

# A cut above

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**Jane Richardson-Hawkes explains why London is continuing to offset carbon**

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The Greater London Authority (GLA)'s [Housing Supplementary Planning Guidance](#), published in March last year, sets out the Mayor's requirement for a zero-carbon standard – a 100% carbon reduction – in major new residential developments in London as of 1 October 2016.

This is a significant step up from April 2014's [London Plan Policy 5.2](#), which applied a 35% carbon reduction target beyond that of [Part L of the Building Regulations 2013](#) across all major developments. The London Plan objective was set with the expectation that national zero-carbon targets for homes would be established by 2016, alongside an [Allowable Solutions](#) framework that would enable remote offsetting where on-site reductions have been fully maximised.

Carbon reduction requirements for major non-residential developments remain unchanged under the supplementary guidance, but the GLA continues to focus on achieving a zero-carbon standard for such development in future.

In applying policy 5.2, the GLA recognised that some building types would find it harder than others to achieve the 35% reduction required. Consequently, its approach over the past 2 years has been to require any shortfall in on-site emissions reduction to be made up off site, or through a cash contribution to the relevant planning authority, ringfenced to secure carbon savings elsewhere.

*The impact of moving to zero-carbon homes in London would be an extra 1.4% of base build cost, which was not considered to be a significant determinant in viability?*

The price per tonne of CO<sub>2</sub> continues to be a matter for each London planning authority to determine. Most, however, have opted for the Allowable Solutions rate of £60 per tonne over 30 years, equalling £1,800 per tonne to be offset. This figure was tested by the GLA as part of its [Housing Standards Review: Viability Assessment](#), published in May 2015, which estimated the impact of moving to zero-carbon homes in London in 2016 would be an extra 1.4% of base build cost. This was not considered to be a significant determinant in the viability and the deliverability of housing development in London.

The *Housing Supplementary Planning Guidance* is clear that, where a local planning authority applies an offset price of £60/tonne for 30 years, no further assessment of the policy's viability is considered necessary. However, when there are, for instance, adverse ground conditions or specific existing uses, there will remain a need for individual viability assessment and appropriate flexibility where such circumstances can be evidenced. Where planning authorities determine their own carbon price, this must also be justified by a local study.

The extent to which the London planning authorities have engaged with the London Plan offsetting requirement was researched and assessed for the GLA by the [National Energy Foundation](#) in [Review of Carbon Offsetting Approaches in London](#), published in June last year.

This showed that, of the 35 London planning authorities – comprising the 32 boroughs, the City of London and 2 mayoral development corporations – 22 currently apply the policy 5.2 requirement, with a further 2 likely to have implemented it by the end of 2016.

Of the remaining 11 authorities, most responded that they are using their local plan review process to determine whether or not to implement the requirements.

However, a small number of authorities are reluctant to do so, concerned either that it would mean going against national policy, given that the government scrapped the requirement for zero-carbon homes and use of Allowable Solutions in late 2015, or that perceived viability issues could have an adverse effect on affordable housing funding.

In terms of carbon price, 15 of the 22 carbon offsetting authorities have relied on the price for carbon outlined in the guidance of £60/tonne over 3 decades. The remaining 7 carbon-offsetting authorities have adopted alternative prices, with 4 using those identified in early government consultations on Allowable Solutions and 3 a locally justified price. Westminster City Council has the highest price at £7,560, which constitutes a one-off payment per tonne of CO<sub>2</sub>.

At the time we carried out our research, the amount of carbon offset payments either made or due to be made to 10 London authorities was just in excess of £4m. The types of projects to be funded by these range from fuel poverty and energy efficiency initiatives to residential and community building retrofitting and low-carbon and renewable technologies for public buildings.

Comments received from London planning authorities confirmed that many view carbon offsetting policy as an important tool to tackle fuel poverty, improve existing housing stock and reduce energy consumption to address grid capacity issues and the heat island effect.

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### **Further information**

- Related competencies include [Construction technology and environmental services](#), [Sustainability](#).
- This feature is taken from the RICS *Buildings surveying journal* (December 2016/January 2017).