

APPENDIX 1: PROPOSED MINOR ALTERATIONS TO CITY OF LONDON PLANNING OBLIGATIONS SUPPLEMENTARY PLANNING DOCUMENT

CARBON OFFSETTING

50. The Government has set a legally binding target to achieve zero carbon emissions in new residential development by 2016 and in new commercial development by 2019. The Government recognises that this may not always be feasible on-site and is setting up a mechanism of 'Allowable Solutions', under which developers who are unable to achieve zero carbon on-site can offset their carbon emissions by making provision for carbon reduction elsewhere.
51. The London Plan, through Policy 5.2, already requires new development to contribute towards the Mayor's aim to minimise carbon emissions and sets targets for improvements above 2010 Building Regulation requirements. From October 2013, developers of both commercial and residential buildings are required to meet a standard which delivers a 40% improvement in regulated carbon emissions over the requirements in 2010 Building Regulations. **In April 2014, new 2013 Building Regulations came into effect, which require further improvements in carbon emissions over the previous 2010 Regulations. The Mayor's Sustainable Design and Construction Supplementary Planning Guidance, April 2014, indicates that he will now seek to apply a target of a 35% improvement in carbon emissions over the 2013 Building Regulations, a figure broadly equivalent to the previous 40% over 2010 Building Regulations. The City Corporation will apply this revised target.** Carbon emission reductions should be delivered on site, but where this cannot be achieved the shortfall must be provided off-site or through a cash-in-lieu contribution to the relevant borough to be ring fenced to secure delivery of carbon emission savings elsewhere.
52. In the City's high density urban environment there are limitations on the feasibility and viability of installing some low and zero carbon technologies and, consequently, it may not be feasible for City development to meet Government targets. Most developers are likely, therefore, to make use of carbon offsetting through the Allowable Solutions mechanism.
53. The City Corporation will require developers to deliver the maximum feasible and viable carbon emission reduction on-site, but where developments are not able to meet the **London Plan Mayor's Sustainable Design and Construction SPG** requirement for a **40% 35%** improvement in regulated carbon emissions **over the 2013 Building Regulations**, carbon abatement should be delivered elsewhere or through a financial contribution to either the City Corporation's, or an alternative approved,

carbon offsetting scheme. The City Corporation will secure such financial contributions through s106 planning obligations, at an initial cost of ~~£46-£60~~ per tonne of carbon to be offset, calculated over a 30 year period. This rate is derived from the Mayor's **Draft Sustainable Design and Construction ~~Supplementary Planning Guidance 2013~~ SPG 2014** and the Government's Zero Carbon Hub. It will be periodically updated in line with amendments published by the Mayor or the Zero Carbon Hub. These updates will be published on the City Corporation's website.

54. Financial contributions for carbon offsetting will be required on completion of development and prior to occupation. The level of contribution required will be calculated on the basis of carbon reduction projections set out in an Energy Statement submitted as part of the planning application. Developers may submit a further revised assessment demonstrating levels of carbon reduction and revised off-setting contributions upon completion. Funds raised through this mechanism may be used by the City Corporation for individual carbon offsetting projects or pooled by the City Corporation and the funds invested in carbon reduction schemes both within and outside of the City of London. In the event that no City of London carbon off-set scheme is in place, financial contributions should be made into a recognised carbon off-setting scheme, details of which have been provided to and approved by the City Corporation.

Planned Changes to Allowable Solutions

55. The Government's preferred solution is for zero carbon standards and requirements for allowable solutions to be incorporated into Building Regulations. If this is progressed, it is likely that from April 2016 (for residential development) and from April 2019 (for commercial development), responsibility for ensuring zero carbon standards and delivering offsetting of emissions/allowable solutions will pass from local planning authorities to authorised Building Control bodies.
56. The City Corporation will continue to seek planning obligations towards carbon offsetting, in line with the London Plan **and the Mayor's SPG**, up to and until the proposed national change comes into effect.

SUMMARY OF FINANCIAL REQUIREMENTS

Development Type	Threshold	S106 obligation
Mayoral Crossrail s106	500m ² GIA Office Retail Hotel	£140 per m ² net increase £90 per m ² net increase £61 per m ² net increase
Affordable Housing (commercial development)	500m ²	£20 per m ² net increase
Affordable Housing (residential development)	10 or more units	£165,000 per unit
Local training, skills, and job brokerage	500m ² (commercial) 10 units or more (residential)	£3 per m ² net increase
Carbon Offsetting	40% <u>35%</u> improvement in CO ₂ emissions over 2010 <u>2013</u> Building Regulations	£46 <u>£60</u> per tonne of carbon to be offset over a 30 year period