

# GREATER LONDON AUTHORITY

**REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD397**

**Title: Review of carbon offsetting approaches in London**

## **Executive Summary:**

Through the London Plan (policy 5.2), the Mayor applies targets for carbon dioxide emissions reductions for new development. Where these emissions targets cannot be met on-site the London Plan states any short fall should be provided off-site or through cash-in-lieu contribution which is used to secure carbon dioxide savings elsewhere.

The current London Plan policy was prepared in expectation of the now abandoned national zero carbon homes and associated allowable solutions carbon offsetting framework. In the absence of national allowable solutions for the short to medium term it is likely that carbon offset funds established by boroughs will remain the only way for securing carbon offset funding where development is unable to viably or feasibly meet London Plan carbon dioxide emissions reduction targets on-site.

This project will therefore review these existing borough led approaches to carbon offsetting in order to best inform any future GLA actions in this area. This is required in order to support the continued implementation of London Plan emissions reduction targets.

## **Decision:**

The Assistant Director approves expenditure of £35,000 to procure and appoint an organisation to prepare a report which details the different carbon offsetting arrangements currently being applied by London local authorities, and provides recommendations around where further GLA guidance or other intervention could be of most value in relation to the application of carbon offsets in London.

## **AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:**

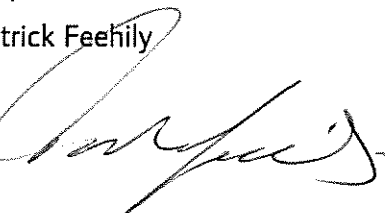
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

**Name:** Patrick Feehily

**Position:** Assistant Director - Environment

**Signature:**



**Date:**

1/3/16

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 London Plan policy 5.2 sets out that where the target percentage improvements in carbon dioxide emissions beyond Part L of the Building Regulations cannot be met on-site, any short fall should be provided off-site or through cash in lieu contribution to the relevant borough. This is to be ring fenced to secure delivery of carbon dioxide savings elsewhere.
- 1.2 The London Plan and the GLA's Sustainable Design and Construction Supplementary Planning Guidance (SPG) document states that boroughs should establish a carbon dioxide off-set fund and identify suitable projects to be funded. The SPG provides a preliminary level of guidance to boroughs on carbon offsetting however boroughs are ultimately responsible for the structure and management of their individual schemes.
- 1.3 Existing London Plan policy was prepared in expectation of the establishment of a national zero carbon homes and associated 'allowable solutions' framework which the national government is no longer progressing. As such, for the short to medium term it is likely that carbon offset funds established by borough's will remain the only manner for securing carbon offset funding where development is unable to viably or feasibly meet carbon dioxide emissions reduction targets on-site. As such there is a need to gain a more detailed understanding of the diversity of approaches London boroughs are currently taking to carbon offsetting in order to best inform any future GLA actions in this policy area. This work forms the first stage of the information-gathering and data analysis of this process.
- 1.4 The cost to complete the first stage of this work is £35,000. This will be funded from the Environment units 2015-16 programme budget for Energy Engineering
- 1.4 The cost to complete the first stage of this work is £35,000. This will be funded from the Environment units budget carried forward from 2014-15 for Energy Engineering Support
- 1.5 Section 4.1 of the GLA's Contracts and Funding Code ("Code") requires where the expected value of a contract for services is between £10,000 and £150,000, an advertised tender exercise to be conducted or such services to be called off from an accessible framework. The tender exercise will include a minimum of three quotes to show value for money and competitiveness. A full invitation to tender is not required for the value of this service being required.

#### **Why this approach?**

- 1.6 Existing London Plan policy was prepared in expectation of the establishment of a national zero carbon homes and associated 'allowable solutions' framework which the national government is no longer progressing. As such, for the short to medium term it is likely that carbon offset funds established by borough's will remain the only manner for securing carbon offset funding where development is unable to viably or feasibly meet carbon dioxide emissions reduction targets on-site. As such there is a need to gain a more detailed understanding of the diversity of approaches London boroughs are currently taking to carbon offsetting in order to best inform any future GLA actions in this policy area. This work forms the first stage of the information-gathering and data analysis of this process.
- 1.7 As the London Plan's carbon reduction targets become progressively tighter, the technical and financial limits to achieving on-site carbon reductions maybe reached meaning off-site measures

such as carbon offset payments will need to play an increasingly important role in meeting the Mayor's targets Up to this point (in expectation of a national allowable solutions framework being established in 2016) the GLA has allowed London borough's significant scope to determine their own carbon offsetting arrangements.

1.8 Given the abandonment of zero carbon homes and allowable solutions in the short to medium term it is likely that carbon offset funds established by borough's will remain the only manner for securing carbon offset funding where development is unable to viably or feasibly meet carbon dioxide emissions reduction targets on-site. As such there is a need to gain a more detailed understanding of the diversity of approaches London boroughs are currently taking to carbon offsetting in order to best inform any future GLA actions in this policy area and the potential need to provide further guidance to boroughs.

## 2. Objectives and expected outcomes

2.1 The objective of this project is to deliver a report which details the different carbon offsetting arrangements currently being applied by London local authorities, and provides recommendations around where further GLA guidance or other intervention could be of most value in relation the application of carbon offsets in London.

2.2 This report will be required to:

- Be based upon information sourced through both primary responses from boroughs and desktop research.
- Provide analysis of common themes across boroughs about what is working well, common challenges, knowledge gaps and issues.
- Based on the above analysis, include recommend areas where the GLA could develop further guidance in this area.

## 3. Equality comments

3.1 This decision relates to research to support the preparation of guidance to support implementation of the London Plan. The London Plan has undergone a full examination in public process including an integrated impact assessment. This project relates to the provision of guidance to support the implementation of existing adopted London Plan policy and will not have negative equalities impacts as it is a research and information gathering process.

## 4. Other considerations

A) Key risk:

Risk	Measures to reduce risk
Tendering process is unsuccessful	<ul style="list-style-type: none"> <li>• A Senior Policy and Programme Officer will work an appropriate tender process of a minimum of three quotes.</li> </ul>
The EPS tendering exercise may not be awarded in time for the end of the financial year deadline	<ul style="list-style-type: none"> <li>• The three quotes can be obtained within 7-10 days of sending the invitation to quote.</li> <li>• A full ITT is not needed for this value.</li> <li>• Awarding the contract under the purchase order terms and conditions will ensure a fast turn around.</li> </ul>

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## 5. Financial comments

- 5.1 Assistant Directors approval is being sought to award a contract costing up to £35,000 for services to prepare a report which details the different carbon offsetting arrangements currently being applied by London local authorities, and provides recommendations around where further GLA guidance or other intervention could be of most value in relation to the application of carbon offsets in London.
- 5.2 The cost of this work will be funded from the Environment teams existing 2015-16 programme budget on Energy Engineering and will all be spent this financial year (2015-16).

## 6. Planned delivery approach and next steps

Activity	Timeline
Delivery Start Date [for project proposals]	22 February 2016
Delivery End Date [for project proposals]	6 May 2016

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

**Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:**

**Is the publication of Part 1 of this approval to be deferred? NO**

If YES, for what reason:

Until what date: (a date is required if deferring)

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Mark A Roberts has drafted this report in accordance with GLA procedures and confirms that the Finance and Legal teams have commented on this proposal as required, and this decision reflects their comments.

✓

**HEAD OF GOVERNANCE AND RESILIENCE:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature:**



**Date:**

29.02.16

