

Item No. 7.	Classification: Open	Date: 26 July 2022	Meeting Name: Planning Committee
Report title:		To release £487,532.15 of Section 106 funding from the Green Buildings Fund for its administration, project delivery and management; and carbon offsetting and climate change work	
Ward(s) or groups affected:		All wards	
From:		Director of Planning and Growth	

RECOMMENDATION

- That planning committee approves the release of £487,532.15 of pooled Section 106 carbon offsetting financial contributions from the council's Green Buildings Fund towards the funding of:
 - Three climate change officer roles (Grade 12) on two-year, fixed-term contracts and any specialist expert work required on carbon offsetting projects

Permission Ref	Account No	Type	Address	Amount
13/AP/3059	W07205	Carbon Offset (Green Fund)	6-14 Melior Street And Land Adjoining To The Rear Of Our Lady Of La Salle And Saint Joseph Catholic Church SE1 3QP	£14,500.00
14/AP/0175	tbc from Exacom	Carbon Offset (Green Fund)	16A Wyndham Road And 166,168 170,172,174, 176 And 176A Camberwell Road, SE5	£7,466.26
14/AP/1862	W07725	Carbon Offset (Green Fund)	128-150 Blackfriars Road, SE1	£79,922.31
14/AP/2102	W07205	Carbon Offset (Green Fund)	Site Bounded By Grange Walk Grange Yard And The Grange SE1 3DT	£5,201.00

Permission Ref	Account No	Type	Address	Amount
15/AP/0237	W07665	Carbon Offset (Green Fund)	Wedge House 32-40 Blackfriars Road, SE1 8PB	£69,037.13
16/AP/3056	W08475	Carbon Offset (Green Fund)	2-68 and 70-136 Chilton Grove SE8 5DY	£74,911.25
16/AP/4124	W08475	Carbon Offset (Green Fund)	Acorn Neighbourhood Office 95A Meeting House Lane SE15 2TU	£79,506.00
16/AP/4589	W08475	Carbon Offset (Green Fund)	Ivy Church Lane Garages 282-286 Old Kent Road SE1 5UE	£35,296.94
16/AP/4702	W08475	Carbon Offset (Green Fund)	Vacant Site Opposite Central Venture Park Commercial Way SE15 (On The Site Of Former 25 Commercial Way),	£121,691.26
TOTAL				£487,532.15

BACKGROUND INFORMATION

Green Buildings Fund

2. The green buildings fund is the council's carbon offsetting fund. It is a collection of financial contributions secured by planning obligations that have been secured through Section 106 legal agreements, where major new development has not achieved net zero carbon emissions, and a financial contribution is collected by the council for each tonne of carbon to make up shortfalls to net zero.
3. Planning obligations are legal obligations entered into by the council and developer to mitigate the impacts of a development proposal. This obligation allows new developments to comply with planning policy where it has not been possible to achieve all the required carbon emissions savings. The Fund is ring-fenced to be used to 'offset' by funding a range of carbon saving projects offsite elsewhere in Southwark.
4. Cabinet considered a report on 19 October 2021 and agreed the following recommendations that defined the scope and approach for the Green Buildings Fund:

- That all secured carbon offset funding is held and consolidated in a carbon offset fund called the Green Buildings Fund to maximise carbon offsetting opportunities.
- That the Green Buildings Fund is spent to deliver carbon offsetting projects in accordance with the council's Climate Change Strategy and Action Plan. The initial focus of offsetting projects will be the de-carbonisation and retrofitting of community buildings, schools and council housing.
- That officers will prepare recommendations with input from relevant cabinet members on which carbon offsetting projects to fund. The relevant delegated officer or the planning committee will approve the release of the funds for carbon offsetting projects using existing s106 processes.
- That the funding criteria for carbon offsetting projects will be agreed by officers and relevant cabinet members.
- That officers seek other sources of co-funding for the Green Buildings Fund, and review options for a new local carbon offset price in parallel to the New Southwark Plan early review, to encourage greater onsite carbon reduction performance and ensure the carbon offset price fully covers offsetting costs.

Green Buildings Fund - current total

5. As of June 2022, the financial contributions collected by the council to be used to offset the total tonnes of carbon from approved planning permissions that have commenced construction or are completed total £5,514,477.21. This equates to 3286.54 tonnes of carbon emissions per annum in the total collected. The current total of tonnes of carbon that must be offset using the funds received is circa 98,596.08 tonnes over 30 years.
6. As of June 2022, the council could collect up to £11,255,588.54 of potential carbon offset financial contributions if all planning permissions that have been granted with carbon offset planning obligations were implemented. This equates to circa 5,680 tonnes of carbon emissions per annum that would need to be offset by the potential payments into the Fund if all planning permissions that have been consented were delivered. This equates to 170,423.16 tonnes of carbon emissions over 30 years that must be offset using the Fund. It is unlikely the council will collect the full amount as some permissions may not be implemented, some may be superseded, and others may have a Section 73 agreed to alter the financial contribution. Therefore, this figure could be lower in practice and must be considered as a potential total.

Policy context

National

7. The Climate Change Act (2008) imposes a statutory duty on the UK government to achieve net zero carbon emissions by 2050. The Climate Change Act (2008) imposes a statutory duty on the UK government to achieve net zero carbon emissions by 2050. This national legislation applies to governing bodies and institutions to ensure that they are addressing climate change. Point 1 of the Climate Change Act (2008) as amended states: “It is the duty of the Secretary of State to ensure that the net UK carbon account for the year 2050 is at least [100%] lower than the 1990 baseline.”
8. Several recent national reports and targets define new considerations for a quicker response to the Climate Emergency and carbon emission reductions. These are relevant in the policy context of delivering zero carbon homes as they set out the need to respond quicker to reduce carbon emissions.
9. The Carbon Budget Order (2021) sets out the carbon budget of 965,000,000 tonnes of carbon dioxide equivalent for the next budgetary period 2033-2037. This is a legally binding reduction target. This responds to the findings of the Paris Agreement.
10. The 6th Carbon Budget (2021) enshrines a new interim carbon target for the UK. The 6th Carbon Budget sets out a target of a 78% reduction in carbon emissions against 1990 level baseline carbon levels by 2035. This brings forward previous carbon targets.

London Plan (2021)

11. This 2050 net zero carbon target, as required by the Climate Change Act (2008), is echoed in policy in the published London Plan (2021) which is committed to making London a net zero carbon city by 2050. London Plan Policy SI2 ‘Minimising greenhouse gas emissions’ requires major development to be net zero-carbon. This means that major residential and non-residential development must reduce greenhouse gas emissions in operation and minimising both annual and peak energy demand. The Mayor of London has declared a 2030 Climate Emergency and is preparing its response to this declaration.
12. The London Plan requires boroughs to set up Carbon Offset Funds to collect carbon offsetting financial contributions secured through Section 106 legal agreements and then fund projects that will reduce existing carbon emissions to ensure the development that is consented is net zero development. The GLA publishes an annual report of carbon offsetting performance of all London boroughs. The GLA has also published Carbon Offset Fund Guidance to support boroughs in offsetting carbon using the fund (Appendix 1). This sets out that the main priority of the fund

should be to reduce energy demand in existing buildings, including through energy efficiency measures and improving monitoring and operation.

13. Following the publication of the Greater London Authority's (GLA) 'Pathways to Net Zero Carbon by 2030' evidence base report, we are working with the GLA on how the preferred 'Accelerated Green' pathway aligns with our own ambitions and will review the implications for planning policy through the Early Review.

The Southwark Plan (2022)

14. As a sector, the planning system makes an important contribution to meeting the 2050 net zero target alongside all other sectors. The Southwark Plan adopted on 23 February 2022 was prepared to meet the statutory 2050 net zero carbon target by proposing development plan policies that mitigate carbon emissions and ensure development adapts to climate change in general conformity with the London Plan (2021).
15. The adopted energy policy 'P70 Energy' requires all major residential development to reduce on-site operational carbon emissions by 100% on 2013 Part L Building Regulations standards. Major non-residential developments must reduce carbon emissions onsite by a minimum of 40% on 2013 Building Regulations. The policy specifies that the policy uplift will be reviewed if Building Regulations are updated. New Part L 2021 standards came into effect on 15 June 2022 and require an uplift onsite performance by ~30% against Part L Building Regulations 2013 standards. The council intends to apply the same policy uplift on top of the new Building Regulations standards which will significantly reduce carbon emissions on-site on future non-residential schemes within the Borough (residential schemes already being required to deliver net zero emissions on site). This policy is one of the most influential policies in the country that responds to how planning and development can directly address the climate emergency.

Southwark's climate emergency declaration and Climate Change Strategy

16. On 27 March 2019 Southwark's Council Assembly resolved to call on cabinet to declare a Climate Emergency and to do all it can to make the borough carbon neutral by 2030.
17. Southwark's council assembly adopted the Climate Change Strategy on 14 July 2021. It sets out how Southwark will tackle the Climate Emergency and do all it can to reduce the borough's carbon emissions to net zero by 2030. At the same time, Southwark's council assembly agreed a change to the borough's constitution that requires all reports to include information about the climate impact of that decision. This will ensure decision makers are able to consider this alongside other considerations when making their decision.

KEY ISSUES FOR CONSIDERATION

Resourcing for the Green Buildings Fund

18. Three two-year fixed-term Climate Change Officer roles are required to carry out carbon offsetting work for the Green Buildings Fund, and support climate change workstreams. This anticipated to require some specialist expertise to support this work.

Climate change implications and carbon concurrent

Carbon offsetting and carbon reductions

19. Tackling the climate emergency is one of the greatest challenges that we all face today. The council is committed to doing all it can to reach the target of being a carbon neutral borough by 2030 and beyond this date. Meeting this ambitious target will require bold steps to be taken through our statutory function as a Local Planning Authority where we will need to shape new development to be as sustainable as it can be.
20. This will only be possible by ensuring that carbon offsetting project delivery is well resourced and managed. To better manage the aims and policy objectives of the Green Buildings Fund greater expertise is needed to ensure that onsite and offsite carbon emission reductions are delivered faster. It is imperative that swift progress is made on these workstreams and this will only be achieved through increased staffing capacity.

Meeting Soutwark's Climate Change Strategy and Action Plan

21. In July 2021, the council adopted its Climate Change Strategy and Action Plan for tackling the climate emergency. The plan sets out how emissions in the borough can be reduced from buildings, transport and waste disposal. The Strategy sets out 148 Action Points that the council will undertake to achieve its ambition to do all it can to achieve a net zero carbon borough by 2030 across five key priority areas.
22. The climate change action points are currently undergoing review and revision by the climate change team and will support carbon offsetting and climate change workstreams.

Conclusion

23. It is essential that the council moves quickly to support the delivery of offsetting projects, guidance and policy to assist the delivery of our ambition to do all we can to be a net zero borough by 2030, while meeting our commitment to deliver new homes and jobs within the borough. Offsetting projects will deliver carbon reductions to existing emissions, while wider climate change workstreams will deliver mid- and

long-term carbon emission reductions alongside the carbon reductions that are now being delivered through the recently adopted Southwark Plan.

24. The proposed funding for staffing will enable carbon offsetting work and create further opportunities to shape and facilitate projects and workstreams that mitigate climate change and responds to the changing climate.
25. £5.5 million has been collected in the Green Buildings Fund that is now available for projects that will offset carbon emissions where developments have not achieved 100% carbon savings on-site. The release of £487,532.15 towards essential climate emergency work by dedicated experts will respond to the climate emergency.
26. Officers will continue to seek and secure additional funding for the Green Building Fund from external funding streams to fund offsetting projects. Furthermore, as technology and processes to offset carbon emissions, offsetting projects evolve to become more effective, and the Carbon Offset Ratio for the Fund will improve to deliver lower offsetting costs and a greater reduction in carbon emissions.

Financial implications

27. As noted above, the release of £487,532.15 of the received financial contributions will result in £5,026,945.06 remaining in the collected funds of the Green Buildings Fund to fund carbon offsetting projects.
28. As the proposed roles will be fixed term contracts for two years, the financial implications are limited to this length of time.

Community, equalities (including socio-economic) and health impacts

Community impact statement

29. The implementation of the Green Buildings Fund will have a positive impact for the community. Our commitment to meeting the challenge of the climate emergency opens enormous opportunity for the borough, its residents and businesses. By taking an approach that puts social justice at the centre there is an opportunity to tackle not just the climate emergency, but to reshape our borough, to create a better, fairer Southwark. The decision to release the recommended funding will deliver wider benefits, improving the quality of homes and community buildings, reducing air pollution, improving health and creating good quality green jobs through the delivery of more sustainable buildings and places.

Equal opportunities

30. In everything we do as a council, we seek to promote equality. The implementation of the Green Buildings Fund to support carbon offsetting projects will tackle the climate emergency will have a positive impact for all, including those with protected

characteristics as it will reduce future carbon emissions by ensuring new development is more sustainable and meets higher standards of climate change mitigation and adaptation through the planning process.

Resource implications

Staffing

31. The officers will be managed within the existing divisional management and team structure for the duration of the two-year fixed term contracts. All costs arising from implementing the above recommendation will be met from the identified S106 agreements.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Planning and Growth

32. The legal agreements referred to have been reviewed to ensure that they have contributed toward the Green Buildings Fund and that the funds are unallocated.
33. The proposed allocation would fund staff who would take forward the task of offsetting the carbon emissions from these developments and in that way provide mitigation for the respective developments.

Director of Law and Governance

34. Should the planning committee be satisfied with the contents of this report then it has the power to make the decisions recommended at paragraph 1 of this report by virtue of Part 3F paragraphs 9 of the council's constitution being the expenditure of funds over £100,000 secured through s106 legal agreements.
35. Carbon offset contributions from section 106 agreements have been pooled in the Green Buildings Fund since Cabinet's decision to do so on 19 October 2021. The individual contributions are compliant with the requirement of regulation 122 of the Community Infrastructure Regulation 2010 that they be directly related to the development as they are proportionate to the amount of carbon emissions generated by the development. The individual section 106 agreements require the contributions to be spent on projects that will offset the amount of carbon generated. This is consistent with the process of pooling contributions and spending the pooled funds on offset projects that will in aggregate offset the carbon generated by the totality of projects contributing to the pool.
36. The council's section 106 agreements do not prohibit (and some expressly allow) that the relevant contribution will be spent partly on the professional costs associated with carbon offsetting projects. It is reasonable that professional costs associated with administering the offset projects will arise and that these can be met

with proceeds from the pooled Green Buildings Fund as it is now known. The work to be funded under this proposal is a professional cost within the range of goods and services that can be paid for using the Green Buildings Fund.

37. The Equality Act 2010 introduced the public sector equality duty, which merged existing race, sex and disability equality duties and extended them to include other protected characteristics; namely age, gender reassignment, pregnancy and maternity, religion and belief and sex and sexual orientation, including marriage and civil partnership. In summary those subject to the equality duty, which includes the council, must in the exercise of their functions: (i) have due regard to the need to eliminate unlawful discrimination, harassment and victimisation; and (ii) foster good relations between people who share a protected characteristic and those who do not. Paragraphs 29 and 30 of the report confirms that the proposals will have no disproportionate impact on any particular age, disability, ethnicity and sexual orientation. The same paragraphs confirm that the proposals support the council's equalities and human rights policies and promote social inclusion. The implementation of the proposals are not anticipated to have any detrimental impact on a particular protected group under the Equality Act 2010.
38. The Human Rights Act 1998 imposed a duty on the council as a public authority to apply the European Convention on Human Rights; as a result the council must not act in a way which is incompatible with these rights. The most important rights for highway and planning purposes are Article 8 (respect for homes); Article 6 (natural justice) and Article 1 of the First Protocol (peaceful enjoyment of property). The implementation of these proposals is not anticipated to breach any of the provisions of the Human Rights Act 1998.

Strategic Director of Finance and Governance

39. This report seeks approval from the planning committee to release the sum of £487,532.15 from the various agreements listed at paragraph 1, and for the purposes outlined in the body of this report.
40. It has been confirmed by other officers that the section 106 receipts associated with the agreements listed in this report have not been allocated to other projects and the proposed allocation accords with the terms of the agreements.
41. The strategic director of finance and governance notes the financial and resource implications at paragraphs 27, 28 and 31, confirms that the council has received the related section 106 funds, and they are available for the purposes outlined in this report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Greater London Authority guidance for London's Local Planning Authorities on establishing carbon offset funds (2018)	GLA City Hall, Kamal Chunchie Way London E16 1ZE	GLA City Hall, Kamal Chunchie Way London E16 1ZE
Link (please copy and paste into your browser):		
https://www.london.gov.uk/sites/default/files/carbon_offset_funds_guidance_2018.pdf		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Juliet Seymour, Head of Planning Policy, Building Control and the Built Environment	
Report Authors	Laura Hills, Planning Policy and Monitoring Innovation Manager	
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Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Governance	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	No
Date final report sent to Constitutional Team		14 July 2022