



Democratic Services

Location: Phase II
Ext: 7655
DDI: 01895 277655
CMD No: 1214

**To: COUNCILLOR MARTIN GODDARD
CABINET MEMBER FOR FINANCE**

c.c. All Members of the Residents' Services Select Committee Select Committee
c.c. Nicola Wyatt - Central Services Directorate
c.c. Ian Thynne - Central Services Directorate
c.c. Dan Kennedy – Central Services Directorate

Date: 28 August 2024

Non-Key Decision request

Form D

NEW ALLOCATION OF S106 CONTRIBUTIONS 2024/25: Carbon offset Fund - Carbon Reporting & Auditing.

Dear Cabinet Members,

Attached is a report requesting that a decision be made by you as an individual Cabinet Member. Democratic Services confirm that this is not a key decision, as such, the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 notice period does not apply.

You should take a decision **on or after Thursday 5 September 2024** in order to meet Constitutional requirements about publication of decisions that are to be made. You may wish to discuss the report with the Corporate Director before it is made. Please indicate your decision on the duplicate memo supplied and return it to me when you have made your decision. I will then arrange for the formal notice of decision to be published.

Anisha Teji
Democratic Services

Title of Report: NEW ALLOCATION OF S106 CONTRIBUTIONS 2024/25: Carbon offset Fund – Carbon Reporting & Auditing.

Decision made:

Reasons for your decision: (e.g. as stated in report)

Alternatives considered and rejected: (e.g. as stated in report)

Signed Date.....

Cabinet Member for Finance

NEW ALLOCATION OF S106 CONTRIBUTIONS 2024/25: Carbon offset Fund - Carbon Reporting & Auditing.

Cabinet Member(s)	Councillor Martin Goddard
Cabinet Portfolio(s)	Cabinet Member for Finance
Officer Contact(s)	Nicola Wyatt - Central Services Ian Thynne - Central Services
Papers with report	None

HEADLINES

Summary	To seek approval to allocate funds from the s106 Carbon Offset Fund to fund Hillingdon's carbon reporting and auditing of carbon sequestration in woodland.
Putting our Residents First	The report supports the Council objectives of strong financial management.
Financial Cost	This report seeks to allocate £40,550 from an identified s106 carbon offset contribution held by the Council to fund Hillingdon's carbon reporting and auditing.
Relevant Select Committee	Residents' Services Select Committee
Relevant Ward(s)	All

RECOMMENDATION

That the Cabinet Member for Finance approves that a total of £40,550 from the s106 carbon offset contribution held by the Council at EO/019/585A is allocated and used to fund Hillingdon's carbon reporting and auditing of CO2 sequestration from woodland.

Reasons for recommendation

In accordance with the Council's Constitution, the allocation of Section 106 (s106) and Section 278 (s278) funds is required to be formally approved by the Cabinet Member for Finance on a case-by-case basis – and any capital release, in conjunction with the relevant Cabinet portfolio

holder. This report requests the approval for the s106 funds held at the case references detailed in this report to be committed as outlined in this report.

Alternative options considered / risk management.

The Cabinet Members may agree to fund the scheme and / or suggest alternative projects to which funds could be allocated within the terms of the relevant legal agreements. The Council collects Carbon Section 106 funds for projects for those identified in this proposal. The Council has adopted a carbon offset Guidance Note that allows for the use of S106 funding to be used to calculate and report on its carbon footprint. Should S106 not be used for this, then firstly the Council would have to revert to the general fund and secondly, would still have to find similar carbon saving projects to ensure compliance with the legal obligations of the fund. If the s106 funds are not allocated to an appropriate scheme, the unspent funds may need to be refunded.

Select Committee comments.

None at this stage.

SUPPORTING INFORMATION

1. Planning obligations, or s106 agreements, are an established mechanism for mitigating planning effects arising from development proposals. The agreements are usually negotiated within the context of planning applications, between Local Planning Authorities and persons with an interest in the piece of land (owners, leaseholders or developers). They are intended to make development acceptable, which would otherwise be unacceptable in planning terms.

2. Any s106 monies generated from planning agreements must be spent on their intended purpose and ensure that the associated development contributes to the sustainability of the area by addressing the impacts of the development proposals. As a result, expenditure of s106 funds must relate to a specific development and must be in accordance with the corresponding legal agreement. If a contribution is not used for the intended purpose or not spent within the period allocated in the s106 agreement, the monies may need to be returned.

Council's Carbon Offset Fund – Allocation of Carbon Offset Contributions.

Background

3. All major developments in London are now required to be zero carbon. To meet this target an onsite reduction of at least 35% beyond the baseline of part L of the current Building Regulations is required however, where further reductions cannot be achieved on-site, any shortfall should be provided in agreement with the Borough through a cash in lieu contribution towards the borough's carbon offset fund or through alternative off-site provision. The London Plan allows for the shortfall in carbon, i.e the carbon tonnage short of the zero-carbon standard to be offset through an in-lieu payment which is collected at a rate of £95/tonne and annualised over a 30-year period. This formula is set by the London Plan and is based on the expected "carbon lifetime" of the National Grid as it moves to renewable resources thereafter.

4. Carbon offset contributions are collected from qualifying developments via a S106 agreement. The money can then be pooled to create a fund to be used by the Council towards a variety of projects that will contribute to the reduction in carbon emissions.

5. The GLA has provided guidance on how the Council should consider the use of the s106 funds collected. The Council's own guidance was informed by the approach recommended by the GLA. This encourages the prioritisation of the delivery of "hard measures" or projects that deliver tangible carbon savings, such as reducing energy demand in existing buildings or generating renewable electricity. However, the guidance also allows for the reporting and monitoring of carbon savings and the wider carbon footprint. This is an important part of carbon management as it informs progress and directs actions where it is needed most.

Proposed allocation

6 Officers are requesting that a total of £40,550 from the S106 carbon offset contribution held at EO/019/585A and detailed in table 1 below is allocated and used to fund Hillingdon's reporting of its carbon footprint and to determine the current carbon sequestration. The requested spend will ensure the delivery of the following:

Carbon footprint reporting (£17,550 – combined with [8 – reporting toolkit] below)

7 The allocation will support the delivery of the Council's reporting of its carbon footprint for 23/24 and 22/23 with a review of previous reporting years to ensure independent analysis and consistency. The Council has committed to reporting its carbon footprint on an annual basis within the Strategy Climate Action Plan. This report is essential to capture current performance and allow for informed decisions on where best to deliver 'hard projects' to reduce the carbon footprint further.

Securing a carbon reporting toolkit and upskilling officers (£17,550 – combined with [7 – annual reporting and trend analysis] above)

8 The allocation will also deliver a toolkit and the training required to allow for reporting of the carbon footprint to be undertaken inhouse without recourse to external support.

Carbon Footprint trend analysis and optioneering analysis (£8,500)

9 The proposal will also provide the Council with a trend analysis to determine the direction required to be taken to achieve carbon neutral targets. It will set out graded options for interventions with associated broad costings. This will assist with providing a detailed course for carbon management planning that is not currently available.

Procurement of green energy advice (£5,950)

10 The allocation will deliver advice on the purchasing of green energy (i.e. from renewable sources) to the energy manager and other relevant officers. This will assist with the Council's commitment to secure energy supplies from renewable sources in line with the commitments of the Strategic Climate Action Plan.

Determining the carbon footprint of woodland (carbon sequestration) (£7,000 -including data)

11 The Council's land holdings contain extensive woodland and forests with a large scale tree canopy that has significant carbon sequestration. The allocation will allow the Council to capture the carbon data of this sequestration to inform its carbon footprint reporting.

Upskilling of officers in calculating carbon footprint from tree planting/offsetting (£1550 for onsite training)

12 The reporting of the carbon sequestration from the existing tree canopy will be supplemented by training from the consultants on how to capture carbon information on future tree planting projects. This will allow for the upskilling of officers to have a better understanding (a) of the implications of the Council's tree planting aspirations and (b) to assist with the determination of carbon offsetting benefits; this latter skill (b) will also assist with the identification and collaboration on the commerciality of the sale of carbon sequestration.

Table 1 – Details of the S106 Carbon Offset Contribution from which funds are to be allocated

S106 reference	Planning reference	Amount to be allocated	comments
EO/019/585A	Unit D, Prologis Park, Stockley Road, West Drayton 18399/APP/2022/411	40,550.00	Contribution received as the Carbon off set Contribution to be used by the Council towards the Council's Carbon Offset Fund. Funds to be spent within 7 years (June 2030).
	TOTAL	40,550.00	

13 The total contribution received and held at S106 reference EO/019/585A is £1,311,203. From this, £65,218 has been allocated and spent towards the cost of managing the carbon Offset Fund (2023/24), and £945,191 has been allocated towards the Civic Centre Decarbonisation Programme (Cabinet Member Decision (26/04/2024)). If £40,550 is now allocated towards the scheme outlined in this report, there will be a remaining balance of £260,244 available to be allocate towards other eligible carbon reduction measures within the Borough.

Financial Implications

The report seeks the allocation of £41k from the S106 contribution held at EO/019/585A relating to Unit D, Prologis Park, Stockley Road, West Drayton towards Hillingdon's carbon reporting and auditing of CO2 sequestration from woodland.

Allocating the S106 contribution held at EO/019/585A meets the conditions stipulated in the S106 agreement. The scheme will be accounted for under the S106 funded revenue projects.

RESIDENT BENEFIT & CONSULTATION

The benefit or impact upon residents, service users and communities?

The recommendations will enable external funds to be spent to maximum effect to provide viable improvements for the benefit of local communities.

Consultation carried out or required

Not required.

CORPORATE CONSIDERATIONS

Corporate Finance

Corporate Finance concurs with the financial implications above, noting that the proposed scheme will be funded from Section 106 contributions in accordance with the planning agreements, with no impact on Council resources.

Legal

Legal Services has considered the content of the Section 106 agreement referred to in this report and conclude that the recommendations presented are consistent with the terms of the respective agreement.

Comments from other relevant service areas

The schemes have been developed in consultation with relevant service groups as appropriate.

BACKGROUND PAPERS

Planning Obligations Supplementary Planning Document Adopted July 2008 and amended July 2014.

Carbon Offset Funds: Greater London Authority Guidance for London's Local Planning Authorities on establishing carbon offset funds July 2022