
Mayor of London Carbon Offset Funds - what are they and how are they used?

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The Mayor of London has declared a climate emergency and has set an ambition for the city to be a zero carbon city by 2050.

The National Planning Policy Framework (NPPF) makes clear that the planning system has an important role in the transition to a low carbon future and that 'radical reductions' in greenhouse gas emissions are needed. The Mayor's new draft London Plan has established a net zero carbon target for all major development building on the existing target for all homes to be zero carbon, which has applied since October 2016.

All major developments are expected to maximise on-site carbon reductions, achieving a minimum of a 35% carbon reduction beyond current Building Regulations. Developers should aim to get as close to zero carbon on-site as possible but where this is not technically possible or viable, then the remaining emissions should be offset. To offset, developers can make a cash-in-lieu contribution to a Local Planning Authority's (LPA) carbon offset fund, which are secured through section 106 agreement contributions. LPAs are required to establish these funds which are ring-fenced for spending on carbon saving projects in the LPA known as a Carbon Offset Fund.

Since 1 October 2016 until November 2019 more than **£50 million** in Carbon Offset Funds have been raised by London Councils through section 106 agreements (source: [London Mayor's Carbon Offset Funds Survey Results 2019](#)). The data shows that only 43% of the carbon offset funds collected have currently been spent.

Examples of how these funds have been used by local Councils include:

- Upgrading energy efficiency in Council-owned buildings;
- Retrofitting the Council's housing stock to make homes energy efficient and making all new domestic developments net-zero carbon;
- Investing in low emission, hybrid and electric vehicles for the Council's fleet, from bin lorries to housing and parks maintenance cars; and
- Developing more community energy schemes.

Merton Council has spent almost 2/3's of their cash collected on funding solar panels on two schools, a day Centre, a park and a city farm. The Council's remaining funds have been allocated to [Retrofit Works](#), a non-profit coordinating the installation of large-scale energy saving measures in homes.

The allocation of public funds collected through planning agreements will play a large role in the tackle to combat climate change. As boroughs across the UK declare climate emergencies it is likely that similar policies to the Mayor of London's will be introduced across the country. These policies will become a key consideration in any planning consent. If you would like to discuss the implications of the changes please contact us.

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