services exceeds the financial thresholds of £189,333 (or for works £4,733,252.00) any procurement exercise to contract for those goods and services must be conducted in accordance with the Public Contract Regulations 2015.

Background Papers

[Adur & Worthing Climate Assembly - Recommendations Report](#)

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Sustainability & Risk Assessment

1. Economic

- 1.1. Our coastal towns benefit from proximity to the South Downs, and also wonderful coastline and sea. There is potential to establish Sussex Bay as an attractive and abundant “blue” destination for tourism and recreation, and as habitats are restored and biodiversity increases, there will be scope for revitalised and new coastal industries such as sustainable fishing, seaweed and shellfish aquaculture and associated industries, including potentially processing and manufacture.

2. Social

2.1. Social Value

- 2.1.1. Sussex Bay aims to fulfil the recommendations of the climate assembly held in late 2020 by supporting restoration of the kelp forest and through partnership with Help Our Kelp, explore opportunities for volunteering and community support in a range of related activities.
- 2.1.2. There will also be scope to explore education and learning opportunities, engaging with schools, colleges and universities.
- 2.1.3. The project will also ensure that good consultation and engagement is undertaken throughout the process, gathering the views of users and stakeholders, and ensuring issues like beachfront management are handled appropriately.

2.2. Equality Issues

- 2.2.1. Matter considered and no issues identified beyond the need to ensure consultation and engagement activities are designed to include a full range of voices and perspectives.

2.3. Community Safety Issues (Section 17)

- 2.3.1. Matter considered and no issues identified

2.4. Human Rights Issues

2.4.1. Matter considered and no issues identified

3. Environmental

3.1.1. Sussex Bay is central to our sustainability agenda, helping deliver nature restoration at scale, and attracting investment for that purpose from offsetters.

3.1.2. Sussex Bay aims to ensure habitat restoration and ongoing management and custodianship is supported, helping tackle climate change and biodiversity loss and returning our rivers and seas to better health.

4. Governance

4.1. Sussex Bay is aligned to and part of Platform 3 of the Councils' strategy, and consistent with the recommendations of the Climate Assembly.

4.2. Adur & Worthing Councils' leadership is providing a platform for other organisations to access carbon offsetting opportunities locally, and helping projects within Sussex develop common approaches and infrastructure.

4.3. Sussex Bay and the work contained within it is a project of national significance, attracting significant support from key regional and national organisations, enhancing the reputation of our Councils in this agenda.

4.4. It is expected that Sussex Bay will need to be a separate entity, with a seabed lease held by the local authority. A governance model will be developed that delivers effective and appropriate arrangements.