

Item No. 6.	Classification: Open	Date: 14 September 2022	Meeting Name: Planning Committee
Report title:		To release £700,703.45 of Section 106 funding from the Green Buildings Fund to fund Manor Grove Council Homes Refurbishment Programme	
Ward(s) or groups affected:		Old Kent Road	
From:		Director of Planning and Growth	

RECOMMENDATION

1. That planning committee approves the release of £700,703.45 from the council's Green Buildings Fund to fund energy efficiency improvement works as part of the refurbishment of up to 18 council homes on Manor Grove within the Tustin Estate as set out below. A more detailed breakdown of funds that will be drawn down is included elsewhere in this report.

BACKGROUND INFORMATION

2. This will be taken from Section 106 Legal Agreements associated with the following planning permissions:

Permission Ref	Address	Amount
16/AP/5235	VARCOE SERVICE STATION 1 VARCOE ROAD, LONDON, SE16 3DG	£68,562.96
17/AP/4546	180 ILBERTON ROAD, LONDON, SE15 1NT	£21,434.56
18/AP/3167	151-157 TOWER BRIDGE ROAD, LONDON SE1 3JE	£9,721.80
18/AP/0710	GARAGES, WELSFORD STREET, LONDON SE1 5RA	£31,031.74
18/AP/2895	2 VARCOE ROAD, LONDON, SE16 3DG	£111,168.00
17/AP/3170	18-19 CRIMSCOTT STREET, LONDON, SE1 5TE	£88,206.47
17/AP/3757	62 HATCHAM ROAD AND 134-140 ILBERTON ROAD, LONDON SE15 1TW	£105,421.57

Permission Ref	Address	Amount
18/AP/0091	DOCKLEY ROAD INDUSTRIAL ESTATE, 2 DOCKLEY ROAD, LONDON, LONDON SE16 3SF	£146,811.87
20/AP/1390	Southwark Park Day Centre 345 Southwark Park Road London Southwark SE16 2JN	£59,982.89
17/AP/1688	179 Ilderton Road, London, SE16 3LA.	£5,870.09
18/AP/4195	ANTONY HOUSE AND RODERICK HOUSE, RAYMOUTH ROAD, LONDON SE16 2DJ	£52,491.50
		£700,703.45

3. Although the conditions of the Green Buildings Fund do not stipulate the need for geo-fencing of funds collected, it was decided that the funds would be taken from projects that took place in the relevant wards.

Green Buildings Fund

4. 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 a 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.
5. 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 of 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.
6. 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.
7. The Green Building Fund receives payments using a carbon offset price at £2,850 per tonne of carbon which is a rate of £95 per tonne of carbon over a 30-year period. This price was adopted in November 2020 and is applicable to all relevant major residential and non-residential schemes. The price is consistent with the price defined in the London Plan (2021). The previous carbon offset price was £1,800 at a rate of £60 per ton of carbon over a 30-year period. The majority of funds that have collected within the Green Building Fund were secured at the previous rate of £60 per tonne, with some historic contributions secured at different rates prior to 2016.

Green Buildings Fund - current total

8. As of August 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 £5,710,198.49.
9. As of August 2022, the council has allocated £578,100.54 of carbon offset payments including £90,568.39 for Canal Grove Cottages approved in August 2021, and £487,532.15 for staff approved in July 2022.
10. The total amount of funding that remains to be allocated, once the requested amount in this report has been deducted, will total £5,132,097.95

KEY ISSUES FOR CONSIDERATION

Project overview

11. A grant from the Green Buildings Fund is requested to finance energy efficiency improvement works as part of the refurbishment of up to 18 council homes at Manor Grove, within the Tustin Estate.
12. The project meets the Green Buildings Fund eligibility criteria.

13. Options for the future of the low rise homes on the Tustin Estate were developed with residents in 2019 and 2020. Due to a majority of freehold properties in Manor Grove, a final option was developed following an options survey which was the demolition and rebuild of the low rise blocks and refurbishment of the council homes in Manor Grove. Residents voted in favour of this proposal in a GLA compliant ballot.
14. Designs for the Tustin Estate low rise redevelopment programme were subsequently progressed and a planning application submitted for full consent for Phase 1 and outline consent for Phases 2-4. Phase 1 includes the Manor Grove refurbishment. The planning committee made a resolution to grant in July 2022.
15. The homes are currently in overall poor condition with a range of issues including damp, roof leaks and damage to brickwork and concrete. The homes are highly energy inefficient and tenants experience high energy costs.
16. Full refurbishment of the homes is proposed to bring these to decent homes standards, improve energy efficiency and reduce CO2 emissions. The full refurbishment scope includes roof replacements, structural repairs, removal of asbestos and new kitchens and bathrooms.

Scope of works

17. A Green Buildings Fund grant is requested to finance the following energy efficiency improvement measures:
 - Insulated roof decking on the new roofs
 - Solar panels
 - Wall insulation
 - New double glazed windows
 - Replacement of gas boiler systems with air source heat pump systems including mechanical ventilation and new radiators.
18. These works will substantially improve energy efficiency and deliver significant carbon savings. The works are expected to extend the serviceable life of the properties by at least 30 years.
19. Planning consent will be obtained as part of the Tustin Estate Phase 1 application.

Delivery

20. The refurbishment works will be undertaken by Bouygues, the contractor for the Tustin scheme.
21. Cabinet agreed the procurement strategy for a delivery partner for the Tustin Estate Low Rise Programme in July 2021, approving the use of a two-stage procurement process using the Pagabo framework. The two-stage process comprises a Pre-

Construction Services Agreement (PCSA) to deliver pre-construction services as the first stage, followed by a Development Agreement for the delivery of the scheme including the construction works as the second stage.

22. The PCSA was awarded to BY Development (trading as Linkcity) which is the development arm of construction firm Bouygues UK. Bouygues will deliver the works. A decision to enter into the Development Agreement will be considered by cabinet on 18 October 2022.
23. The Manor Grove refurbishment works are programmed to commence in spring 2023 and are anticipated to be undertaken in tranches of 4-6 properties, taking six months per tranche.
24. The contractor has extensive construction experience and a strong track record including new build and refurbishments. Specialist sub-contractors will be appointed for the energy efficiency related works including the installation of air source heat pumps.
25. Due to the scale of the works, tenants will need to move temporarily. A re-housing strategy is being developed using void properties elsewhere on the estate. Tenants will be eligible to receive disturbance payments to cover costs such as storage, post redirection and utilities disconnections and reconnections

Itemised costings

26. Below is a table showing the breakdown of refurbishment measures that will be taken to improve energy performance and at what cost:

Area	Works	Total
Roof	Insulated roof decking	37,500
Roof	PVs	63,000
External walls	Block up external cupboard under stairs	4,500
External walls	Cavity wall insulation and insulated plasterboard	160,000
External walls	External door and frame replacement	18,000
External walls	Replace dpc to 20% of properties	10,000
Windows & external doors	Replacement windows and patio doors - triple glazing	149,000
Internal walls & partitions	Remove fireplace and block up chimney	9,000
Services	Air source heat pump systems	117,000
Services	Mechanical ventilation systems	45,000

Services	Replacement radiators throughout properties	14,400
	Builders work in connection of services	8,820
	Sub total	636,220
	Contingency	63,780
	Total	700,000

Emissions reductions

27. The sustainability and energy consultants for the Tustin scheme, Greengage, have carried out analysis to estimate the current emissions from the homes and the carbon savings that could be delivered by the proposed works. Current emissions are calculated based on EPC ratings and proposed emissions are based on performance of the proposed materials and systems.
28. The table below sets out the expected reduction in emissions that would be created by the proposed energy efficiency improvement works:

Estimated current emissions per year from the 18 properties in total (tonnes of carbon)	380.2
Estimated emissions per year following proposed works from 18 properties in total (tonnes of carbon)	35.8
Estimated emissions savings per year (tonnes of carbon)	344.4

29. The works are currently estimated at £700,000. This results in a cost of £67.75 per tonne of carbon a year over 30 years.

Monitoring

30. Contract performance will be monitored and managed by the project management team within Southwark Construction with support from external construction project management consultants.
31. Following completion of the works, new EPC surveys will be carried out to provide a new rating and carbon emissions value.

Climate change implications and carbon concurrent

Carbon emissions

32. The use of £700,703.45 of funding from the Green Buildings Fund to finance the proposed energy efficiency improvement measures would spend the financial contributions that have been received to offset 344.4 tonnes per annum of carbon

emissions that will be emitted by the approved new buildings within the borough over 30 years. This equates to 10,322 tonnes of residual carbon emissions in total over the 30-year period.

Permission Ref	Account No	Type	Address	Amount
16/AP/5235	W08275	<i>Carbon Offset (Green Fund)</i>	VARCOE SERVICE STATION 1 VARCOE ROAD, LONDON, SE16 3DG	£68,562.96
17/AP/4546	W08215	<i>Carbon Offset (Green Fund)</i>	180 ILDERTON ROAD, LONDON, SE15 1NT	£21,434.56
18/AP/3167	W08745	<i>Carbon Offset (Green Fund)</i>	151-157 TOWER BRIDGE ROAD, LONDON SE1 3JE	£9,721.80
18/AP/0710	W08735	<i>Carbon Offset (Green Fund)</i>	GARAGES, WELSFORD STREET, LONDON SE1 5RA	£31,031.74
18/AP/2895	W08785	<i>Carbon Offset (Green Fund)</i>	2 VARCOE ROAD, LONDON, SE16 3DG	£111,168.00
17/AP/3170	W08495	<i>Carbon Offset (Green Fund)</i>	18-19 CRIMSCOTT STREET, LONDON, SE1 5TE	£88,206.47
17/AP/3757	W08425	<i>Carbon Offset (Green Fund)</i>	62 HATCHAM ROAD AND 134-140 ILDERTON ROAD, LONDON SE15 1TW	£105,421.57
18/AP/0091	W08795	<i>Carbon Offset (Green Fund)</i>	DOCKLEY ROAD INDUSTRIAL ESTATE, 2 DOCKLEY ROAD, LONDON, LONDON SE16 3SF	£146,811.87
20/AP/1390	W07975	<i>Carbon Offset (Green Fund)</i>	Southwark Park Day Centre 345 Southwark Park Road London Southwark SE16 2JN	£59,982.89
17/AP/1688	W00095	<i>Carbon Offset (Green Fund)</i>	179 Ilderton Road, London, SE16 3LA.	£5,870.09
18/AP/4195	W08965	<i>Carbon Offset (Green Fund)</i>	ANTONY HOUSE AND RODERICK HOUSE, RAYMOUTH ROAD, LONDON SE16 2DJ	£52,491.50

Permission Ref	Account No	Type	Address	Amount
				£700,703.45

33. The table below shows the total emissions to be offset by the proposed works that will be drawn down on the Green Buildings Fund:

Total cost of works (£)	Current emissions per year (tonnes CO2)	Proposed emissions per year	Total reduction in emissions per year	Life time reduction in emissions (over 30 year period)	Cost per tonne of carbon per year (£)
£700,000	380.2	35.8	344.4	10,322	£67.75

34. The cost per tonne used to calculate financial contributions were secured at the previous carbon offset rate of £60 per tonne.
35. The planning permissions were identified due to the historic date that the council received the financial contribution, and the low carbon prices that were used to calculate the financial contribution. It is recognised, however, that it will be more difficult to offset carbon emissions due to the low carbon price compared to the current price of £95 per tonne.

Meeting Southwark's Climate Change Strategy and Action Plan

36. 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 the action 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.
37. The table sets out how Action Points from the Strategy will be accelerated through the funding of this project:

Action Point		Contribution towards meeting the Action Point
B.2.i	Through the Green Buildings Fund, allocate £2 million for internal capital projects that meet the eligibility criteria by 2024	This will be the first internal project to be allocated Green Buildings Fund and will provide learning for further projects.

Action Point		Contribution towards meeting the Action Point
E.1.iii	Prioritise energy efficiency improvements and maximise funding for the worst-performing social housing properties -phase 3 proposed & current works	This project is expected to raise the energy efficiency of up to 18 Southwark council homes from a rating of D or E to A.
E.3.iii	Focus on pilot schemes for low carbon homes which can inform policy, including piloting Southwark's first 'PassivHaus' council homes	This project will replace individual gas boiler systems with air source heat pumps and new ventilation and radiator systems.

Financial implications

38. As noted above, the release of £700,703.45 of the received financial contributions will result in £5,132,097.95 remaining in the collected funds of the Green Buildings Fund to fund carbon offsetting projects.
39. The wider refurbishment works including structural work and internal renovations is expected to be funded through the Housing Investment Programme and this will be considered by cabinet on 18 October 2022.

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

Community impact statement

40. 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.
41. This project will provide a number of benefits to council tenants at Manor Grove. Residents are currently experiencing high energy bills as these homes are heated by individual gas boilers and have minimal insulation. The proposed project will significantly reduce tenants' energy costs by providing sufficient insulation and

replacing gas boilers with air source heat pumps. This may have a significant impact in alleviating fuel poverty.

42. The properties also suffer from issues with damp which will be remediated through the proposed works, delivering significant health benefits for residents.
43. Due to the scale of the works required, tenants will need to move temporarily for health and safety reasons. A re-housing strategy is being developed to find temporary homes on the estate. The council's housing team will work very closely with tenants to support them through the relocation process and to make sure that their housing and medical needs are met.

Equal opportunities

44. In everything we do as a council, we seek to promote equality. The implementation of the Green Buildings Fund to deliver energy efficiency projects will tackle the climate emergency and have a positive impact for all, including those with protected characteristics as it will reduce future carbon emissions, helping to mitigate climate change, and deliver more sustainable homes and workplaces that meet higher standards of climate change mitigation and adaptation.
45. A full Equalities and Health Impact Assessment (EHIA) for the Tustin Estate redevelopment programme, including the Manor Grove refurbishment, was completed in December 2020. This was updated in March 2022 on the basis of the planning application (Appendix 1).
46. The EHIA found that the majority vote in the residents ballot in combination with the scheme's potential to provide improved living conditions, housing quality, accessibility, public realm and community facilities presents a compelling case that the redevelopment is in the public interest. The EHIA sets out the potential risks and how the council has sought to mitigate these risks through a range of measures focused on engagement, rehousing assistance and compensation options.
47. The temporary re-housing strategy will be developed in line with the recommendations of the EHIA.

Resource Implications

Project

48. There are no additional staffing implications for delivery of this project and staffing needs will be met through existing structures.

49. External consultants including project management consultants for the delivery of the project will be appointed in accordance with the council's Contract Standing Orders.

Financial implications

50. As noted above, the release of £700,703.45 of the received financial contributions will result in £5,132,097.95 remaining in the collected funds of the Green Buildings Fund to fund carbon offsetting projects.
51. The costs of the feasibility process for this project, including design, energy assessments and cost planning, have been met through the Housing Investment Programme, as approved by cabinet in July 2021.
52. The wider refurbishment works including structural work and internal renovations is expected to be funded through the Housing Investment Programme and this will be considered by cabinet on 18 October 2022.

Legal implications

53. Please see the response from director of law and governance at paragraphs 57 to 60 below.

Consultation

54. This report is releasing funds from a number of Section 106 legal agreements that were secured from across the borough. As these contributions are for the purpose of funding Planning Policy officer resourcing and evidence base work for planning policy purposes, it has not been considered necessary to consult.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Planning and Growth

55. 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.
56. The proposed allocation would finance energy efficiency improvement works as part of the refurbishment of up to 18 council homes at Manor Grove, within the Tustin Estate and would improve energy efficiency and reduce CO2 emissions.

Director of Law and Governance

57. 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.
58. 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 projects that will in aggregate offset the carbon generated by the totality of projects contributing to the pool.

59. 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 44 to 47 and Appendix 1 of the report confirm that some aspects of the overall estate regeneration will have some negative effects on certain groups and that these will be addressed through mitigation and enhancement measures. Once complete the regeneration will deliver substantial positive effects. The same paragraphs and appendix confirm that the proposals support the council's equalities and human rights policies and promote social inclusion.
60. 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 CAP22/024

61. This report seeks approval from the planning committee to release the sum of £700,703.45 from the agreements listed at paragraphs 1 and 31, towards energy efficiency improvement works to council homes on Manor Grove, Tustin Estate. Details of works to be carried out are outlined at paragraphs 15-16.
62. The director of planning and growth confirms 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.

63. The strategic director of finance and governance notes the resource and financial implications at paragraphs 48-52, confirms that the council has received the related section 106 funds and they are available for the purposes outlined in this report.
64. Staffing and any other costs associated with this recommendation are to be contained within existing departmental budgets

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Green Buildings Fund	Constitutional Team 160 Tooley Street, London, SE1	Paula Thornton Paula.thornton@southwark.gov.uk
Link (please copy and paste into your browser): https://moderngov.southwark.gov.uk/documents/s102256/Report%20Green%20Buildings%20fund.pdf		
S106 Legal Agreements	Planning Division 160 Tooley Street, London, SE1	Neil Loubser 020 7525 5451
Tustin Estate Low Rise Redevelopment Delivery Programme	Constitutional Team 160 Tooley Street, London, SE1	Paula Thornton Paula.thornton@southwark.gov.uk
Link (please copy and paste into your browser): https://moderngov.southwark.gov.uk/mglIssueHistoryHome.aspx?IId=50025098&optionId=0		

APPENDICES

No.	Title
Appendix 1	Tustin Estate Regeneration: Equality and Health Impact Assessment, 21 March 2022 (to follow)
Appendix 2	Tustin Estate – site plan

AUDIT TRAIL

Lead Officer	Dennis Sangweme, Head of Development Management	
Report Authors	Osama Shoush, Southwark Construction Vanessa Parry-O'Driscoll, Climate Change Project Officer	
Version	Final	
Dated	24 August 2022	
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
Director of Planning and Growth	Yes	Yes
Date final report sent to Constitutional Team		31 August 2022