



Democratic Services

Location: Phase II
DDI: 01895 277655
CMD No: 1570

**To: COUNCILLOR EDDIE LAVERY
CABINET MEMBER FOR FINANCE &
TRANSFORMATION**

c.c. All Members of the Corporate Resources & Infrastructure Select Committee
c.c. Dan Kennedy – Corporate Director of Residents Services
c.c. Ian Thynne / Nicola Wyatt – Residents Services Directorate

Date: 16 December 2025

Non-Key Decision request

Form D

NEW ALLOCATION OF S106 CONTRIBUTIONS 2025/26: Carbon Offset Fund - Strategic Allocation to Climate Action Plan

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 Wednesday 24 December 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.

Anisha Teji
Democratic Services

Title of Report: NEW ALLOCATION OF S106 CONTRIBUTIONS 2025/26: Carbon Offset Fund – Strategic Allocation to Climate Action Plan

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: Carbon Offset Fund - Strategic Allocation to Climate Action Plan

Cabinet Member & Portfolio	Councillor Eddie Lavery - 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 strategically allocate funds from the s106 Carbon Offset Fund towards:</p> <ul style="list-style-type: none"> • Carbon Savings within Corporate Property • Carbon Offsetting through new tree planting • Climate Parks • Cleaner Greener Festival • Borough wide schools and community carbon reduction campaign • Monitoring and Reporting
<p>Putting our Residents First</p> <p>Delivering on the Council Strategy 2022-2026</p>	<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	This report seeks to allocate £1,555,000 from identified s106 carbon offset contributions held by the Council towards the implementation of schemes to reduce carbon emissions within the operational estate and across communities and the environment.
Select Committee	Residents' Services Select Committee
Ward(s)	All

RECOMMENDATIONS

That the Cabinet Member for Finance & Transformation:

- 1. Approves the allocation £1,555,000 from ten S106 contributions towards a Carbon Offset Fund to support the delivery of carbon reduction programmes and their administration in accordance with the priorities in the Strategic Climate Action Plan as follows:**
 - a. Delivery of carbon savings within the corporate property portfolio**
 - b. Carbon offsetting through tree planting**
 - c. Development and implementation of climate resilient spaces within our existing green spaces**
 - d. Delivery of an Annual Cleaner Greener Festival**
 - e. Community leadership and borough-wide Schools and Communities carbon reduction campaign**
 - f. Monitoring and Reporting Activities**
 - g. Project Management and Partnership Activities**
- 2. Agree that the Director of Planning and Sustainable Growth agrees specific allocations (including capital releases) from the S106 Carbon Reduction Fund that meet one or more of the criteria in recommendation 1 to be recorded through a Chief Officer Decision.**

Reasons for recommendation(s)

Addressing the Climate Emergency is a key component of the Council Strategy's objective to realise a 'green and sustainable borough'. The Strategic Climate Action Plan provides more details along with the specific targets to be achieved in order for the council to achieve the vision. This plan sets out 9 key themes that are separated into specific actions. The projects identified in this Carbon Offset Funding Allocation Strategy relate to key components of the 9 key themes as set out below:

Priority a) relates to the council's target to have carbon neutral operations by 2030. The funds will be allocated to the Corporate Property team to identify works to council assets that support the carbon neutral target.

Projects b) and c) relate to the accepted need to offset carbon emissions through additional tree planting and carbon sequestration. Project c) intends to be an innovative form of carbon offsetting whilst realising additional beneficial climate change targets to provide a wider range of outcomes for communities, for example through flood risk management and climate resilient open spaces.

Projects d) and e) relate to the Council's ambition to become a community leader in carbon management. This theme was identified as requiring further development in the recent Strategic Climate Action Plan review which resulted in specific actions to undertake more community focussed action, particularly in relation to schools.

Projects f) and g) will ensure that the council is able to monitor progress towards its carbon neutral target and manage the delivery of a wide portfolio of projects funded entirely by S106 contributions. There will also be the opportunity to seek match funding from other grants and schemes to add value to the council's own programme of delivery. The council is also working in partnership with West London Alliance boroughs on carbon reduction activity and this will allow for a continuation of relevant workstreams.

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 which support actions from the Council's Strategic Climate Action Plan. 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 councils' 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.
6. The general factors governing the allocation of carbon offset funds comes from the GLA. The overriding principle is that projects should aim to deliver genuine results and should be 'additional', to business-as-usual operations and projects. For example, the carbon offset funds should not be used to supplant routine maintenance or improvement funds, instead they should be used to deliver projects or outcomes that would otherwise not be available.
7. In addition, projects should ideally help deliver recordable outcomes but the guidance, both GLA and the Council's, allows for 'soft' projects that are targeted at behavioural change. Changing behaviours around carbon footprints and energy usage can have far reaching positive consequences and therefore the Council considers this vital in the collective group of work on reducing emissions and tackling climate change.

Proposed allocation

8. The Council currently holds S106 carbon offset contributions totalling £5,715,803, of which £1,872,245 is unallocated (figs as at 30/06/2025). Officers are requesting that £1,555,000 from the unallocated balance is allocated and spent to support the delivery of carbon reduction programmes in accordance with the Council's Strategic Climate Action Plan and as set out in this report. Details of the S106 contributions to be allocated are contained in Appendix A.
9. If this allocation is approved, it will leave a balance of £317,245 in the fund available to be allocated towards other eligible schemes.

Priority a): Carbon reduction in corporate buildings

10. The Council has committed to carbon neutrality across its operations by 2030. The Council's carbon footprint stems from a range of operations with the performance of buildings and assets (e.g. streetlighting) being the highest contributor. These assets are subject to ongoing operational review resulting in default improvements in terms of carbon performance i.e. without the need for carbon reduction related projects. For example, Uxbridge Library had a relatively high carbon footprint but its movement to the Civic Centre has resulted in improvements without recourse to a bespoke carbon related project within the original asset.
11. However, the Council retains some assets that have a relatively high carbon footprint. Project 1 allows for funds to be provided to the Corporate Property team to identify the assets that will remain within the operational requirements of the Council in the short term and where maximum savings can be achieved through interventions.
12. The funds can then either be used on their own or to assist as match funding opportunities to access greater packages to increase the scope of work.
13. Council officers will work with the relevant Cabinet Members and Corporate Directors to identify priority assets for targeted carbon reduction measures.
14. This project assists with Action R2.1 of the Council's Strategic Climate Action Plan (2025 Review):

R2.1 All our operational assets under our direct operational control and financial management will be accredited as carbon neutral by 2030. Other assets we own but not under our control will be decarbonised in line with prevailing legislation and, with the availability of additional funding, go even further.

15. The funds are to secure the delivery of new projects and need to be developed as such. These should be carbon saving projects with solutions developed through energy audits in line with the S106 spending guidelines.

Priority b): Tree Planting and woodland management

16. The Council's Strategic Climate Action Plan recognises that the Council will likely carry a residual carbon footprint in 2030. This will be due to fleet vehicles still using fossil fuels and buildings not being fully decarbonised particularly where gas boilers are still in use. As a consequence, there will need to be recourse to carbon savings or energy from renewable sources elsewhere to offset the residual carbon footprint.
17. Tree planting is a widely accepted form of offsetting although the savings are generally realised at a later date. Nonetheless, tree planting remains a key component of the Council's strategy which also recognises the wider benefits of this measure, for example increased biodiversity provision, flood risk management and air quality improvements.
18. The Council's woodland contributes to the annual sequestration of over 3000 tCO₂, which equate to c75% of the Council's carbon footprint from operational buildings. The project will

help identify ways to increase the carbon sequestration of the woodland through better management.

19. This project assists with Action R7.3 of the Council's Strategic Climate Action Plan (2025 Review):

R7.3 Understand and increase current carbon sequestration through increased planting and changes to green space management.

R7.4 Increase the number of trees, particularly in urban areas to complement objectives to improve air quality and promote urban wildlife.

Priority c): Climate Resilient Spaces

20. Similar to Project 3, the aim of this project is to provide carbon management through increased sequestration as well as to provide wider benefits to provide more holistic climate change management. Largely focussed on carbon sequestration, the project aims to assist with utilising Council green space resource to also improve flood risk, increase biodiversity provision and provide climate resilient spaces such as increasing cool spaces.
21. The initial project has been identified in Bessingby Park which accommodates a major surface water runoff route leading to significant flooding in Whitby Road and surrounding areas. Most recently in September 2024, a number of Whitby Road properties once again experienced significant flooding.
22. Bessingby Park has an extensive footprint and has been identified as able to accommodate further interventions in order for it to have beneficial carbon reduction, flood management and biodiversity improvements whilst retaining the current recreational uses.
23. The funding allocation will allow for development of additional resilient spaces in agreement with the Cabinet Member. Additional spaces must secure multiple outcomes including managing flood risk, increasing carbon sequestration and improving biodiversity.
24. This project assists with Actions R7.3, R7.4 and R7.5 of the Council's Strategic Climate Action Plan (2025 Review):

R7.3 Understand and increase current carbon sequestration through increased planting and changes to green space management.

R7.4 Increase the number of trees, particularly in urban areas to complement objectives to improve air quality and promote urban wildlife.

R7.5 To exploit opportunities to increase carbon sequestration to maximise opportunities for biodiversity and flood risk management

Priority d): Cleaner Greener Festival and Priority e): Schools and Communities Engagement Campaign

25. The Council has committed to being a community leader with regards to climate action. However, the 2025 Strategic Climate Action Plan Review identified this theme as requiring further development as resources were prioritised in getting the Council's 'own house in order'. Consequently, the review identified increased action for this theme for 2025 – 2028 including committing to engagement campaigns.
26. These two projects have been identified to reflect these requirements as well as the benefits of behaviour change campaigns.
27. The Cleaner Greener festival was presented by Hillingdon Friends of the Earth and initial exploratory work has resulted in several options to advance. The funding allocation would allow this work to take place and for a festival to be taken forward that promotes carbon reduction measures and other climate change action. This is intended to be the first in an annual series of events to help our residents and communities face the challenge of climate change.
28. The Schools and Communities campaign will target a wider audience and focus on how schools can record, monitor, report and manage their own carbon footprints. The work with schools is intended to be supplemented by action that filters down into the communities to maximise the behavioural change benefits of the engagement.
29. This project aims to have a lasting impact. The intention is to setup long term monitoring and reporting for schools to inspire annual action and year on year improvements in carbon footprints. In addition, through this project, the Council will improve its online services to provide a dedicate resource for residents and communities to access to assist them in developing their own climate change related actions. The project is intended to culminate in the people's assembly in accordance with commitments of the Council administration.
30. These two projects assist with various action in the Council's Strategic Climate Action Plan (2025 Review):

R1.1 To provide a dedicated online resource to provide information on how to record your carbon footprint alongside actions that can help reduce it. The resource will also outline options for external funding and how to improve an individual's environmental footprint.

R1.2 To promote and support volunteer groups with dedicated climate and environmental objectives.

R1.4 To use our unique access to communities through, for example, residents' associations, to support and promote climate action.

R1.5 During 25/26, the Council will engage all schools within the borough and support them in the publication of a climate action plan reflecting the objectives of this Strategy, with annual progress reports to be provided thereafter.

R1.7 During 25/26, the Council will undertake a 'Cleaner Greener' public engagement campaign, which raises awareness and promotes climate action.

Priority f) Monitoring and g): Project Management

31. The council's Strategic Climate Action Plan sets out specific monitoring requirements which require the procurement and analysis of technical data. There is also a need to compile significant internal data on energy and fleet usage. The S106 funding will be utilised to support these ongoing monitoring requirements.
32. The funding will also ensure the delivery of community facing information to assist with residents in developing their own carbon and energy reduction plans.
33. Delivering on the priorities outlined above will create a significant programme of works that will require coordination and oversight. Officer time on these projects can be charged to the S106 funding, reducing costs on the General Fund.

Financial Implications

This report requests the allocation of £1,555k from ten carbon offset S106 contributions as detailed in Appendix A below.

The S106 contributions are to be used towards carbon reduction projects as specified in recommendation 1.

The scheme(s) is yet to be worked up and will be subject to capital release. The approval of the £1,555k S106 contributions will contribute towards financing of delivery of carbon reduction projects and will reduce the call on Council resources.

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 that the Section 106 Carbon Offset Contributions, in accordance with the conditions as stipulated within the planning obligation agreements, will support the delivery of the carbon reduction programmes contained within this report, with no impact on Council resources.

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 1,555,000 from identified Section 106 contributions held by the Council are consistent with the terms of the respective agreements.

Infrastructure / Asset Management

To meet the Council's ambitions of carbon neutral operations by 2030, significant capital works will be required to the operational portfolio. Property are therefore supportive of the recommendation which allocates funds to the Property Team to enable works to be identified which will help to improve energy efficiency across the council's operational estate.

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.

APPENDIX A

Details of funds from S106 Carbon Offset Contributions to be allocated towards carbon reduction programmes in accordance with the priorities in the Council's Strategic Climate Action Plan.

S106 reference	Planning reference	Amount to be allocated	comments
EO/003/569C	579-583 Uxbridge Road, Hayes. 72470/APP/2016/4648	2,251.00	Funds received to be used by the Council towards the provision of off site carbon reduction measures to mitigate the development. No time limits for spend.
EO/013/581D	Land at Tudor Works, Beaconsfield Road, Hayes 38421/APP/2021/4045	68,821.97	Funds received as part of the Carbon Off set Contribution towards the Council's Carbon Offset Fund. Funds to be spent within 7 years (Jan 2030).
EO/016/580G	1 Vinyl Square, Old Vinyl Factory, Blyth Road, Hayes 59872/APP/2019/3852	192,097.71	Funds received as the Carbon Offset Contribution to be used by the Council towards the Council's Carbon Offset Fund. Funds to be spent within 10 years (Feb 2033).
EO/021/569E	Crown Trading Centre, Clayton Road, Hayes 73955/APP/2020/139	434,189.05	Funds received as the Carbon offset Contribution to be used by the Council towards the provision of offsite carbon reduction measures within the Authority's Area in the vicinity of the development. Funds to be spent within 7 years (July 2030). Spend by April 2032.
EO/022/593	Maple & Popular Day Centre, Maple Road, Hayes 43762/APP/2018/396	69,311.50	Funds received as the Carbon Offset Contribution to be used by the Council towards the provision of off-site carbon reduction measures to mitigate the development. No time limit for spend.
EO/023/595B	Land off Thompson Rd & St Luke's Rd, (Fmr RAF Uxbridge), Hillingdon. 585/APP/2019/829	141,265.08	Funds received as Carbon Offset Contribution to be used by the council towards the provision of off-site carbon reduction measures to mitigate the development. Funds to be spent within 7 years of receipt (Jan 2031).
EO/024/599A	Grangewood School, Fore Street, Eastcote 2145/APP/2022/3534	31,349.23	Funds received as the "carbon offset contribution" to be used towards off site carbon reduction measures in order to mitigate the development. Funds to be spent within 7 years of receipt (May 2031).
EO/025/600B	Shurgard House, Westmount Centre, Uxbridge Road, Hayes 49467/APP/2022/2801	2,014.08	Funds received as the "Carbon Offset Contribution" to be used towards the provision of off site carbon reduction measures to mitigate the development. Funds to be spent within 7 years of receipt (August 2031).
EO/026/604E	Northwood & Pinner Cottage Hosp & Northwood Health Centre, Pinner Road, Northwood 23658/APP/2021/1296	79,485.42	Funds received as the Carbon Offset Contribution to be used by the Council towards t the provision of offsite carbon reduction measures within the Authority' Area. Funds to be spent within 7 years of receipt (Jan 2032).
PT/231/429H	Fmr Nestles Factory, Nestles Avenue, Hayes 1331/APP/2017/1883	534,214.96	Funds received as the "zero carbon contribution" towards the Council's Carbon off-set fund. Funds to be spent within 10 years of receipt February 2034.
	TOTAL	1,555,000.00	