

Item No. 13.	Classification: Open	Date: 13 June 2023	Meeting Name: Cabinet
Report title:		Southwark District Heating Network Local Development Order	
Ward(s) or groups affected:		Rotherhithe, North Bermondsey, South Bermondsey, Old Kent Road, Peckham, St Giles, Rye Lane, Nunhead and Queens Road	
Cabinet Member:		Councillor Helen Dennis, New Homes and Sustainable Development	

FOREWORD – COUNCILLOR HELEN DENNIS, CABINET MEMBER FOR NEW HOMES AND SUSTAINABLE DEVELOPMENT

Responding to the Climate Emergency and reducing our carbon emissions across the borough, cuts across everything that we do as a council. Our Climate Strategy & Action Plan has set out the scale of the challenge and also highlighted the transformation that we need in the way in which we heat and provide hot water to our buildings. Southwark Council has been at the forefront of efforts to find low carbon alternatives, recently completing a retrofit of existing district heat networks on three of our council estates. We are also all too aware of rapidly increasing energy bills and so the need to find affordable and reliable solutions for our communities is pressing.

The expansion of South-East London Combined Heat & Power (SELCHP) has been identified as critical to our ambition of being a carbon neutral borough by 2030. SELCHP already provides 2,650 homes in Bermondsey with energy generated from the waste & recycling centre, saving 7,700 tonnes of carbon per year. Its extension could add a further 3000 council homes to the network, other new housing developments, as well as schools and businesses, supporting sustainable growth along the Old Kent Road and delivering an additional saving of 11,100 tonnes of carbon each year. Working with Veolia, £16m in funding has been secured for this vital infrastructure and this report now sets out how we will enable its delivery.

The report brings forward a Local Development Order (LDO), valid for 5 years, to facilitate this new network and the laying of underground pipes on council-owned land and adopted highway. It sets out important conditions to minimise disruption and to protect our environment and heritage assets. It ensures that the work is compatible with future plans for the Bakerloo Line Extension and that suitable construction management plans are put in place to reduce any negative impacts. The draft LDO has already been subject to 10 weeks' consultation with a strong majority of respondents in favour, and I'm delighted that we are now in a position to move forward with the next phase of this project.

RECOMMENDATIONS

1. That cabinet agrees to make a Local Development Order for the Southwark District Heating Network (Appendices A and B).
2. That cabinet notes the equalities impact analysis which is in Appendix C and consultation report (Appendix D).
3. That cabinet notes that the council has made an environmental impact assessment (EIA) screening opinion and has resolved that the Local Development Order does not comprise development which requires EIA.

BACKGROUND INFORMATION

District Heating Network

4. The heating and hot water in much of the social housing stock that Southwark Council owns and maintains is provided through communal heating generated by gas fire boilers.
5. In 2013, Southwark Council awarded the Southwark Heat Network Contract to Veolia to build and supply heat through a district heating system connected to SELCHP (South East London Combined Heat and Power). SELCHP is an energy recovery facility which processes over 430,000 tonnes of municipal waste per year. This mixed municipal waste is used as the main source of fuel and the energy is exported as both electricity to the grid and heat to homes and businesses within Southwark.
6. The District Heating Network (DHN) comprises highly insulated underground pipes that take hot water from SELCHP, and deliver it to heat exchangers in boiler houses on the Southwark estates, where the heat is extracted to provide heating and hot water, and the cooler water returns to the SELCHP plant for recirculation.
7. The existing network currently provides heating and hot water for 2,500 properties in Southwark. The system also enables other small third-party connections, replacing the need for local energy centres. Because the energy from SELCHP has a very low carbon content, the DHN has saved approximately 7,700t of CO₂ per year since its construction.
8. Buildings account for over 75% of the carbon emissions generated in Southwark. The Council has been working for the past two years to test the viability and feasibility of extending the DHN into the Old Kent Road area, and down to North Peckham. It has the potential to connect 3,000 council homes as well as new development, including the Tustin Estate and Ledbury Estate. The council's feasibility study suggests that connecting this development to district heating could reduce CO₂ generated by heating and hot water by as much as

89% over the course of 25 years. Connecting more buildings to district heating can play a key role in Southwark and London's response to the Climate Emergency.

9. The SELCHP DHN is operated by Veolia. In progressing the Old Kent Road and Peckham extension the council and Veolia are currently at commercialisation stage. Subject to a separate cabinet decision on varying the council's existing heat supply contract with Veolia, construction of the network could commence in winter 2023-2024.

Simplified Planning

10. Unlike statutory undertakers like electricity and water companies, DHN operators do not have "permitted development rights" to install pipes and utilities equipment and therefore require planning permission. In order to avoid the need for potentially multiple planning applications the council has the option of making a Local Development Order which grants permission for the type of development specified in the Order, and by doing so, removes the need for a planning application to be made. LDOs are prepared by Local Planning Authorities who have the right to apply conditions to ensure that the development is acceptable in planning terms.
11. In this case, implementation of the LDO would grant planning permission for the pipes and equipment needed to facilitate the DHN. The pipes would mainly be laid underneath the public highway. The only potential structures to be permitted would potentially be small cabinets which sit adjacent to plant rooms, and which take the pipes through the wall to connect to existing boilers.
12. The land that the LDO would apply to would comprise Council owned land and adopted highway. This is shown in Appendix B. During consultation there will be an opportunity to engage private landowners on whether their land should be included. They would benefit from connection to the DHN as it can help developments meet future building regulations and planning policies in a cost-effective way.

Consultation

13. The council has undertaken a public consultation on the draft LDO. Consultation was carried out over a 10 week period, starting on 15 December 2022 and ending on 9 February 2023. This is in compliance with the Town and Country Planning (Development Management Procedure) (England) Order 2015 which require a minimum of 4 weeks and the council's draft Statement of Community Involvement which requires a minimum of 6 weeks for all planning documents.
14. The LDO was published on the Council's website, an advertisement was published in Southwark News and a notification emailed to all our statutory consultees, including GLA, TfL, SGN, UKPN, Thames Water, Lewisham Council and other interested subscribers. Notification letters were sent to 23 developers and landowners in the Old Kent Road opportunity area. An online questionnaire was published on the Consultation Hub for members of the public to share their views. Representations were also accepted by email and post.

Site notices were put up on each of the estates which the district heating network plans to connect to and 859 notification letters were sent to leaseholders on these estates. An article publicising the LDO was also placed in the monthly newsletters for the Tustin and Ledbury Estate.

15. The consultation had a total of 34 representations via the consultation hub and email. The majority of responses are supportive of the Local Development Order, with 27 giving a positive response and 3 providing a neutral response. The main reasons given for the support are the environmental benefits. 4 respondents did not support the proposal with the main reasons being that existing district heating networks in the borough are expensive and unreliable. There was also concern raised that leaseholders would have to pay a major works bill if the district heating network expansion was to go ahead. A more detailed summary of the main themes raised in the consultation and the full responses can be found in Appendix D.

KEY CONSIDERATIONS

16. The rationale for extending the district heating network is established in both the Southwark Plan 2022 and the emerging Old Kent Road area action plan. LDOs to help deliver DHNs have been put in place in Leeds and Exeter and a number of other cities are in the process of exploring their use. Paragraph 51 of the National Planning Policy Framework (NPPF) also promotes the use of LDOs to encourage development which is tailored to local circumstances and promotes economic, social or environmental gains for the area.
17. While the DHN connected to SELCHP would be operated by Veolia, any provider who is developing a network in the area identified would benefit from the rights provided. It should be noted that the LDO only grants planning permission and does not remove the need to comply with other relevant legislation. It is the responsibility of operator/builder to obtain any other licenses and consents required for the construction of the DHN extension
This would include landowner consent to build on council (or any owner's) land and highways consents such as licenses under Section 50 of the New Roads and Street Works Act 1991.
18. Veolia intends for the project to be constructed in two phases. The preferred choice for the network design would comprise the following route (shown in Appendix E) although this may be subject to change depending on ground condition, presence of other utilities etc.
19. The first phase would see the construction of the network from the SELCHP facility running east along Surrey Canal Road, crossing the borough boundary into Southwark to join Ilderton Road and running south towards the redeveloped Tustin Estate which will connect to the network. It will then cross the Old Kent Road and run down to the Brimington Estate where it would connect to the existing boiler house.

20. The second phase would see the network branch off to the east with the potential to connect to a number of estates including the Acorn, Bell Gardens, Ledbury, North Peckham, Cossall, Pelican and Sceaux Gardens. While the network would be built primarily in the public highway, it would need to cross Brimington Park and also Surrey Canal Park.
21. In addition to phases 1 and 2, Veolia are progressing an extension to the Biscuit Factory in Bermondsey. In order to provide flexibility to connect to third party developments, the area that would be designated under the LDO extends over a large part of the Old Kent Road opportunity area.
22. In order to help manage the impacts of development and ensure it the LDO does not result in unacceptable outcomes, the council is able to attach conditions. These can ensure that the following themes are addressed:
 - Heritage: Restrictions of development allowed within the curtilage of a listed building and in conservation areas
 - Archaeology: Pre-commencement requirement to provide of a desk archaeological assessment and written scheme of investigation
 - Assessment of any impacts on trees and appropriate replacement if required depending on their quality and value
 - Ecological assessments
 - Provision of Construction Environmental Management Plans (CEMPs) to help reduce impacts for neighbours and ensure that the construction process adheres to Southwark's Technical Guidance for Demolition and Construction. Contractors will be expected to liaise with the local community during construction and will also be expected to liaise with the local authority to help ensure coordination between contractors and utilities companies working in the area at the same time
 - Time limit: The LDO will expire within 5 years, unless extended by the council.
23. A number of small changes have been made to the LDO to help address comments made, including from TfL. These relate to the conditions attached to the Order, in particular around construction management and mitigating potential impacts on the Bakerloo Line Extension.
24. Officers note that concerns were raised about financial implications for leaseholders, compounding difficulties caused by the Cost of Living Crisis. In this context it is noted that when the initial network to estates in Bermondsey was constructed, the capital cost of the project was rolled into the heat cost over a 20 year contract period and without the need for any major works bills to leaseholders. In any event, funding arrangements would be a matter for a future report to cabinet on varying the council's heat supply contract with Veolia. Likewise such a report would address reliability issues.

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

Community impact statement

25. The adoption of the LDO and the resulting extension of the DHN will have a positive impact on the community.
26. Delivery of the DHN extension will benefit our most vulnerable residents and help the Council effectively tackle fuel poverty by providing greater energy security. It will also contribute to tackling climate change which is the biggest humanitarian threat this generation faces.

Equalities (including socio-economic) impact statement

27. In everything we do as a council, we seek to promote equality and discharge our full Public Sector Equalities Duty (PSED) under Section 149 (1) of the Equality Act 2010. The PSED requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. A detailed Equalities Impact Assessment has been undertaken in regard to this proposal (see Appendix B).
28. Overall, the LDO if implemented, and subsequent extension of the DHN should reduce inequality and have a positive impact on groups which are protected under the Act. Connection to the DHN will bring improved reliability and efficiency of heating and hot water systems which should lead to lower overall heating costs. This would benefit our residents with a lower socio-economic status and those who have higher heating requirements such as elderly and disabled residents.

Health impact statement

29. There is a link between poor air quality and negative health outcomes. The council has an ambition and a legal obligation to improve air quality in the borough.
30. The main atmospheric pollutants of concern in Southwark are Nitrous Dioxide (NO₂) and Particulate Matter (PM). The main source of these pollutants locally is traffic emissions but domestic heating also makes a significant contribution with commercial and domestic gas heating is estimated to contribute nearly 30% of local NO₂ emissions.
31. In the short term, the construction of the DHN may cause increased emissions from increased traffic and heavy duty vehicles required on site, leading to poorer air quality. These impacts will be temporary and can be managed through the Construction Environmental Management Plan.

32. In the long term, the extension of the DHN will result in a decreased reliance on gas boilers which emit harmful gases which will mean an improvement in air quality and therefore better health outcomes for Southwark residents.

Climate change implications

33. The adoption of the LDO which facilitates the extension of the DHN will have a positive impact on the council's contribution to tackling Climate Change.
34. Analysis has shown that the majority of Southwark's carbon emissions come from buildings and a sizeable proportion come from Southwark's own buildings. Modelling shows that moving away from gas boilers is an effective way to reduce carbon emissions. The SELCHP DHN is low-carbon and incorporates circular economy principles as the energy is recovered from municipal waste which would otherwise end up in landfill.
35. Implementing the LDO, resulting in the delivery of the DHN extension will achieve two of the actions set out in *Southwark's Climate Change Strategy 2021* under *Priority 1 – Greener Buildings*:
- Theme C. Low-carbon technologies and practises are encouraged within the borough's buildings. The goal is to maximise the use of low-carbon technologies for new and existing homes. The immediate action sets out to identify households not currently serviced by district heating that can be switched onto SELCHP or equivalent district heat system. Alongside this Identify areas of the borough that cannot be served by heat networks and must look at communal ASHP, CHP or secondary source heat pumps.
 - Theme E. Decarbonise council housing. The goal is to replace gas with low-carbon technologies. The immediate action is to increase the number of council-owned homes to the extended SELCHP network where feasible.

Financial implications

36. There are no direct financial implications for the council associated with making the LDO. Work to prepare the Local Development Order is funded by existing staff budgets. As noted above the LDO does not override other consents which are required to deliver the network. A decision to vary the council's existing heat and hot water supply contract with Veolia would require a separate cabinet decision.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Assistant Chief Executive – Governance and Assurance

37. Should the cabinet be satisfied with the contents of this report then it has the power to make the decision recommended at paragraph 1 of this report by virtue of the council's constitution. Decisions relating to LDOs are not reserved to any body within the Council. Given the strategic nature of the LDO, decisions relating to it are appropriately matters for cabinet. This is supported by the express executive functions of cabinet in part 3B, including to consider and promote strategic initiatives to improve the quality, efficiency and effectiveness

of the council's services to the public. In addition, Article 6 provides that cabinet will carry out all of the functions which are not the responsibility of any other part of the Council under law or the constitution.

38. 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 27 and 28 and Appendix B of the report confirm 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 will have a positive impact on groups protected by the Equality Act 2010.
39. 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 making of the LDO is not anticipated to breach any of the provisions of the Human Rights Act 1998.

Strategic Director of Finance (FC23/001)

40. This report is requesting to cabinet to agree to make a Local Development Order for the Southwark District Heating Network (Appendices A and B).
41. The strategic director of finance notes that there are no immediate financial implications arising from this report.
42. It is also noted that staffing and any other related costs will be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Old Kent Road district heating feasibility study	160 Tooley Street London SE12QH	Ali Weatherup ali.weatherup@southwar k.gov.uk
Link (please copy and paste into browser): Environment and sustainability - Southwark Council		
Archaeological desk based assessment and principles of investigation strategy, Southwark Local Development Order (LDO), London Borough of Southwark, RPS, 31 March 2023	160 Tooley Street, London SE1 2QH	Ali Weatherup ali.weatherup@southwar k.gov.uk
Link (please copy and paste into browser): Agenda for Cabinet on Tuesday 13 June 2023, 11.00 am - Southwark Council (item 14)		
Environmental Impact Assessment screening opinion	160 Tooley Street, London SE1 2QH	Ali Weatherup ali.weatherup@southwar k.gov.uk
Link (please copy and paste into browser): Planning reference: 22/AP/3936 https://planning.southwark.gov.uk/online-applications/		

APPENDICES

No.	Title
Appendix A	Draft Local Development Order
Appendix B	Area covered by the Local Development Order
Appendix C	Equalities analysis
Appendix D	Consultation Report
Appendix E	Phasing plan for SELCHP extension

AUDIT TRAIL

Cabinet Member	Councillor Helen Dennis, New Homes and Sustainable Development		
Lead Officer	Caroline Bruce, Strategic Director of Environment, Neighbourhoods and Growth		
Report Author	Tim Cutts, Senior Regeneration Manager		
Version	Final		
Dated	1 June 2023		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments included	
Assistant Chief Executive – Governance and Assurance	Yes	Yes	
Strategic Director of Finance	Yes	Yes	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Team			1 June 2023