



Democratic Services

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To: COUNCILLOR JONATHAN BIANCO
CABINET MEMBER FOR PROPERTY, HIGHWAYS
AND TRANSPORT

COUNCILLOR MARTIN GODDARD
CABINET MEMBER FOR FINANCE

c.c. All Members of the Property, Highways and Transport Select Committee
c.c. Nicola Wyatt, Central Services Directorate
c.c. Ian Thynne, Central Services Directorate

Date: 3 April 2024

Non-Key Decision request

Form D

NEW ALLOCATION OF S106 CONTRIBUTIONS 2024/25: HILLINGDON CIVIC CENTRE DECARBONISATION PROJECT

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 Thursday 11 April 2024** 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 2024/25: Hillingdon Civic Centre Decarbonisation Project

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 Property, Highways and Transport/ Cabinet Member for Finance

NEW ALLOCATION OF S106 CONTRIBUTIONS 2024/25: HILLINGDON CIVIC CENTRE DECARBONISATION PROJECT

Cabinet Member(s)	Councillor Martin Goddard Councillor Jonathan Bianco
Cabinet Portfolio(s)	Cabinet Member for Finance Cabinet Member for Property, Highways and Transport
Officer Contact(s)	Nicola Wyatt - Central Services Ian Thynne - Central Services
Papers with report	Appendix A – Details of S106 carbon offset contributions

HEADLINES

Summary	To seek approval to allocate funds from the s106 Carbon Offset Fund towards the implementation of Hillingdon Civic Centre Decarbonisation Project.
Putting our Residents First	The report supports the Council objectives of strong financial management.
Financial Cost	This report seeks to allocate £2,620,910 from identified s106 carbon offset contributions held by the Council towards the implementation of a scheme to improve the energy efficiency of Hillingdon Civic Centre as outlined in the report.
Relevant Select Committee	Property, Highways and Transport
Relevant Ward(s)	Not applicable

RECOMMENDATION

That the Cabinet Member for Finance and the Cabinet Member for Property, Highways and Transport approve a total of £2,620,910 from the s106 carbon offset contributions held by the Council is allocated and used towards the implementation of Hillingdon Civic Centre Decarbonisation Project

Reasons for recommendation

In accordance with the Council's Constitution, the allocation of Section 106 (s106) and Section 278 (s278) funds is required to be formally approved by the Cabinet Member for Finance on a case-by-case basis – and any capital release, in conjunction with the relevant Cabinet portfolio

holder. This report requests the approval for the s106 funds held at the case references detailed in this report to be committed as outlined in this report.

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. 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.

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.

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.

Proposed allocation

6. The Council currently holds S106 carbon offset contributions totalling £6,965,072 (figs as at 31/12/2023). Officers are requesting that £2,620,910 from this fund is allocated and spent towards a programme of works to improve the energy efficiency of the Civic Centre. Details of the S106 contributions to be allocated are contained in Appendix A.

7. If this allocation is approved, it will leave a balance of £4,344,162 in the fund available to be allocated towards other eligible schemes.

8. The approved works to the Civic Centre are outlined in paras 10-15 below and form part of a wider programme of initiatives to decarbonise public buildings in Hillingdon to be carried out over a two-year period (2023/24 to 2024/25).

9. The carbon savings associated with the project have been calculated as 766tCO₂/annum. The scheme has been assessed by the Head of Environmental Specialists who has reviewed the technical evidence provided for the project and concluded that the measures as described would be capable of generating savings commensurate with the level of S106 Carbon offset funding requested. This assessment follows a technical appraisal of the Public Sector Decarbonisation Scheme. This technical appraisal constituted a review of as each of the design stages of the project development to ensure oversight to satisfy the requirements of the wider PSDS project. This independent technical assessment has informed the internal review of the S106 compliance.

Proposal – Implementation of Hillingdon Civic Centre Decarbonisation Project

10. The London Borough of Hillingdon (LBH) has already reduced carbon emissions from their estate by 40% over the last 10 years and this project is the next step in delivering their challenging 2030 Net Zero Carbon commitment.

11. The proposed works to the Civic Centre form part of the Public Sector Decarbonisation Scheme (PSDS) which will help significantly reduce LBH carbon emissions from key emitters; the assets identified in the scheme are the Uxbridge Civic Centre, Hillingdon and Highgrove leisure centres and the Winston Churchill Theatre. The project involves the installation of an extensive number of Energy Conservation Measures (ECMs) and innovative design solutions that will reduce LBH's reliance on gas heating whilst also reducing the sites' energy demand.

12. The main focus of the project is to achieve significant carbon savings so that the project is compliant with the Public Sector Decarbonisation Scheme (PSDS) grant application totalling £13,751,385 that has been awarded to LBH by the Department for Energy Security and Net

Zero. The key ECM that contributes to this carbon reduction is the installation of Air Source Heat Pumps (ASHP). However, other ECMs and site upgrades have also been identified that complement, and facilitate, the installation of ASHPs and therefore contribute to the significant energy and carbon savings possible across the sites.

The project will deliver:

- Significant reduction/removal in annual gas energy use.
- Upgrades to ageing energy infrastructure.
- Extended life and optimised operation of existing equipment.
- Improved comfort levels for staff and building users.
- Carbon savings at a lower cost of £325/teCO2 for PSDS funded activities.

The following table summarises the renewable energy and energy efficiency technologies that are being installed as part of this project:

ECM Description	Civic Centre	Hillingdon Leisure Centre	Highgrove Leisure Centre	Winston Churchill Hall
LED (new fitting)				
Solar PV	✓	✓	✓	✓
Double Glazing			✓	✓
Secondary glazing	✓			
Cavity wall insulation (CWI)	✓			✓
Loft insulation	✓			✓
BMS (remotely managed)				✓
Air source heat pump (ASHP)	✓	✓	✓	✓
Draught lobby (internal)			✓	
Ventilation - distribution	✓			

13. LBH identified the Civic Centre as a key building to secure the grant funding for the project. As a listed building, built in the 1970s, the current energy performance is considered very poor and outdated. Single glazing, poor insulation and an outdated heating system contributes to a large carbon footprint and associated high energy costs. It is anticipated that the proposed works will significantly improve the carbon performance of the building.

14. The total cost of the approved works to the Civic Centre is £8,841,410 for which capital release has already been approved (Cabinet Decision 25/05/2023). The works will be funded by £6,220,500 grant funding available from Phase 3b of the PSDS and £2,620,910 from S106 carbon offset contributions. The allocation of S106 funds towards capital financing of the scheme will ensure the effective utilisation of the PSDS grant allocation and reduce the call on Council resources to deliver the project.

15. In terms of carbon saved, it is difficult to fully determine the ratio (tCO2/annum:cost) associated with the S106 contribution. This because the funding is split between two funding streams so identifying the specific element related to S106 funding is not possible. On the whole,

the PSDS project equates to a saving of approximately £360/tCO₂ saved per annum. However, within the project are a number of energy saving measures with varying degrees of efficacy. Elements of the scheme, for example the ASHPs will have higher degrees of pay back. Consequently, the release of S106 funds is considered appropriate and acceptable for this project while noting the wider public benefits of the expenditure linked to refurbishing a listed building and modernising an otherwise outdated building. The full details of the s106 contributions to be used are set out in Appendix A.

Financial Implications

The report requests the allocation of £2,621k from twenty-five carbon offset S106 contributions as detailed by way of the attached Appendix A.

The S106 contributions are to be used towards the implementation of the Council's Carbon Decarbonisation project, specifically the Civic Centre. The total cost of the project is £19,542k including fees and contingency, consisting of four Council sites, the largest of which is the Civic Centre at £8,841k. The project is financed from various funding streams comprised of Capital grant funding of £13,751k and Council resources of £5,971k.

The cost of the project of £19,542k has been released in 2023/24 from the Public Sector Decarbonisation Fund 3c Carbon Initiatives Project capital budget.

The approval of £2,621k S106 will contribute towards financing of the scheme 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 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 carried out or required

Not required.

CORPORATE CONSIDERATIONS

Corporate Finance

Corporate finance concurs with the financial implications above, noting that the allocation of £2,621k S106 monies as carbon offset contribution is in accordance with the schemes detailed above, which will deliver carbon reduction savings. The S106 contribution will also reduce the cost of £5,971k, the element of the total project cost of £19,542k which is to be financed from Council resources. The £19,542k was the subject of a separate capital release report which has been approved for release from the approved 2023/24 Carbon Initiatives capital budget.

Furthermore, Corporate Finance notes, that this investment is in line with the Council's commitment to becoming carbon neutral by 2030 and investing in energy saving measures to reduce carbon across the property portfolio. The reduction in energy consumption will help mitigate cost pressures on energy budgets.

Legal

Legal Services have considered the content of the Section 106 agreements referred to in this report and concludes that the recommendation presented is consistent with the terms of the respective agreements.

Infrastructure / Asset Management

There are no additional Infrastructure / Asset Management implications arising from the recommendations in this report that have not already been addressed, and we confirm agreement with the above proposals.

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 2014.

Report to Cabinet: Carbon Initiatives Programme – Civic Centre and Public Buildings Decarbonisation Initiatives Programme 2023/24 to 2024/25 – Utilisation of Public Sector Decarbonisation Fund (PSDF) 3C grant allocation and Capital Funding Release 2 (approved 25/05/2023)

APPENDIX A

Details of funds from S106 carbon Offset Contributions to be allocated towards the Civic Centre Decarbonisation Project.

	S106 REF.	PLANNING REFERENCE	ALLOCATION
1	PT/207/423A	1 Nobel Drive, Harlington, Hayes 46214/APP/2014/2827	12,600.00
2	PT/214/430A	Randalls 7-9 Vine St, Uxbridge 41309/APP/2016/3391	33,304.30
3	PT/216/427A	Waterloo Wharf, Waterloo Road, Uxbridge 43016/APP/2016/2840	31,182.67
4	PT/222/434A	30-32 Blyth Road, Hayes 68974/APP/2018/2146	118,999.07
5	PT/228/441A	297 Long Lane, Hillingdon 4860/APP/2018/3719	34,705.45
6	PT/231/429H	Fmr Nestles Factory, Nestles Avenue, Hayes 1331/APP/2017/1883	493,591.43
7	PT/237/551A	51 Belmont Road, Uxbridge 34151/APP/2019/1179	23,400.00
8	PPR/104/355B	Formr EMI Site, Dawley Rd, Hayes 8294/APP/2015/1406	155.31
9	E/93/326	Prologis Park, Stockley Road, Hayes 18399/APP/2013/3449	21,789.00
10	E/120/403C	Fmr Hayes Swimming Pool, Botwell Lane, Hayes (Lidl) 1942/APP/2015/4127	9,900.00
11	E/124/411B	Harefield Place, The Drive, Ickenham 1257/APP/2015/3649	18,310.23
12	E/144/447A	Acol Early Learning Centre, Ruislip 67607/APP/2017/4627	42,624.00
13	EO/001/554D	Chailey Industrial Estate, Pump Lane, Hayes 2102/APP/2018/4231	59,020.78
14	EO/002/566	15-17 High Street, Ickenham 57069/APP/2018/1779	20,528.97
15	EO/003/569C	579-583 Uxbridge Road, Hayes. 72470/APP/2016/4648	30,290.05
16	EO/004/571A	Land East of London School of Theology, Green Lane, Northwood 10112/APP/2019/1244	21,552.30
17	EO/005/572A	15 Green Lane, Northwood 68153/APP/2019/1319	15,638.70
18	EO/006/537D	GSK Stockley Park, Iron Bridge Road, West Drayton 39207/APP/2020/2183	191,456.99
19	EO/007/537D	Stanford House, 9 Nestle Avenue, Hayes 51175/APP/2020/2543	95,681.70
20	EO/008/577A	19-22 Chippendale Waye, Uxbridge 67544/APP/2019/1978	17,189.49
21	EO/009/578A	Woodbridge House, New Windsor Street 20590/APP/2017/3413	10,765.25
22	EO/010/568E	The Crane PH, Watersplash Lane, Hayes 11026/APP/2018/3361	38,692.93
23	EO/011/558D	Land at Bulls Bridge Industrial Estate, North Hyde Gardens, Hayes 75111/APP/2020/1955 & 75111/APP/2022/1007	101,020.29
24	EO/012/561D/	Bourne Court site, Bourne Court, Ruislip 11891/APP/20193525	233,320.40
25	EO/019/585A	Unit D, Prologis Park, Stockley Road, West Drayton. 18399/APP/2022/411	945,191.00
		TOTALS	2,620,910.31