



Democratic Services

Location: Phase II
DDI: 01895 250185
CMD No: 1511

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

c.c. All Members of the Residents' Services Select Committee
c.c. Dan Kennedy, Corporate Director of Residents Services
c.c. Ian Thynne / Nicola Wyatt, Residents Services Directorate

Date: 08 September 2025

Non-Key Decision request

Form D

NEW ALLOCATION OF S106 CONTRIBUTIONS 2025/26: Public Sector Decarbonisation Projects (Phase2)

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 Tuesday 16 September 2025** 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.

Liz Penny
Democratic Services

Title of Report: NEW ALLOCATION OF S106 CONTRIBUTIONS 2025/26: Public Sector Decarbonisation Projects (Phase2)

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 & Transformation

NEW ALLOCATION OF S106 CONTRIBUTIONS 2025/26: Public Sector Decarbonisation Projects (Phase2)

Cabinet Member & Portfolio	Councillor Martin Goddard - Cabinet Member for Finance & Transformation
Responsible Officer	Dan Kennedy, Corporate Director of Residents Services
Report Author & Directorate	Ian Thynne / Nicola Wyatt, Residents Services Directorate
Papers with report	Appendix A - Details of S106 carbon offset contributions

HEADLINES

Summary	<p>To seek approval to allocate funds from the s106 Carbon Offset Fund towards Phase 2 of the Public Sector Decarbonisation Scheme for works at:</p> <ul style="list-style-type: none">• Highgrove Leisure Centre• Hillingdon Leisure Centre• Winston Churchill Hall
Putting our Residents First Delivering on the Council Strategy 2022-2026	<p>This report supports our ambition for residents / the Council of: Live in a sustainable borough that is carbon neutral</p> <p>This report supports our commitments to residents of: A Green and Sustainable Borough</p>
Financial Cost	<p>This report seeks to allocate £3,685,708 from identified s106 carbon offset contributions held by the Council towards the implementation of schemes to reduce carbon emissions in Council owned buildings.</p>
Select Committee	Residents' Services Select Committee
Ward(s)	All

RECOMMENDATIONS

That the Cabinet Member for Finance & Transformation:

1. Approves that a total of £3,685,708 from the s106 carbon offset contributions held by the Council is allocated and used towards the implementation of the Public Sector Decarbonisation Projects at:

- Highgrove Leisure Centre

- **Hillingdon Leisure Centre**
- **Winston Churchill Hall**

Reasons for recommendation(s)

In accordance with the Council Constitution, the allocation of Section 106 (S106) and Section 278 (S278) funds is required to be formally approved by the Cabinet Member for Finance & Transformation on a case-by-case basis. 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 Member 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. 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, an outcome that does not contribute to the Council's responsibility for protecting and improving the health of our citizens.

Democratic compliance / previous authority

The Cabinet Member for Finance & Transformation has the delegated authority to allocate funds from S106 planning obligation monies.

Both the Cabinet Member for Community & Environment and the Cabinet Member for Planning, Housing & Growth have been consulted and endorse the proposal.

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. The collection and use of the funds is in accordance with GLA and Hillingdon guidance.

5. Carbon offset contributions are not spent on a ratio of 1 to 1, i.e. £95 spent by the Council does not generally equal 1tCO₂ saved per annum. This is because the cost of delivering the savings is project dependent with varying degrees of payback periods. The Council has adopted a guidance note on spending the funds which allows for expenditure of £160 to save 1tCO₂. For some projects, this is still not necessarily satisfactory and further expenditure will be allowed per tCO₂ where a project provides wider benefits. There have been recent developments over the carbon cost within London which identify a more realistic £300/tCO₂ to be collected in order to fund a commensurate level of carbon. The £/tCO₂ can only be set through Planning Policy and is being reviewed as part of the Local Plan. However, the main issue is that £95/tCO₂, as currently collected from new development, is not usually sufficient to deliver 1tCO₂/annum saving.

Proposed allocation

6. The Council holds S106 carbon offset contributions totalling £5,359,515.29 which is currently unallocated (figs as at 31/03/2025). Officers are requesting that £3,685,708 from this fund is allocated and spent towards a programme of works to improve the energy efficiency of the Council owned buildings detailed in this report. Details of the S106 contributions to be allocated are contained in Appendix A.

7. If this allocation is approved, it will leave a balance of £1,673,807.29 in the fund available to be allocated towards other eligible schemes.

8. The approved works are outlined below and form the second phase of the Public Sector Decarbonisation Scheme works. The first phase comprised works to decarbonise the Civic Centre. A total of £2,620,910 from S106 Carbon Offset contributions was allocated and spent towards this scheme (Cabinet Member Decision 24/04/2024).

9. The carbon savings associated with the project have been calculated as 752tCO₂/annum. The scheme has been assessed by the Head of Environmental Specialists who has reviewed the technical evidence provided for the project and concluded that the measures as described would be capable of generating savings commensurate with the level of S106 Carbon offset funding requested. This assessment follows a technical appraisal of the Public Sector Decarbonisation Scheme. This technical appraisal constituted a review of each of the design stages of the project development to ensure oversight to satisfy the requirements of the wider PSDS project. This independent technical assessment has informed the internal review of the S106 compliance.

Proposal – Implementation of the Public Sector Decarbonisation Scheme Works

10. The proposed works to the three buildings form part of the Public Sector Decarbonisation Scheme (PSDS) which will help significantly reduce carbon emissions from assets with a high carbon footprint; the assets identified in the scheme are the Uxbridge Civic Centre (Phase 1), Hillingdon and Highgrove leisure centres and the Winston Churchill Theatre. The project involves the installation of an extensive number of Energy Conservation Measures (ECMs) and innovative design solutions that will reduce LBH's reliance on gas heating whilst also reducing the sites' energy demand.

11. The main focus of the project is to achieve significant carbon savings so that the project is compliant with the Public Sector Decarbonisation Scheme (PSDS) grant application totalling £13,751,385 that has been awarded to LBH by the Department for Energy Security and Net Zero. The key ECM that contributes to this carbon reduction is the installation of Air Source Heat Pumps (ASHP). However, other ECMs and site upgrades have also been identified that complement, and facilitate, the installation of ASHPs and therefore contribute to the significant energy and carbon savings possible across the sites.

12. The following table summarises the renewable energy and energy efficiency technologies that are being installed as part of this project:

ECM Description	Hillingdon Sports & Leisure Centre	Highgrove Leisure Centre	Winston Churchill Hall
Solar PV	X	X	X
Double Glazing		X	X
Cavity Wall Insulation			X
Loft Insulation			X
Building Management System upgrades			X
Air Source Heat Pumps	X	X	X
Draught Proofing		X	

13. The total cost of the approved works is £9,946,708. The works will be funded by £6,260,800 grant funding available from Phase 3b of the PSDS and £3,685,908 from S106 carbon offset contributions. The allocation of S106 funds towards capital financing of the scheme will ensure the effective utilisation of the PSDS grant allocation and reduce the call on Council resources to deliver the project.

14. In terms of carbon saved, it is difficult to fully determine the ratio (tCO₂/annum:cost) associated with the S106 contribution. This because the funding is split between two funding streams so identifying the specific element related to S106 funding is not possible. On the whole, the PSDS project equates to a saving of approximately £360/tCO₂ saved per annum. However, within the project are a number of energy saving measures with varying degrees of efficacy. Elements of the scheme, for example the ASHPs will have higher degrees of pay back. Consequently, the release of S106 funds is considered appropriate and acceptable for this project while noting the wider public benefits of the expenditure linked to refurbishing a listed building and modernising an otherwise outdated building. The full details of the s106 contributions to be used are set out in Appendix A.

Financial Implications

The report requests the allocation of £3,686k from the five S106 contributions detailed in the table below:

S106 Funding Reference	Scheme	Amount	Time Limit to Spend
EO/013/581D	Land at Tudor Works, Beaconsfield Road, Hayes	3,000,000	Jan-2030
EO/015/579C	Fmr Star PH, Corner of Star Rd & Uxbridge Rd	20,448	May-2030
EO/019/585A	Unit D, Prologis Park, West Drayton	260,243	Jun-2030
EO/020/586A	Unit 3, Clayfield Way, West Drayton	191,076	Jun-2030
PT/231/429H	Fmr Nestle Factory, Nestle Ave, Hayes	213,941	Feb-2030
Total S106		£3,685,708	

The S106 contributions are to be used towards the implementation of the Council's Carbon Decarbonisation project, specifically the Highgrove Leisure Centre; Hillingdon Sports & Leisure Centre and Winston Churchill Hall. The total released for this project in 2023/24 is £19,542k including fees and contingency, consisting of four Council sites, the cost of the three site schemes is £9,947k. The amount released is financed from various funding streams comprised of capital grant funding of £13,751k, S106 funding of £2,621k and Council resources of £3,350k.

The approval of £3,686k S106 will contribute towards financing of the scheme and will reduce the call on Council resources.

The project is still ongoing with works expected to complete in 2025/26. The further £336k from this S106 contribution will be subject to a separate report that is currently being prepared by officers to release further funds from the approved Carbon Initiatives capital programme budget for the continuation of this project.

The approval of the S106 contributions meets the conditions as stipulated in the S106 agreements.

RESIDENT BENEFIT & CONSULTATION

The benefit or impact upon Hillingdon 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 & Engagement carried out (or required)

Not required

CORPORATE CONSIDERATIONS

Corporate Finance

Corporate Finance have reviewed this report and concur with the Financial Implications set out above, noting the allocation of £3,686k of S106 monies as carbon offset contribution is in accordance with the schemes detailed in the main body of the report, which will deliver carbon reduction savings.

Furthermore, it is noted that the allocation of £3,686k will offset the £3,350k of Council Resources previously released in relation to this project, with the further £336k of the allocation to be subject to a separate report that is currently being prepared by officers to release further funds from the approved Carbon Initiatives capital programme budget for the continuation of this project in 2025/26.

Legal

Legal Services have considered the content of the Section 106 agreements referred to in this report and conclude that the recommendations presented to approve the allocation of £3,685,708 from identified Section 106 contributions held by the Council towards the implementation of the Public Sector Decarbonisation Projects at Highgrove Leisure Centre, Hillingdon Leisure Centre, and Winston Churchill Hall are consistent with the terms of the respective agreements.

Infrastructure / Asset Management

There are no additional Infrastructure / Asset Management implications arising from the recommendations in this report that have not already been addressed, and we confirm agreement with the above proposals.

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 2015.

Carbon Offset Application Form

APPENDIX A

Details of funds from S106 carbon Offset Contributions to be allocated towards Public Sector Decarbonisation Project (Phase 2).

S106 REF.	PLANNING REFERENCE	ALLOCATION
EO/013/581D	Land at Tudor Works, Beaconsfield Road, Hayes 38421/APP/2021/4045	3,000,000.00
EO/015/579C	Fmr Star PH, Corner of Star Road & Uxbridge Road. 8057/APP/2019/3861	20,447.56
EO/019/585A	Unit D, Prologis Park, Stockley Road, West Drayton. 18399/APP/2022/411	260,243.28
EO/020/586A	Unit 3, Clayfield Way, West Drayton. 77241/APP/2022/1407	191,076.00
PT/231/429H	Fmr Nestles Factory, Nestles Avenue, Hayes 1331/APP/2017/1883	213,941.16
	TOTALS	3,685,708.00