

Environmental Scrutiny Committee Briefing

Planning – Progress Update

4th November 2020

Prepared by

Planning Policy Team

Purpose

1. The new Chair of the Environmental Scrutiny Committee has asked for a briefing and presentation from Planning Policy providing an update on workstreams responding to the Climate Emergency and environmental policy. The following areas are covered:
 - An update on the Energy strategy work for Planning,
 - An update on the Carbon offsetting policy,
 - To set out how Planning are working with developers to reduce carbon emissions 'on site' and decrease the overall environmental impact of schemes.
2. This report will set out some background and contextual points framing planning workstreams, provide a summary of the work planning in relation to carbon reduction and environmental policy, and then set out the responses and approach to each of the above areas.

Background

Policy Context

3. A number of different carbon commitments have been made at various levels of governance. The UK Government statutory commitment is to achieve Net Carbon Zero emissions by 2050. This is echoed in policy in the New London Plan and the Greater London Authority which is committed to a net zero carbon city by 2050.
4. On 27th 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. In response to this declaration, the planning department has reassessed its policies and practice to try and meet this target. The council work to date has seen a 37% reduction in carbon from 2008. This is only a measure of the council's output, however, which represents 16% of the borough's total carbon emissions. In order to ensure that the 2030 target is achieved, planning policy is being completely rethought to innovate, balance competing policy objectives and make bold decisions to spend resources effectively to meet these ambitious targets.
5. The policies need to ensure the highest possible carbon reductions for the borough's largest emitters. The areas of focus are therefore heating solutions (which include retrofitting, insulation, design standards, and low carbon heating sources and exploring communal heating), and transport and congestion (which includes exploring lower carbon freight and freight consolidation, promoting a transition to carbon neutral transport and promoting behavioural change to more active travel modes).

1. Update on Energy strategy work for Planning

6. There are a number of different workstreams to review emerging policy, re-assess our evidence base, and review our carbon offset fund and carbon price to meet the council's target of achieving net zero carbon by 2030.

1.1 Energy and environmental policy review

New Southwark Plan (NSP)

7. The NSP69 Energy policy submitted to the Examination in Public is based on the 2050 net zero carbon target. A review and update of this policy is underway to respond to the 2030 net zero carbon target.
8. NSP69 Energy is the main focus for the NSP update because heating usage for both domestic and non-domestic uses is one of the biggest emitters of carbon in Southwark. This will be addressed in policy to reduce carbon emissions onsite for new development and reduce operational carbon throughout the use of the building too. This policy will set out an approach to increase onsite reductions in carbon, and set out the financial contributions that are appropriate when this has not been met.
9. The priority of NSP69 Energy is to set out the focus on building fabric. This will consider how to encourage retrofitting for onsite carbon reduction. This will explore how to utilise fabric to improve efficiency, lifespan of buildings, and energy generation to reduce carbon onsite. The policy will focus on reducing the need for heating, and exploring efficient and more sustainable systems of heating and cooling. This is informing potential policy interventions to improve building's energy performance and reduce energy consumption onsite to reduce operational carbon and the cost of energy bills for occupiers.
10. A revised Energy policy will go to cabinet to agree public consultation in December 2020.
11. A review of other policies such as waste, transport and green networks will take place in 2021 to consider whether policy amendments are required in the New Southwark Plan to enable more effective progress to the 2030 target.

Old Kent Road Area Action Plan (OKR AAP)

12. A new Climate Emergency policy is being prepared and scoping out some updated environmental policies for the OKR AAP, as part of the ambition to deliver a Net Zero Area Action Plan. These policies will set out priority connection to the District Heat Network as a heating source, management of greenfield run off rates, biodiversity and air quality.
13. Both of these new policies for the NSP and OKR AAP have and will be tested for viability and feasibility. These policies would also be applicable to Council-owned development.
14. The NSPOKR AAP will be agreed by Cabinet in December 2020 for public consultation.

1.2 Cost of carbon and carbon offset fund

Cost of carbon

15. The carbon price is the cost of carbon per tonne to be offset by a development for any shortfall (i.e. residual emissions) in achieving the net zero carbon target. In response to the 2030 net zero carbon target, combined with the cheaper carbon saving measures in recent years, work will be undertaken to increase the cost of carbon with a view to encouraging developers to deliver increased on-site savings.
16. Several price options, are being reviewed along with close monitoring of the other London boroughs' approach to updating the cost of carbon as well. The pricing options will be viability tested together with the new policies in the NSP and OKR AAP to ensure the new measures as a whole will not impact on the financial viability and deliverability of developments in Southwark.
17. Viability testing will cover the key building typologies in Southwark, including the case studies of the existing and emerging council's direct delivery schemes to explore the impact on build costs and opportunity cost implications on affordable housing provision by achieving a higher energy efficiency standard.

Carbon offset fund

18. The carbon offset fund is a fund to solely reduce carbon emissions and not wider environmental initiatives. The management and governance of the fund needs to ensure that it will effectively offset the shortfall in carbon savings from developments, in order to meet the net zero carbon target.
19. The carbon offset fund is primarily funded by financial contributions from Section 106 agreements and comes from the shortfall in carbon savings. There may be other external sources to the fund such as the central government. The sole purpose of the fund is to deliver carbon offsetting measures in the borough. In line with the strategic objective to achieve net zero carbon emission in new builds, the fund foresees a reduced contribution from developments in the future as onsite carbon emission performance improves and therefore emphasises the effective use of the resources to maximise carbon reduction through the selected projects.
20. Further details for the cost of carbon and the carbon offset fund management are set out Section 2.

1.3 Councillor Briefings

21. Councillor Situ, Councillor Pollak and Councillor Rose have been briefed on an overview of planning workstreams in response to the climate emergency, a review of borough wide carbon emissions sources through SCATTER modelling and potential planning policy implications, an overview of emerging

planning policy and Overview of the Carbon Offset fund and recommendations for its governance and management.

1.4 Preparation of evidence base and modelling

22. An Energy evidence base paper has been prepared to set out the actions to aim to meet the net carbon zero target for 2050, which aligns with the national commitment, and that in the current and emerging London Plan. This outlines the evidence for the policies set out and submitted to the Planning Inspectorate. A further Evidence base paper is being prepared to aim to meet the net carbon zero target for 2030.

1.5 Other work

Climate Workshops

23. An internal two-session climate workshop was undertaken in October 2020 to provide the background of the 2030 net zero carbon target, set out what the strategic objectives to tackle the climate emergency through planning are, and collect insights from different teams into potential policies and measures to reduce and mitigate carbon emissions.
24. The workshop consisted on a presentation for Anthesis Consulting Group on the context of the Climate Emergency, where change is needed in terms of achieving net carbon zero target by 2030 and where the biggest emissions in Southwark are. This was followed by a blue-sky thinking exercise which allowed planning officers to explore and generate ideas for carbon reduction across different themes: design and construction; movement and transport; energy generation and consumption; and behavioural changes. Obstacles have been identified and how these might be overcome by working with stakeholders.
25. The sessions were well received by the department and successful in producing insightful feedback from the division with the following outcomes: project options and ideas for the Carbon Offset Fund; policy options for the NSP and OKR AAP; ideas for new initiatives and work to explore for the wider Climate Change Corporate Strategy; and future work to upskill officers to negotiate greater on-site savings with developers, including training and effective communications between each team in response to the climate emergency.

Supporting funding bids

26. Bids are being prepared for the Public Sector Decarbonisation Fund and Social Housing Decarbonisation Fund, and other emerging bids. These are not directly linked to a single work stream and the funding is available for a range of projects across departments. There could be scope for policy to

support these bids, and this is needed to ensure that there is no duplication with the Carbon Offset Fund.

2. Carbon offsetting policy – update

2.1 Context

27. Carbon offsetting is a planning obligation collected under Section 106 agreements. This obligation allows new developments to comply with local planning policy where it is not feasible to achieve all necessary carbon emissions savings at the development site. The carbon offset is collected as a financial contribution which is ring-fenced and used to 'offset' the carbon footprint of the new development by funding carbon saving projects elsewhere in Southwark. The fund may also receive further funding from external groups such as MHCLG.
28. The management and governance of the fund needs to ensure that the fund is well placed to work towards the net zero carbon target, i.e. to select and deliver measures that can effectively offset the shortfall in carbon savings from developments.
29. The council's current carbon offset price is £1,800 per ton of carbon (a rate of £60 per ton of carbon over a 30-year period). Under the new London Plan, the GLA will recommend an increased carbon offset price of £2,850 per ton (a rate of £95 per ton of carbon over a 30-year period).

2.2 Cost of Carbon report and viability testing

30. A Cost of Carbon report has been drafted, which sets out the proposed approach to offsetting and fund spending.
31. This report contains evidence to show that the current carbon offset price has not provided sufficient incentive for developers to achieve the highest possible carbon savings on site, with the risk being that development being delivered at present will likely require retrofitting in the future.
32. The report also suggests that the emerging GLA recommended rate of £95 would still be too low to incentivise savings on site, as the £95 price is intended to be used alongside emerging London Plan policy SI 2 which requires a 35% minimum on site carbon reduction, whereas the council's emerging policy work is exploring a 60% minimum onsite reduction for new residential development. The Cost of Carbon report is due in late October 2020.
33. Discussions and work are ongoing on an appropriate carbon offsetting price to recommend to members and considers that the Cost of Carbon report produced by London Energy Transformation Initiative (LETI) group in August 2020 offers a suitable approach to pricing for members' consideration. LETI

has worked with London boroughs including Ealing, Greenwich and Haringey and proposes a tiered pricing method, where developers would pay a lower carbon offset rate where higher savings are achieved on site (See Table 1 for details of this approach and the approach to carbon pricing being taken by other London boroughs).

34. BNP Paribas are in the process of preparing to test the viability of pricing options. This will be supported by internal discussions across departments including the New Homes team and the regeneration team in preparation for the viability testing. This testing will take into account the opportunity cost implications on affordable housing provision and other financial contributions secured through s106 agreements, as well as potential increased build costs as a result of improved building energy performance. It is expected that the viability report will be completed in late November 2020.

Table 1 – Carbon Price Options for LB Southwark

Options	Methodology	Next steps
£95 (London Plan option)	Price based on the Treasury Green Book non-traded cost per tonne of carbon.	LBS adopted new price £95 through IDM process.
£104 (Lewisham option)	Reflects the cost of offsetting measures within the borough, ensuring a minimum of 1:1 offset ratio can be achieved (i.e. 1 tonne of carbon savings from offsetting projects for each tonne of residual carbon emissions from developments).	Carry out viability testing using.
Tiered pricing (Merton option)	By improving building fabric and installing heat pumps alongside PV, a 96% improvement over building regs can be achieved with only a 6.8% uplift (i.e. £18-69/m ²) in build cost for a mid-rise apartment block. This is in comparison with standard fabric, a gas boiler and PV. Cost analysis was provided by Currie and Brown.	

Table 2 – Approach to carbon pricing in different boroughs of London

Borough	Pricing approach	Status
Merton	<p>Tiered pricing as recommended by London Energy Transformation Initiative (LETI):</p> <p>For domestic development:</p> <ul style="list-style-type: none"> • £1000/ tCO₂ up to 60% onsite improvement • £300/ tCO₂ from 60%-80% • £100/ tCO₂ from 80%-100% <p><u>Non-domestic development:</u></p> <ul style="list-style-type: none"> • £1000 /tCO₂ up to 50% onsite improvement • £300/ tCO₂ from 50%-100% 	Soon to be taken to public consultation. Autumn 2020.
Lewisham	£104/tCO ₂ , the local carbon price reflecting the cost of offsetting measures in the borough. In effect from 2014.	Adopted.
Islington, Camden, Westminster, Hackney	GLA New London Plan’s recommended price of £95/tCO ₂	Adopted.

2.3 Interim cost of carbon position

35. The GLA will soon adopt the New London Plan which will set a new Carbon Price for London at £95 per tonne of carbon (tCO₂.) This will set a new price for LB Southwark. This price is considered viable for development in London.

36. As it is not yet known when the New London Plan will be adopted, Members have decided to bring forward and adopt the £95 price as an interim price to

secure greater financial contributions to reduce emissions. A recommendation will shortly be made to the lead member for an IDM decision.

2.4 Carbon offset fund management

37. Southwark Council's carbon offset fund is approximately £1.5 million as of October 2020 which equates to 25,000 tonnes of CO₂ over a 30-year period. The fund income is currently monitored by the Planning division's S106/CIL team using Exacom, a software tool to monitor financial obligations of developments within Southwark.

Forecast

38. There is a forecast reduction in financial contributions to the fund over 10 years, as new developments will achieve high onsite energy performance to reach the 100% net zero carbon target under the new policies and higher cost of carbon. As such, the aim of the fund is to maximise carbon savings for minimum spend, including administration cost.

Legal requirement to spend the fund on carbon mitigation measures, not other environmental initiatives

39. For any financial contributions secured through Section 106 agreements towards the carbon offset fund, there is a legal requirement as written in the deed for the council to apply the sum towards carbon mitigation measures within the borough, including but not limited to the installation of photovoltaic panels to existing buildings, insulation, tree planting, LED light bulb exchanges, homeowner grants to replace boilers and community projects. It provides a legal basis for the carbon offset fund to spend solely on carbon saving measures to offset the shortfall arising from development, in order to effectively achieve the net zero carbon target.

Officer recommendations

40. A series of options and recommendations have been prepared to finalise the council approach to carbon offset fund allocation, management and monitoring. This was presented to lead Cabinet Members for comments on 26 October 2020. This approach has been informed by GLA guidance and by in-depth research carried out into the approach taken by other London boroughs.

41. Lead Cabinet Members have made decisions based on a series of recommendations. These decisions are detailed below.

Recommendation 1 - Decision-making for projects to be funded

Question: who should make decisions on funding offsetting projects?

42. Members have decided that decisions should be taken by a Councillor-led board to agree the projects to be funded based on the criteria set out in the following recommendations. This board will meet every six months or whenever projects emerge.

Recommendation 2 – Sources of projects and initiatives

Question: Which projects and initiatives should be funded by the carbon offset fund?

43. Members have decided that the fund should comprise of a majority council-owned initiatives and projects and a small to medium pot of Community-led initiatives and projects.

44. The fund should be initially restricted to the council's own initiatives, with remaining funds then opened to community group applications, for the following reasons:

- Likely to achieve the maximum carbon savings for minimum spend by targeting funding at the existing pipeline of council projects and initiatives which enable wider reduction in borough emissions and not through individual projects within private residential buildings. These include retro-fitting existing council buildings by removing gas boilers as they are the largest sources of carbon emissions in the borough and are one of the hardest to fund.
- Reduces staff time and costs associated with publicising the fund. The budget for publicising the fund for community group applications will be assessed following allocation to council projects.
- Easier and cheaper to manage and monitor projects over their lifetime to ensure the carbon emission reductions are secured. For example, internal projects to reduce carbon emissions within the council's social housing stock should be prioritised as these projects can be identified, assessed and progressed via the property team and the monitoring of results can be carried out via reporting on key metrics. Metrics will also need to be decided to measure the success of community-led projects.

Recommendation 3 – Carbon Offset Ratio should be 1:1 at minimum

Question: What is carbon offset ratio? How does it play a role in project selection?

45. Members have decided that the fund should only fund projects or initiatives that achieve a 1:1 or better carbon offset ratio, based on the cost of carbon

which will be agreed by Cabinet this December. The Fund should also achieve a 1:1 carbon offset ratio as early and consistently as possible to achieve the ambition of meeting net zero development. If the 1:1 carbon offset ratio is not achieved, the underperformance will put pressure on later spending to achieve higher levels of carbon emission reductions that potentially cost more to implement.

46. The Carbon Offset Fund must have the single objective of offsetting residual carbon emissions from new development by reducing carbon emissions from other existing sources using financial contributions from new development. These financial contributions should only be used to spend on projects or initiatives that will reduce carbon emissions.
47. The carbon offset ratio is a key performance indicator of the carbon offset fund. This is the offset price per tonne of carbon compared to the cost of the offset measure to save one tonne of carbon. For example, if the cost of carbon is £95 per tonne, the council should spend no more than £95 per tonne of carbon to offset a tonne that has been emitted. This is expressed as a ratio of £95: £95 or 1:1.
48. When considering an offsetting project or initiative, the carbon offset ratio should be 1:1 at minimum. This means the carbon reductions achieved by the fund are equivalent to or higher than the residual emissions which need to be offset. If a project or initiative can achieve a better ratio than 1:1, e.g. 2:1, a greater reduction of carbon emissions can be secured and is cheaper per tonne of carbon to offset.
49. If the ratio is lower than 1:1, e.g. 1:2, the council would spend more than £95 on offsetting each tonne of carbon emitted, resulting in an underperformance in reaching net zero. Moreover, further projects would need to achieve greater carbon emissions reductions to offset underperforming projects that do not meet net zero targets. Therefore, the cost of a project or initiative cannot propose a carbon price greater than £95 per tonne if the net zero carbon is to be achieved.
50. In summary, carbon offset ratios are:
 - A 1:1 carbon offset ratio means that the carbon emission reductions delivered by the fund are equivalent to the residual carbon emissions that need to be offset (by project or the total offsetting need)
 - A 2:1 carbon offset ratio means that the carbon savings delivered by the fund are twice the residual CO₂ emissions which need to be offset
 - A 1:2 carbon offset ratio means that the carbon savings delivered by the fund are half of the residual CO₂ emissions which need to be offset and the project not meeting its primary objective

51. Table 2 provides a scenario where financial contributions are secured within the Carbon Offset Fund from three planning permissions, based on the carbon price of £95, and subsequently how the Fund is used to deliver two projects to offset the residual emissions created by the three schemes. It shows that the offsetting projects can achieve a 1:1 carbon offset ratio as they cost £95 per tonne of carbon saved. If further projects continue to offset the remaining emissions on a 1:1 carbon offset ratio, the total residual emissions from the three schemes will be fully offset by the funded measures, using the exact amount of financial contributions secured from the S106 agreements.

Table 3: How the Carbon Offset Fund works.

Planning Permissions	Total tonnes of CO2 per year to be offset	Total tonnes of CO2 over 30 years to be offset	Financial contribution from applicant, secured through s106 (£95 per tonne, tCO2)	Total available Funding within the Carbon Offset Fund
Planning Permission 1	20t	600t	£57,000	£57,000
Planning Permission 2	400t	12,000t	+£1,140,000	£1,140,000
Planning Permission 3	1000t	30,000t	+£2,850,000	£2,850,000
Total from Planning Permission	1420t	42,600t	=£4,047,000	£4,047,000
Offsetting Project	Total tonnes of CO2 per year to be offset	Total tonnes of CO2 over 30 years to be offset	Financial spend of offsetting project (£95 per tonne, tCO2)	
Offsetting project 1	30t	900t	-£85,500	£3,961,500
Offsetting	500t	15,000t	-£1,425,000	£2,536,500

project 2				
Total offsetting achieved	530t	15,900t	=£1,510,500	£2,536,500
Remaining tonnes of carbon to be offset by fund at 1:1 carbon offset ratio		26,700t	£4,047,000 - £1,510,500	£2,536,500 remaining in the fund

52. Table 4 is informed by the AECOM's London Carbon Offset Price evidence paper (2017) for New London Plan, setting out the indicative cost of offsetting measures at the London-wide level which can achieve a 1:1 carbon offset ratio based on the recommended carbon price of £95 per tonne. It demonstrates feasibility and deliverability for measures to achieve the 1:1 carbon offset ratio at minimum as the main criteria of fund allocation.

53. Please note the projects in Table 4 are costed out indicatively at the London-wide level. Further work is required to reflect the cost of projects specific to the Southwark context.

Table 4: Potential offsetting measures in London with 1:1 carbon offset ratio based on the carbon cost of £95/tonne

Measure	Carbon offset ratio based on £95/tonne
Cavity Wall Insulation (Low Cost)	3.89 : 1
Loft insulation	1.44 : 1
Flat roof insulation	1:08 : 1
Draughtproofing	1.34 : 1
New or replacement storage heaters	3:06 : 1

Recommendation 4 – Geofencing spending on projects

Question: Should all or some funding is spent on projects or initiatives in geofenced areas where the carbon emissions and financial contribution was generated, so that the benefits of the offsetting benefit local people?

54. Geofencing is a mechanism of retaining carbon offset funds generated in a local area.

55. Members have decided that there should be no geofencing. Therefore, funding can be spent across the borough wherever a minimum carbon offset ratio of 1:1 can be achieved to ensure the higher carbon emissions reduction.

Recommendation 5– Considerations of other impacts

Question: Should other considerations be taken into account when deciding projects such as secondary or tertiary positive impacts, e.g. improvements to air quality, or considerations such as impact of new development or amenity issues?

56. Members have decided that other considerations should not be taken into account in the process of deciding which projects to fund. The sole purpose of the fund is to offset residual emissions from developments where it is not feasible to achieve 100% zero carbon on site. Therefore, the predicted carbon savings and the cost effectiveness (as indicated by carbon offset ratio) should be the main criteria for deciding projects in order to maximise carbon reduction and work towards meeting the net zero carbon target. Co-benefits should not be considered within the overall criteria for spending of the fund.

Recommendation 6 - Develop outline pipeline of projects with the right metrics

Question: What are the metrics to analyse measures in terms of carbon saving performance?

57. Members have decided that an outline pipeline of projects should be prepared and target funding at those with the highest volume of saving and lowest £/tco_{2e} saved. This should include funding officer time to implement initiatives which reduce carbon emissions across the borough from either buildings or transport. Alongside the outline pipeline of projects with metrics defined, further work should be undertaken to identify performance indicators for evaluation purposes. Performance Indicators are also required to monitor success of smaller and community-led projects where the ex-post verification of carbon savings would be an onerous requirement for small-scale projects.

58. Further work by is needed to refine the right metrics to analyse measures for carbon saving performance.

Recommendation 7 – Determine team to oversee projects

Question: Which unit is responsible for oversight of the projects?

59. Members have decided that an agreement should be reached to decide which team are best placed to be responsible for the allocation and management of the fund. The CIL/S106 team should maintain their existing processes for the financial administration of the fund.

60. The methodology for assessing potential carbon savings should be documented by the council team applying for funding.

Recommendation 8 – Standardise the methodology of predicting and verifying carbon savings

Question: How to predict and verify carbon savings of the projects?

61. Members have decided that there should be a review of standardised methodologies for the assessment and monitoring of carbon offsetting projects. Any industry standard methodology such as SAP can be used to assess built environment carbon emission reductions prior to funding.
62. Due to the range of project type and size, a non-prescriptive approach to methodology will be explored. All projects should be required to state as part of the funding application how the savings will be calculated in advance and verified following funding on a case by case basis.
63. Further work is required to set out a clear auditing mechanism for the ex-ante and ex-post verification of measures.
64. Flexibility may be required for community-led projects where the exact reduction in emissions cannot be provided.

Recommendation 9 - Monitoring the impact of the fund

Question: How and how often to review the progress of the fund?

65. Members have decided that there should be an annual progress update for the fund. The council is required to report details relating to the spending of the carbon offset fund to the GLA through an annual Carbon Offset Survey. This covers amount of payments committed, collected and spent, as well as the type of projects being funded.
66. For internal scrutiny, the relevant team will be responsible for reporting the progress of selected projects to the carbon offset fund board every six months. This should cover not just the updated report submitted to GLA, but also KPIs and data for project delivery including but not limited to the carbon savings achieved. A monthly online report via the planning website will be produced.

2.5 Policy drafting

New Southwark Plan (NSP)

67. As set out in Section one, the current NSP policy works towards a net carbon zero target by 2050. To address the Climate Emergency, policy NSP69 Energy is being reviewed to aim to meet the net carbon zero 2030 target.
68. A number of policy considerations have been assessed to achieve net carbon zero development, supported by the evidence base, and with the input from the consultant Anthesis.
69. There are discussions ongoing around the retention of existing buildings in the first instance, and using retrofitting to ensure 60% carbon reduction onsite. By retrofitting the efficiency of the existing building is improved and the operational carbon of the building is improved. The embodied carbon in the existing building has a longer lifespan, as the lifespan of the building has been extended through retrofitting.
70. Options are being considered as to how development could offset the 'whole life cycle' carbon in buildings, not just the operational carbon. Options under consideration must be reasonable and could include the cost of embodied carbon from existing buildings to deter demolition and make retrofitting a more attractive option to ensure higher carbon savings onsite.
71. Design should ensure that development is energy efficient and has an efficient system of heating and cooling. Discussions are ongoing around the option of requiring development to meet Passivhaus or an alternative net-zero standards or alternatively, achieve a 60% reduction in emissions for residential development and a 50% reduction in emissions for non-residential development as above. There are costs associated with these design approaches that need to be balanced against other costs arising in the policy.
72. The GLA has set out guidance and Circular Economy principles which development should adhere to. Further discussion is needed to set what the approach to the Circular Economy would look like for development within in Southwark.
73. To ensure that the energy performance of the development as set out in the Energy Statement is the same as built, A Performance Bond to address any performance gap is being considered. In this option, a financial contribution would be secured on the commencement of the consented scheme that would be returned after 3-5 years of monitoring if it was shown that the energy performance of the development was as predicted and consented. If the development performed worse, i.e more carbon emissions were emitted than proposed, the bond would be retained by the council for carbon offsetting purposes. This is designed to incentivise accurate statements are submitted and address a known issue in construction.
74. Next spring, there will be a review all NSP policies in the context of the Climate Emergency, to assess what policies are effective and where there is scope for improvements to reach net carbon zero by 2030.

Old Kent Road Area Action Plan (OKR AAP)

75. The 2017 version of the OKR AAP did not make reference to the Climate Emergency and did not set out policy to ensure development was meeting carbon reduction onsite. This was set out in the Proposed Submission version of the NSP. As work on responding to the Climate Emergency has emerged, there is now new specific Old Kent Road policy to seek to address the 2030 net zero target and responds to the local context.
76. Consideration of how the Climate Emergency in the OKR AAP can address net carbon zero development in underway. The AAP will contribute toward the council aim of achieving carbon neutrality by 2030. All new development will be net carbon zero with connection to SELCHP for District Heating Network to support the Council's wider decarbonisation programme being prioritised. Reductions in emissions from transport and influence behavioural change to shift to carbon neutral and more active travel modes are also proposed. The Council will support a commitment to supporting OKR Businesses to reduce operational carbon emissions.
77. Policy related to the Climate Emergency is set out under the policy theme, such as design and movement, not under the Climate Emergency policy so as not to duplicate policy from the NSP.
78. A review of the Cleaner, greener, safer policy for the OKR AAP has been undertaken to respond to more environmental issues impacted by the Climate Emergency. This includes looking at how air quality can be improved, how the impacts of construction can be reduced, and how sustainable urban drainage can be utilised to address issues of capacity for rainwater and sewage.

Next Steps

79. The next steps in the process of addressing the Climate Emergency through the Carbon Offset Fund and policy, is to viability and feasibility test the policy and the Carbon Offset fund together to assess their impacts and implications.

3. Work with developers to reduce carbon emissions on site and decrease the overall environmental impact of schemes

3.1 Development Management Processes

80. To meet the target for net carbon zero by 2030, a review will be undertaken of the Development Management process to set out opportunities for where changes can be made in the process of assessing a planning application to ensure further carbon reduction. This will need to identify and assess how the Council is driving change in a scheme at each stage of the planning process in terms of carbon reduction.

Pre-application

81. At pre-application stage, planning officers are currently requiring changes to schemes to achieve greater onsite carbon reductions. This includes identifying opportunities and challenges at this stage.

Submission and determination

82. At validation, submission and throughout the planning application determination stages, Officers to identify and assess where the opportunities are for further negotiation and consultation greater carbon reduction onsite. This will be achieved through working in partnership with our development management colleagues.

83. Officer reports for planning applications will include clearly set out the carbon performance of schemes to inform the decision-maker.

84. Informal consultation will be in place on the energy policy review in both NSP and OKR AAP so that developers can engage and make comments.

85. The viability and feasibility for Council-Owned development schemes. It is important to understand the balance between the contributions for carbon offsetting, housing and other planning objectives.

3.2 GLA Development Management – Pre-app and Stage 1

86. Planning officers work consistently with GLA design and energy officers throughout the GLA pre-application and Stage 1 referral process to improve the onsite energy performance and environmental design of referable applications, before they are determined. This enables development proposals to evolve through the development process to achieve better carbon offset outcomes and has proved effective in improved performance and encouraging the adoption of new technology.

3.3 External energy statement review

87. Planning officers have access to an external consultant (Anthesis) who are available to support the review of energy statements for large or strategic planning applications. This review process ensures that the planning division has access to expert advice in reducing carbon emissions in proposed development in planning applications that have the largest impact in terms of new homes and carbon emissions.

3.4 Capacity building for planning officers

88. Further works are currently in place or being considered to maximise the effect of the proposed energy policies and use of carbon offset fund described above, which will see effective on-site savings and minimised environmental impacts. These include capacity building for planning officers, strengthened links between departments and wider environmental policy review.

89. To ensure higher onsite carbon reductions in new development are achieved, there is a need to upskill officers to negotiate on-site savings effectively with developers. Officers will also be asking for more detailed energy statements from applicants to set out how carbon reduction has been achieved onsite. Officers must be equipped to challenge these and push back to ensure higher carbon savings achieved, as well as balancing other priorities like affordable housing and transport contributions.

90. In addition to cross-divisional support, additional training and guidance options for planning officers will be undertaken to train them in pushing for greater carbon savings and being more aware of the climate emergency priorities and how this translates to development.

91. There is an identified opportunity to secure further onsite reduction in carbon emissions for minor applications. To address this, a proforma or a standardised table for minor applications is being explored that applicants will complete to identify out their onsite carbon reduction targets. This proforma will be designed to be quickly assessed by officers so that they can negotiate with applicants to secure further carbon reduction onsite for minor applications or potentially a financial contribution.. This is currently being used by LB Merton, LB Camden and LB Hackney, who are also reviewing policy and planning practice to reduce carbon emissions.

3.5 Wider environmental policy review

92. In terms of decreasing the overall environmental impact of schemes, there will be a reassessment of environmental policies in the NSP, namely waste and transport to improve these policies to better respond to the Climate Emergency. For the OKR AAP, the Cleaner, Greener, Safer policy has been reviewed to ensure policy is requiring developers to decrease the

environmental impact of their schemes. This includes reviewing greenfield run off rates, biodiversity, design and Sustainable Drainage (SuDs).

3.6 Monitoring

93. There will be a review of the monitoring of Energy Statements, monitoring of actual carbon reduction, types of technology used in construction, retrofitting, performance bonds. and are reviewing the monitoring of energy and climate change related data through the determination and Section 106 processes and through implementation.