

**Report of: Executive Member for Environment and Transport**

<b>Executive</b>	<b>Date: 1 February 2018</b>	<b>Ward(s): All</b>
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**SUBJECT: Carbon Offset Fund Allocations**
**1. Synopsis**

- 1.1 The purpose of Section 106 funding is to mitigate the impacts of development and to support sustainable development. The Council has received an average of over £6 million per year in Section 106 funding since 2008/09, and this funding can be spent on projects and schemes that meet the terms set out in the relevant legal agreement, linked to the planning permission for each development.
- 1.2 This report proposes specific allocations for just over £1.4 million of Carbon Offset (Section 106) contributions that have been received by the Council from developers.
- 1.3 The allocations recommended within this report take into account relevant infrastructure assessments, strategies and local issues, including where possible the priorities of relevant Ward Partnerships. These specific allocations have been approved by the Council's Affordable Energy Board.

**2. Recommendation**

- 2.1 To agree the allocations of Section 106 Carbon Offset funds as detailed in Appendices 1 and 2.

**3. Background**

- 3.1 Although the intended use of some Section 106 income is specified in detail in the original Section 106 agreement, in most cases funds must be formally allocated by the Council to specific projects before they can be spent.
- 3.2 After minimising CO2 emissions onsite, all major developments and minor residential developments of one unit or more are required to offset all remaining CO2 emissions through a financial contribution secured via Section 106 agreement.

For all major developments, the financial contribution is calculated based on an established price per

- 3.3 tonne of CO2. The price per annual tonne of carbon is currently set and based on analysis of the costs and carbon savings of retrofit measures suitable for properties in Islington. For minor developments the cost of the offset contribution is a flat fee per house and per flat.
- 3.4 Carbon offsetting contributions are used to pay for measures that reduce CO2 emissions from the existing building stock (e.g. through solid wall insulation of social housing).
- 3.5 The Council's Constitution specifies that allocations of Section 106 and CIL funds must be formally agreed by Executive. The reservation to Executive is as follows: "*where the particular allocation to a project of monies under a particular agreement or from a number of separate agreements exceeds £1m....*" This report seeks authorisation for the allocations set out in Appendices 1 and 2.
- 3.6 The projects which are recommended for funding are set out in further detail in Appendix 1, and total £1,406,078. These four projects were approved by the Affordable Energy Board on 5 October 2017, and focus on boiler replacements in low SAP (Standard Assessment Procedure) properties that have lower energy efficiency, LED lighting, and cavity wall and loft insulation.
- 3.7 Appendix 2 lists the proposed Section 106 Carbon offsetting allocations and the developments from which the funds were secured. Carbon Offset monies can be spent anywhere in the borough, as long as they are used to reduce carbon emissions.

## 4. Implications

### Financial implications:

- 4.1 These proposed allocations will allow the Council to implement measures to mitigate the impacts of development across the borough. There are no funding implications in terms of the Council's capital budget or other sources of funding. Implementation of some s106 and/or CIL funded schemes could lead to slightly increased maintenance obligations for the Council in the future, but this should not be significant. The commissioning process for the projects in question will ensure that ongoing maintenance issues are considered by the Council service area or other organisation charged with implementing each project, and that ongoing maintenance costs are met through existing budgets.

### Legal Implications:

- 4.2 The purpose of Section 106 funding is to mitigate the impacts of development and to support sustainable development. A Section 106 agreement between the council and a developer will specify the purpose of each financial contribution, each of which will help to mitigate the specific impacts of the development in question. The council is bound to spend these funds accordingly.
- 4.3 This report seeks authorisation for the allocations set out in Appendices 1 and 2. The allocation of Section 106 monies to specific projects may be authorised by Executive, or may be dealt with under delegated powers for allocations totalling under £1 million per project as set out above.
- 4.4 These projects will be contributing towards the reduction of carbon emissions, and will also tackle fuel poverty.

### Environmental Implications

- 4.5 Section 106 contributions can only be used to fund schemes that are necessary to make a new development acceptable in planning terms. Negative environmental impacts of developments are one of the main purposes that Section 106 funds are secured in the first place. Similarly, CIL funds are received to help address the negative impacts of growth and development. In terms of environmental impacts of project implementation, these will be considered by individual project managers at the point of implementation, with measures being taken to improve the environmental impacts of schemes wherever possible.
- 4.7 All these projects will be contributing towards the reduction of Carbon emissions in the borough.

### Resident Impact Assessment:

- 4.8 The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (Section 149, Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, and to take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and to encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.
- 4.9 A Resident Impact Assessment was carried out for the process by which Section 106/CIL funds are allocated, identifying no negative impacts on equality for the protected characteristics. Development can have a range of negative impacts on existing communities. Section 106 funds are intended to help mitigate these impacts. These allocations will therefore offer a substantial opportunity for advancing equality across the range of protected characteristics.
- 4.10 Equalities implications will also be considered by individual project managers at the point of design and implementation of schemes, with measures being taken to improve the equalities impacts of schemes wherever possible.

## 5. Reasons for the recommendations:

- 5.1 This report sets out proposed Carbon Offset Fund allocations that will help to mitigate the impacts of new development within the borough by reducing carbon emissions, and will contribute towards sustainable development and tackling fuel poverty in Islington.

### Appendices:

- Appendix 1: Project breakdown – December 2017
- Appendix 2: Proposed Section 106 Carbon Offset allocations – December 2017

### Background papers:

- None

### Signed by:



23.1.18

Executive Member for Environment and Transport    Date

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