

NRW and Planning – Impact on Built Environment

Background: Wales' marine Special Areas of Conservation (SACs) are under pressure from nitrogen pollution, mainly from:

1. Wastewater treatment works and sewer overflows
2. Agricultural runoff

This excess nitrogen causes:

- Algal blooms and seaweed overgrowth
- Damage to sensitive habitats (mudflats, estuaries, lagoons)
- Harm to wildlife

In June 2025, NRW published assessments identifying three SACs where nitrogen pollution is causing ecological harm. Many of the features of interest for which these SAC's have been designated are now identified by NRW as being in an **unfavourable conservation status** and that effectively means that, even though evaluative judgement is required, the possibility of authorising activities which might affect the ecological situation of such sites is practically limited:

- Milford Haven Inner (Pembrokeshire Marine SAC)
- Burry Inlet Inner (Carmarthen Bay and Estuaries SAC)
- Cemlyn Lagoon (Cemlyn Bay SAC)

Note: Constructing Excellence in Wales (CEWales) was notified directly by industry of this issue back in June and recently requested by Welsh Government (WG) to provide insight on the impact of the current NRW Planning Challenges within the built environment sector. The intention of this Insight is to help inform a ministerial meeting on 25th September 2025 and subsequent suggestions for a course of action. WG is engaging with LA's directly, and CEWales is providing a view on representing how this issue impacts sector pipelines, schemes of work and associated supply chain matters, focusing engagement on housing and their supply chains. Information is also represented from Contractor, Consultant and SME's who all form part of the wider supply chain impact. **Please note data within is sensitive and must be treated in confidence.**

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1.0 Summary Table - Impact across the supply chain:

NRW guidance on marine nitrates has delayed/paused schemes in Carmarthenshire, Swansea and Pembrokeshire in Special Areas of Conservation (SAC's). These areas are now subject to nutrient neutrality requirements which can include:

- No additional nitrogen can be introduced by new developments

- Developers must demonstrate nutrient neutrality by:
 - Using the Welsh Government Nutrient Calculator
 - Implementing mitigation measures (e.g. nature-based solutions, improved drainage, upgraded sewage treatment)
 - Submitting a Habitats Regulations Assessment (HRA)
- Planning authorities can only approve developments that show no adverse impact on the SAC

This has affected projects: ranging from pre-determination, various stages of work, including expensive survey work, ecology, topographical etc, those in a build contract, those legally tied into purchases and well progressed with planning applications that are now on hold, those which have secured terms and were looking to progress planning applications within the next few months. **Impact on business and people is significant and not yet fully realised:**

1. Construction Services Organisation - £61.7m turnover, £50k training spend, 70 employees 2023 - £19m project currently delayed by 12 months, serious risk of client losing major anchor tenant, whole project then becomes unviable.	Impacted
2. Housing Association – Large - Team of over 2500 people – circa 787 plots Impacted – contractor in supply chain at risk of losing 50 jobs. Supply chain affected: Groundworks - £8.2m (E&TL Jones), Roofing & Cladding – £2.3m (Haran), Steel Frame - £900k (Morgans of Usk) & Curtain Walling, Windows and Doors - £800k (Vellacine) - all South Wales based Contractors. Project required upto 100 people at peak.	Impacted
3. Housing Association – Medium - Avoided impact through building extant permissions but noted significant frustrations in engaging with NRW.	Avoided for now
4. Commercial Property Developer – Groundworks specialist – Multi D - have 4–5 sites in Carmarthenshire, Swansea and Pembrokeshire at various stages of the planning process, ranging from 20+ to 80+ units. Could result in delays of 18 months or more. In the meantime, targeting schemes in other parts of South Wales outside the affected SAC catchments – loss of local contractor supply chain.	Impacted
5. Construction Firm - employs 80 directly employed and 320 subcontractors, totalling a workforce of 400 people across Carmarthenshire, Pembrokeshire, Ceredigion and Swansea, detrimental impact on business and the supply chain of Suppliers and Subcontractors.	Impacted
6. SME Micro Architectural Services - employs 5 people. Projects held for 6-9 months – big impact on business.	Impacted
7. Community Housing Association - Represents 30 not-for-profit housing associations that provide almost 174,000 homes to 10% of the Welsh population. NRW is blocking at least 1,772 new affordable homes. Redundancies already taking place in supply chain.	Impacted
8. SME Multi-disciplinary Architectural Practice - involved in HA sector for over 15 years , delivered more than 2,000 homes in that time. Circa 14 sites impacted, ranging from a scheme ongoing for 3 years for 83 homes in Milford Haven about to be determined, to schemes ranging in number from 20 through to 73 units that are/were at varies stages of work, including expensive survey work, ecology, topographical etc. In total we have circa 522 units caught. Two staff redundancies made already, one who had been employed for 8 years.	Impacted
9. Large Housing Partner Construction Company – Tier 1 Contractor owned - 1245 employees, 15 staff on NVQ training, 72 apprentices, management trainees and graduates employed every year. Already in contract with Wales and West for a scheme of 91 homes in Narberth. This is a £22.8m contract signed in March 25, start on site in October 2025, under threat – potential for significant redundancies in firm and across supply chain.	Impacted
10. Large House Building Private Developer – recorded pre-tax profit of £274m in 2025 delivered 16,565 homes , large employer. Sites affected: site is allocated under Policy SD H of the Swansea LDP mixed-use development comprising approximately 1,319 homes, further site was added as an allocation for 80 units following the Inspector’s initial findings into the Carmarthenshire RLDP	Impacted

2.0 CEWales Recommendations

“There is no doubt that over the last few years, we have seen the impact of an extremely volatile construction sector and more specifically the new build housing sector. Over the last 5 years, in South Wales (east and west) alone, we have lost a significant number of medium and small contractors who were a critical part of affordable housing delivery and who’s demise is still having lasting effects on the number of homes which are being delivered. The Contractor and subcontractor supply chain is very fragile and the economic effects of blocking development without notice will have a significant impact on contractors/developers both within their organisations and outside of them- including impacts on consultants, material suppliers, timber frame manufacturers, sub-contractors and other trades, resulting in considerable affects that will be felt nationally.” **Large Housing Association – Tier 1 owned**

- 1. Short Term - To address this urgent matter:** CEWales notes significant impact across sector turnover, jobs, skills and training with risks long-lasting and affecting not just social housing delivery but brownfield sites delivery and other project typologies. Therefore, it champions sector calls for clear mitigation measures and pathways and **offers its’ support in developing an integrated approach with Welsh Government, LA’s, NRW and DCWW to address current and future challenges that will arise consequently.** In the immediate short term, CEWales acknowledges Housing Associations intent to see an exemption for affordable housing to allow the sites that are at a critical stage to continue. Data shared by Community Housing Cymru mentions **13 RSL sites that were due to commence imminently or were progressing on site, totalling 889 units. There are a further 12 schemes in the pipeline amounting to 883 units, meaning that the advice issued by NRW is blocking at least 1,772 new affordable homes. Those schemes that are at a critical stage of delivery are facing the biggest impact.** Whilst there isn’t a definitive number yet (CEWales requires more time to capture a more precise impact) we know that redundancies are already taking place in the supply chain within development contractors and consultants.

We are aware that some large housing associations such as Pobl are already actively engaged with CHC, Welsh Government, DCWW and with all impacted LPAs and are lobbying CHC and WG to facilitate an open forum meeting between LPAs, WG and impacted RSLs to discuss potential next steps to establish a level of consistency between all parties. Their goal is to establish a small suite of agreed options that all parties buy into in order to save time, effort and money for all involved and to prevent a scatter gun style approach. **This seems sensible but should take a coordinated approach and factor in NRW directly, SME’s and consultants/contractors working groups, as insight reveals the complexity of the issue across size and scale of projects.** Removal of the ban is a necessary yet very difficult step forward in a legal context. If undertaken, it must be in strategic discussion with NRW and Local Authorities working together to discuss short term mitigation measures to ensure minimal legal risk.

- 2. Long Term - To prevent this and other issues like it from arising:** CEWales acknowledges sector concern that this current NRW advice is based on the assessments undertaken within a specific region of Wales. **There is a real concern that this advice could be extended across Wales if NRW proceed with their marine assessments, leading to further blockages to new homes and having a catastrophic impact on the supply chain throughout Wales.** Given that housing contributions to nitrate load is minimal compared to agriculture, CEWales supports the need for concerted effort to address the pollution from the main sources and re-iterates ‘joined-up’ thinking at a strategic governmental level, and across local authorities connected to their markets and statutory bodies.

It champions the need for early engagement on mitigation measures adopting a pro-active lessons learned approach especially as similar challenges occurred in England previously and may have been avoidable in Wales. **As noted by Lovell, Offsite ‘off setting/ mitigation’ solutions would be preferable, but this would need to be delivered in the main at the Local Authority level, as in England, to ensure meaningful outcomes. Partnerships with local farmers or use of LA/WG land holdings would be options, but again these will take time to put into place and will be reliant on all parties working together.** The damage to businesses and loss of jobs as a result of this is unsustainable. The impact to housing in a period of housing shortages is significant and the consequences will be felt across typologies unrelated to housing as local supply chains: local contractors and specialists become at risk. This goes against intentions to develop a stronger, resilient and productive sector. **Already a representative of CLAW, and working with Welsh Government, to do this effectively, CEWales offers to be an effective link with NRW and other associated bodies to make sure a more ‘joined-up’ approach is considered. Especially as there are concerns that discussions between RSLs, developers and LPAs are taking place in isolation. A more coordinated joint up approach to discuss mitigations, lead by Welsh Government, would therefore, be extremely valuable. This will be much more impactful if a dedicated construction unit with dedicated ministerial support is allocated. Please see Appendix. Solent Casestudy where mitigation examples are provided.**

3. **Lessons from Solent Casestudy – refer to the Casestudy Appendix for more details.** CEWales is best-placed to offer support on the development of mitigation solutions with WG, NRW, DCWW and sector stakeholder partnerships. The recommendations below are shared keeping in mind several factors unique to the Welsh context:

Welsh LA risk: Pembrokeshire Local Authority intel demonstrates LA’s risk where, *“at screening stage, an LPA deciding whether there is a risk of a significant effect cannot take any proposed mitigation measures into account. However, mitigation measures can be considered at appropriate assessment stage when determining whether the proposal will have an adverse effect on the integrity of the protected site. Even at appropriate assessment stage, the only measures that can be taken into account are mitigation measures that are protective or preventive, meaning that they avoid direct damage in the first place.”*

As well in Wales there is currently no credit system, rather most mitigation measures will be on-site or off-site (e.g. septic tanks). However, in the longterm, an approach to develop a credit system in Wales would be recommended and adoption of key lessons from the [New Infra Planning Bill – Nature Recovery Fund deployed in Wales](#). Further we are aware that an NRW Nutrient Calculator will go a long way in supporting applications. Somerset Council has been cited as taking an effective approach of having a separate phosphates team to alleviate pressures, this could be replicated in Wales but requires resource support. Solent casestudy recommendations include:

- Developers — engage early like the Partnership for South Hampshire mitigation market; factor credit costs into land viability.
- Planners/LPAs — rely on standardised calculators (NECR459 methodology) to streamline assessments.

- Government — expand national credit markets, allow temporary mitigation, and incentivise engineered wetlands and WWTW upgrades.
- Industry/SMEs — explore partnerships with wetland/bioremediation designers to diversify revenue and accelerate supply of credits.

This combined evidence shows that the construction sector has experienced delays and billions in potential lost output, but strategic mitigation markets and nature-based/engineered solutions are already unlocking permissions and delivering environmental recovery. Scaling these approaches nationally could both accelerate housing delivery and safeguard water quality. **Examples shared by Community Housing Cymru, of scheme-specific mitigation measures being explored by Caredig and their partner developers, including redirecting the flow of the foul via another route away from the SAC are being utilised (but at a considerable cost). And also 'betterment' from demonstrating the previous versus new contributions is included. However, for some schemes, there are no obvious mitigation measures which are therefore leading to at least a 12 month delay. Projects mentioned: Parc Emlyn Development Penygroes, Farmers Arms, Llangennech, Capel Hendre, Ammanford, Ty-y- Bonnau, Pontardulais. Please refer to the Appendix BE – Collated Feedback Document for full details.**

3.0 Key Points – Sector Implications, Refer to Appendix for details.

NRW guidance on marine nitrates has resulted in planning delays and/or schemes being put on pause in Carmarthenshire, Swansea and Pembrokeshire in Special Areas of Conservation (SAC's) and Special Protection Areas (SPA's) noting that many SAC features are in 'unfavourable condition'. This is not something a local authority can ignore and it must apply the 'precautionary principle' to identifying whether there are risks of a likely significant effect of a proposal on marine water quality.

Consequences of the delays are considerable, still not yet fully realised and described below – please refer to **section BE Sector Feedback below** for more details. [Feedback numbers are listed as found within BE Appendix]:

- **Impact is being felt across SME's, Housing Association (small and large), Consultants and contractors working in the identified areas. Refer to Feedback section, for a varied selection of respondents providing feedback on how this is influencing turnover, jobs, supply chain and forward work planning. There is considerable concern that urgent mitigation measures are needed.**
[Architectural SME perspective]“strongly feel that NRW/DCWW and Local planning authorities, should have reviewed this new Nitrate data, come up with strategies for how to address it in affected areas and written Supplementary Planning Guidance (SPG) for agents/applications to follow. To pause the planning system whilst this exercise is undertaken seems crazy.”

- **Impacted projects range from high value to more moderate – examples provided include £40million of schemes affected, £19 million project value with potential job losses ranging from 10direct to over 400 jobs in supply chain. This figure is expected to increase if delays continue.**

[Housing Association Feedback 2 – Refer to table in Appendix] A large housing association has circa 787 plots that are currently impacted, the majority of which are affordable. With all of the sites listed below, they are either: In a build contract. Are legally tied into purchases and well progressed with planning applications that are now on hold. Have secured terms and were looking to progress planning applications within the next few months. Refer to table below.

- **Anecdotal feedback has noted NRW as being a challenge to engage with:** [Housing Association SME - Feedback 3 – Refer to Table in Appendix] “NRW have been the single most difficult to engage with statutory consultee we ever have or have had to engage with. There is no sense of urgency – I've been on the phone to NRW, literally pleading, explaining that at the end of the 'chain' here are

real people's jobs." This sentiment is voiced by local authorities as seen in the legal context section provided by LA Pembrokeshire.

[Large Housing Partner Construction Company owned by Tier 1 - Feedback 9 – Refer to Table] *"The situation has been exacerbated by the sudden announcement by NRW with, it would seem, little understanding of the implications. There has been no consultation with anyone it seems or reasonable lead in time or transition arrangements."* It seems that all we can do is wait for a number of items which may assist in the short term but only to confirm the extent of the problems: Interactive mapping to be issued by NRW, further modelling/mapping to be done by NRW, funding to be secure for this work, nutrient calculators to be updated to ensure coverage of all areas affected, discussion by NRW on pollution regulations, etc. All of these will take time.

- **Delays caused has reduced the current demand for trainees / apprentices with job offers being rescinded and potential job losses on the horizon.** [Construction Services Firm - Feedback 1 – Refer to Table in Appendix] *"On the Project (in Swansea) with estimated value of £19m currently delayed by 12 months due to ongoing NRW issues, the direct project team of 10 employees is affected, along with a further estimated 70 employees within our supply chain."*
- **While new housing delivery in the affected areas is effectively paused at a time of significant housing shortage. The issue goes beyond housing and is already impacting industrial projects, brownfield sites.** [Construction Services Firm - Feedback 1 – Refer to Table in Appendix] *"Client is now at serious risk of losing its "anchor tenant" for the scheme which could result in the scheme no longer being viable and therefore scrapped. If the project becomes unviable for the client, it is likely that we will need to make some jobs redundant as we employed staff specifically for this scheme, which should have commenced on site this time last year. No other projects are affected at the moment but with this new legislation, it will undoubtedly be a risk we will have to register on all brownfield sites going forward. The "anchor tenant" is a large-scale builder's merchant and would introduce a significant volume of jobs and trade to the area."*

Supply chain effect of this: *"Groundworks - £8.2m (E&TL Jones), Roofing & Cladding – £2.3m (Haran), Steel Frame - £900k (Morgans of Usk) & Curtain Walling, Windows and Doors - £800k (Vellacine) - all South Wales based Contractors. The scheme promised significant labour demands for the local area, estimating a total of 100nr employees at the peak. You can see by the size of the groundworks package, the cost to remediate the site is significant and a price the Client was willing to pay in order to progress the site."*

[Housing Association Feedback 2] *"Where circa 787 plots that are currently impacted, the majority of which are affordable. impact that this is having on our supply chain, **with a number of partners informing us of potential job losses (up to 50 with one contractor) and significant business harm** if a way forwards isn't forthcoming from NRW/LPAs and WG."*

[Construction Services - Feedback 5 – Refer to Table in Appendix] **Another Construction Firm with HQ in Carmarthenshire employ 80 directly and 320 Subcontractors, totalling a workforce of 400 people and has £40million of schemes affected due to the Nitrates.** *"As a big employer in Carmarthenshire, Pembrokeshire, Ceredigion and Swansea, this scenario is having such a detrimental impact on our business and the supply chain of Suppliers and Subcontractors who support us. Welsh Government must step in and provide guidance and in fact issue permission to the LPA's to continue with Business as usual until such time as a solution can be implemented."*

[Large Housing Partner Construction Company owned by Tier 1 - Feedback 9 – Refer to Table in Appendix] Large Housing Partner Construction Company – *"Already in contract with Wales and*

West for a scheme of 91 homes in Narberth. This is a £22.8m contract, start on site in October which is affected. Already have staff recruited for schemes under contract and may struggle to redeploy them within the organisation if these schemes cannot progress any further."

- **Regional work is being lost where contractor/consultants are having to target schemes in other parts of South Wales outside the affected SAC catchments.** *"There is the possibility of the sector losing very good and established regional contractors."*
- **Cost to sector as a result of this will be large potentially jeopardising the longer term delivery of affordable homes and others.** *"There is a risk that the 'impact zone' expands further across South Wales Marine SACs as we understand that monitoring is continually undertaken, and once levels hit a threshold, they could/would be added to the current list as needing to evidence neutrality. For schemes that are outside of the impacted zone, but are in more rural areas, there are potential capacity challenges with the DCWW infrastructure which is currently preventing connections. In certain circumstances we are being told that it is not viable/feasible to upgrade some of the smaller, more rural treatment works. So there's a genuine question over the longer term plan to overcome this given the overwhelming need to deliver more homes, and quickly."*

[Large Housing Partner Construction Company owned by Tier 1 - Feedback 9 – Refer to Table in Appendix] *"For our RSL partner, delays to this start on site mean that our costs will increase, their financial viability becomes tighter and there will be additional demand for more Social Housing Grant, other grants and Private Finance to make the scheme stack. RSLs will have already explained the situation about increased costs of holding land already purchased and delays in programmes which will result in increased costs and potentially unviable schemes, but the impacts will be more than this."*

4.0 Context – A complex picture

As noted in [Nutrient Neutrality And Welsh European Marine Sites | Hugh James](#), NRW's June 2025 assessments concluded that the nutrient-sensitive features of sites such as Pembrokeshire Marine, Carmarthen Bay and Estuaries, and Cemlyn Bay are failing to meet conservation targets. Excessive nitrogen is contributing to algal blooms, reduced oxygen levels, and negative impacts on fish and other aquatic life.

This mirrors the position in England, where Natural England issued similar advice in 2020 (following the Dutch Nitrogen Case) to advise local planning authorities that mitigation measures forming part of a Habitats Regulations Assessment must demonstrate no adverse effect 'beyond reasonable scientific doubt' and that the benefits of the mitigation measures must be 'certain at the time of the Assessment' before consent can be granted. The advice resulted in new development being required to achieve 'nutrient neutrality', **where the nutrient load created through additional wastewater from development had to be mitigated, either on-site or off-site. Importantly, previously consented, as well as existing schemes are caught here. This includes LPAs discharging planning conditions, approving reserved matters or granting minor amendments to existing planning consents.**

What does "nutrient neutrality" mean in practice?

Nutrient neutrality requires that any increase in phosphate or nitrogen discharges from new development is fully mitigated, so that there is no net increase in nutrient loading in affected catchments.

Mitigation may include:

- on-site options such as sustainable drainage systems, wastewater treatment works and habitat creation; or

- off-site options such as nutrient trading schemes, land use changes/rewilding secured by conservation covenants and upgrades to wastewater treatment works

NRW's advice is clear: a conclusion of no adverse effect on site integrity may only be reached if nutrient neutrality can be demonstrated.

Legal Context:

Please refer to the appendix below for the legal picture as presented by Sara Morris Pembrokeshire Local Authority in response to Michael Bool – Micro Architect Practise SME.

“It is extremely disappointing that NRW are releasing the baseline condition information without associated planning guidance and that this information is also being released in a piecemeal way. “

Wendy Walters - Carmarthenshire Council – further *“shares concerns about the scale of disruption caused by the phased manner of the publication, made without essential detail guidance, and calculation methodology and which places LPA's as Competent Authorities under the Habitats Regulations in a challenging position.”* However, assures that LPA has not frozen the determination of all planning applications in the County but is adopting a proportionate approach in accordance with their Competent Duties.

5.0 Signposted Links

[Nutrient Neutrality Briefing Note FINAL Dec 2024.pdf](#)

NRW - [Natural Resources Wales / Principles of nutrient neutrality in relation to development or water dis...](#), NRW guidance to LA's (currently an issue area which LA's are asking for more feedback on - this is exacerbating delays for those within industry) - [Natural Resources Wales / Advice to planning authorities for planning applications affecting nutrie...](#)

Hugh James - [Nutrient Neutrality And Welsh European Marine Sites | Hugh James](#)

News - [Councils mull new planning advice after NRW finds pollution in protected marine area](#)

Tenby Today - <https://www.tenby-today.co.uk/news/planning/pembroke-housing-plans-rejected-over-water-quality-concerns-833324>

Pembrokeshire Herald - <https://pembrokeshire-herald.com/122118/house-building-halted-in-pembrokeshire-over-nrw-rules-says-kurtz/>

Milford Mercury - <https://www.milfordmercury.co.uk/news/25471642.plans-new-housing-development-pembroke-refused/>

BBC - <https://www.bbc.co.uk/news/articles/c4gqj59zl8vo>

Solent Case study Links:

[Nutrient Neutrality Briefing Note FINAL Dec 2024.pdf](#)

[Accelerating the nutrient neutrality solution.pdf](#)

[Solent-Nutrients-FAQs-for-Developers-August-2021.pdf](#)

[NECR459 Edition 1 Nutrient Neutrality Generic Methodology \(March24 update\).pdf](#).

House Building Federation - [LF65056 Nutrient Neutrality - Solution Finding Doc - HBF Update - Feb23.indd](#)

[Overview of Solent Eutrophication and Recovery Jan2023 FINAL.pdf](#)

[Constructed Wetlands - Water Design Engineers - Water Features, Pools and Water Treatment Systems](#)

[Factsheet: Nature Restoration Fund - GOV.UK](#)

Mitigation Scheme Examples:

1. **Natural England's Nutrient Mitigation Scheme**, devised to protect our waterways from pollution and enable home building, has now launched:

- <https://naturalengland.blog.gov.uk/2023/03/31/natural-englands-nutrient-mitigation-scheme-devised-to-protect-our-waterways-from-pollution-and-enable-home-building-has-now-launched/>
2. **The Solent Mitigation Partnership** is a collaborative initiative formed by 16 Local Authorities within the Solent region. <https://solentmitigationpartnership.co.uk/who-we-are/>
 3. **Hereford Councils Wetland**: <https://www.herefordshire.gov.uk/nutrient-management/nutrient-management-guidance-developers/5>
 4. **PAS Nutrient Hub**: <https://www.local.gov.uk/pas/topics/environment/nutrient-neutrality-nn-and-planning-system/nutrient-network>
 5. **Natural England Launches Tees Catchment Nutrient Mitigation Scheme**: <https://www.tellusnatcap.com/blog/natural-england-launches-tees-catchment-nutrient-mitigation-scheme>
 6. **Scottish work**: <https://www.gov.scot/publications/report-implementation-protection-water-against-agricultural-nitrate-pollution-scotland-regulations-1996-2020-2023/pages/5/>

6.0 Appendix - BE Sector Feedback on NRW Planning Impact

Appendix - Solent Case Study - High Level Review

Appendix - The Local Authority Perspective