Carbon Offset Funds: Monitoring Report 2022

MARCH 2024

Contents

Summary

Carbon offset funds provide a source of funding for carbon reduction projects across London in support of net zero ambitions across London. The London Plan requires Local Planning Authorities (LPAs) to monitor and report annually on the operation of their carbon offset funds. This report summarises the value of funds, expenditure, types of projects funded, and the governance and monitoring arrangements in place, and concludes with recommendations for LPAs.

Overall, there has been a noticeable increase in the value of LPA's carbon offset funds since the 2021 Carbon Offset Funds Monitoring Report. The level of expenditure has increased as well, meaning more funds allocated to carbon reduction projects across London.

We expect to see this good progress to continue into 2023 as LPAs align their offset fund expenditure with their responses to the climate emergency.

These latest results show a positive response to the Mayor's 2021 recommendations across funding projects, monitoring, reporting and governance. For example, there has been almost double the number of LPAs combining or intending to combine offset payments with other sources of funding to maximise their impact since 2021.

Since 2016 the Mayor's carbon offsetting policy has realised around **£243m across London to support activities that tackle the climate emergency.**

Of this £243m, £88.5m has been collected during the 2022 survey period.

An 87 per cent increase in the total amount collected by LPAs compared to the amount reported in the 2021 survey.

26 of 35 LPAs have begun spending their carbon offset funds, compared to 21 in 2021. Some LPAs reported challenges in spending funds which are outlined on page 17.

Carbon offset fund expenditure has increased to £32.2m, representing a **67 per cent increase** compared to 2021.

Energy efficiency measures and **renewable energy projects** continue to be **the most popular across LPAs.**

Only one LPA reported that no funds had been collected so far, but it was able to show progress in collecting payments after the reporting period.

This report

During the second half of 2023, London's Local Planning Authorities (LPAs) responded to the Greater London Authority's carbon offset fund survey. This survey is issued annually to monitor how the offsetting policy is delivered, the value of these funds and how they are being spent.

London's 35 LPAs include:

- **the 32 London boroughs**
- **the City of London Corporation**
- **the London Legacy Development Corporation (LLDC) in east London, and**
- **the Old Oak & Park Royal Development Corporation (OPDC) in west London.**

▲ Old Oak & Park Royal Development Corporation

● London Legacy Development Corporation

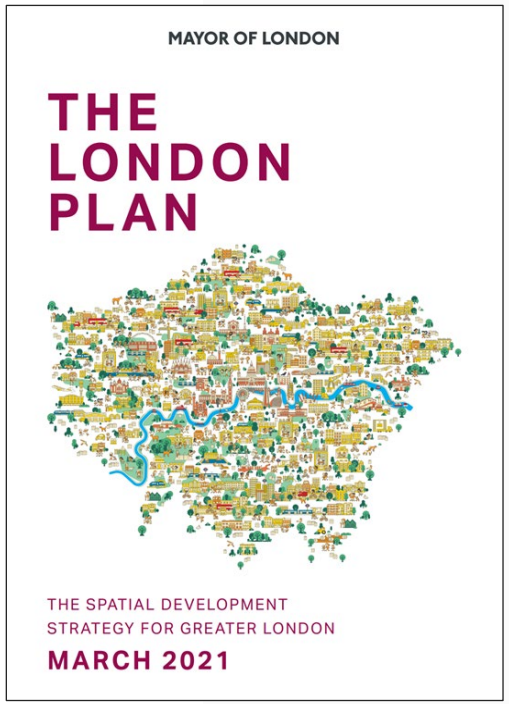
Introduction

The role of the planning system in the climate emergency

The London Plan

The **London Plan** is the Spatial Development Strategy for Greater London. It **sets out a framework for how London will develop over the next 20-25 years** and the Mayor's vision for Good Growth.

The Plan is part of the **statutory development plan for London**, meaning that the policies in the Plan should **inform decisions on planning** applications across the capital.



The London Plan is **legally part of each of London's Local Planning Authorities' Development Plans** and must be taken into account when planning decisions are taken in any part of Greater London.
All Development Plan Documents and Neighbourhood Plans have to be **'in general conformity'** with the London Plan.

Planning and Net Zero Carbon

The Mayor has declared a climate emergency and is aiming for London to be net zero carbon by 2030. The **planning system plays an important role** in our response to the climate and ecological emergencies by reducing carbon emissions, **integrating adaptation measures** and resilience to the impacts of climate change; **improving air quality** and ensuring all new developments aspire to the **highest sustainability standards**. Without this action, we will only add to the number of buildings that need to be retrofitted and at a greater cost and disruption.

The London Plan's net zero carbon target applies to **all major planning applications** and year on year is incentivising on-site carbon reductions **far beyond national building regulations.** This progress is reported on an annual basis through our publicly available energy monitoring reports.

The London Plan ensures new development is responding to the climate emergency by minimising emissions and implementing adaptation measures, ensuring resilience to climate change and reaching net zero by 2030.

Meeting the net zero carbon target

The London Plan requires all major developments* to achieve net zero carbon. There is a **minimum requirement for a 35 per cent on-site carbon improvement** on national Building Regulations.

In 2022, we saw an over 50 per cent saving in emissions from proposed new, referable developments when compared to the national Building Regulations. Further information is available in the 2022 Energy Monitoring Report.

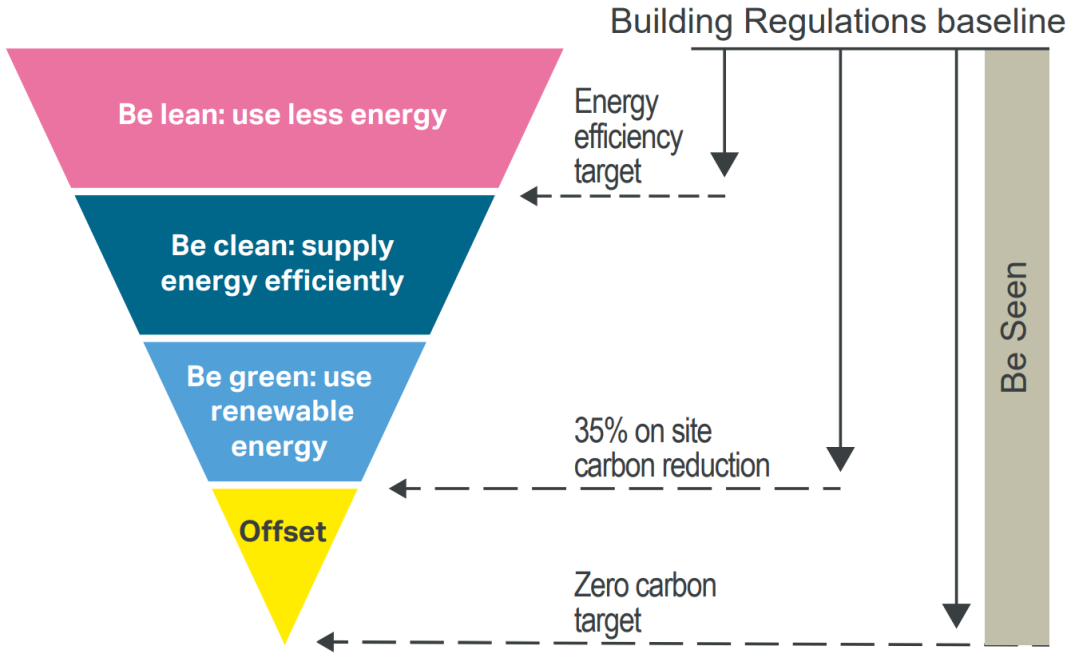
Once on-site carbon reductions have been maximised, the shortfall to zero carbon is offset by making a cash-in-lieu contribution into the relevant LPA's carbon offset fund.

To meet the target, planning applicants are expected to follow the energy hierarchy:

- **'Be Lean'** – use less energy
- **'Be Clean'** – supply energy efficiently and cleanly
- **'Be Green'** – maximise renewable energy
- **'Be Seen'** – monitor, verify and report energy performance

*Major developments are those with 10 or more units and those with >1000 m^2 of floorspace, not just those referred to the Mayor

The Energy Hierarchy



Planning applicants are expected to maximise savings on-site before paying to offset residual carbon emissions.

Carbon offset funds

Until approaches and technologies improve to allow further on-site carbon reductions, **carbon offset funds allow developers the flexibility to meet the London Plan net zero target**. The carbon offset payment is secured through a Section 106 agreement.

Funds are collected by LPAs and are **ring-fenced for carbon reduction projects** in the respective LPA. It is important that these funds are used effectively as part of an LPA's response to the climate emergency.

The Mayor's **recommended carbon offset price is £95/tonne CO_2**. Alternatively, LPAs can apply their own locally-set cost of carbon.

Offset funds play an important role in funding carbon reductions from existing buildings, which can be more challenging compared to new buildings.

Local Planning Authority Responsibilities

All LPAs are required to:

- **Collect carbon offset payments** for any major development with a carbon shortfall.
- **Set up a carbon offset fund** – this includes developing a pipeline of projects to invest in.
- **Establish a carbon offset price** or use the GLA's recommended price.

Further details are available in the **GLA's Carbon Offset Fund Guidance** (referred to as 'the guidance' for the remainder of this document) which can be found here.

Results

Total value of carbon offset funds

Total cumulative value of carbon offset funds secured or collected since 2016: £242,749,581

The total value of an LPA's carbon offset fund is dependent on:

- the **number of planning applications** the LPA has received
- the carbon **offset price** used
- the **difference between on-site carbon reductions and net zero carbon** for each qualifying major development, and
- **when LPAs collect payments** i.e. at planning approval, commencement on-site or post-construction.

The amount secured refers to the **value of payments secured by legal agreement with developers**, to be collected in future. The amount collected refers to the **value of payments received by the LPA,** available to spend on carbon offset projects. **Collection of payments can take several years** depending on when the LPA has elected to collect payments (see page 13).

One LPA didn't respond to the survey – we have assumed values for this LPA are unchanged from 2021.

Total amount secured by legal agreement (but not yet collected)

£154,245,456

Total amount collected

£88,504,125

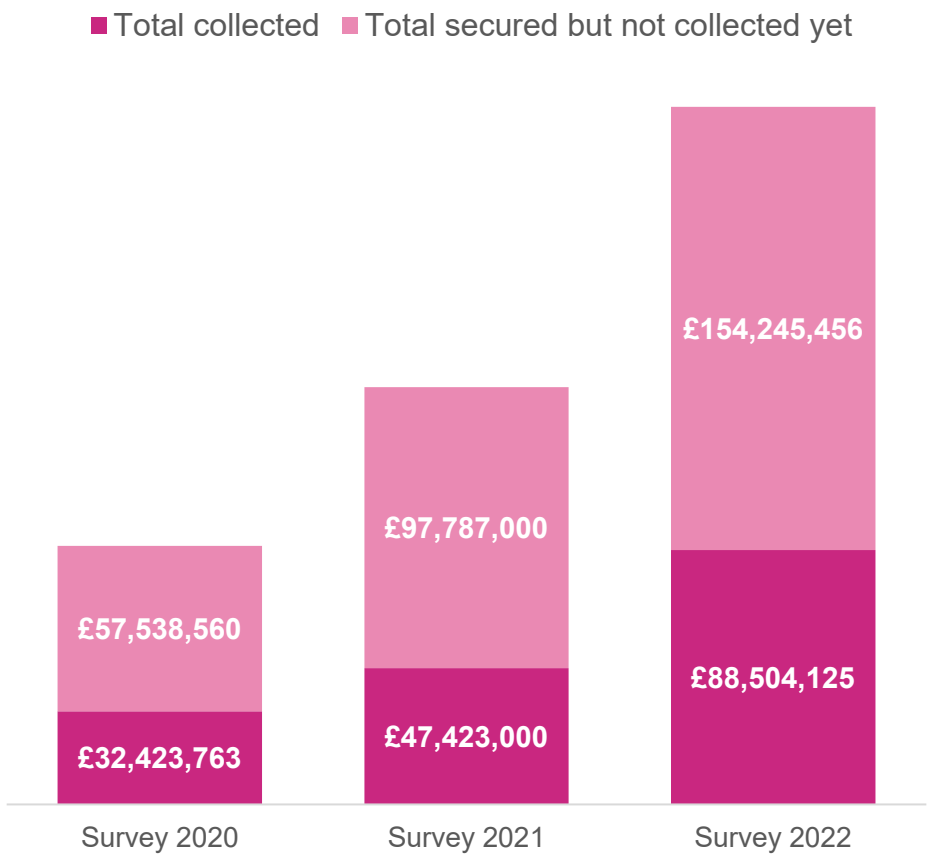
Total value of carbon offset funds since 2020

An additional £97.5 million has been collected or secured for collection compared with the 2021 carbon offset survey period, representing a **67 per cent increase**. This shows a steady progress in securing and collecting carbon offset payments over the last few years by LPAs with the most significant increase in 2022 compared to the two previous years.

This data represents the amounts collected since London's net zero carbon homes policy came into effect in 2016. As of 2021, the **net zero carbon target also applies to major non-residential developments,** and they are now making offset payments accordingly.

The table on the following page provides a breakdown of these carbon offset payments by LPA.

LPAs reported a total increase of £41,081,040 in the amount collected, an 87 per cent increase from 2021.



Breakdown of carbon offset payments by LPA

Local Planning Authority	Total amount collected[1]	Total amount secured by legal agreement (but not yet collected)[1]
Barking & Dagenham	£312,265	Data not available[2]
Barnet	£1,458,779	£5,456,618
Bexley	£420,320	£257,356
Brent	£4,179,677	£3,528,692
Bromley	£983,357	£3,368,296
Camden	£3,466,648	£4,384,097
City of London Corporation	£777,987	£18,800,000[3]
Croydon	£2,685,546	£4,655,878
Ealing	£5,247,442	£10,935,119
Enfield	£336,126	£4,655,878
Greenwich	£1,184,633	£10,935,119
Hackney	£1,726,574	£561,216
Hammersmith & Fulham	£1,213,847	£2,356,270
Haringey	£1,754,393	£5,736,084
Harrow	£1,453,464	£3,945,694
Havering	£896,862	£4,824,364
Hillingdon	£5,680,183	Data not available
Hounslow	£2,516,810	£2,612,620
Islington	£10,754,780	£3,936,942
Kensington & Chelsea	£700,000	£1,512,923
Kingston	£1,018,397	£1,771,315
Lambeth	£607,438	£4,480,231
Lewisham	£2,060,399	£2,060,399
London Legacy Development Corporation	£2,172,580	£771,598
Merton	£796,020	£1,899,746
Newham[4]	£1,536,315	£4,749,102
Old Oak and Park Royal Development Corporation	£0	£0[5]
Redbridge	£6,283	£3,233,800
Richmond on Thames	£326,502	£1,584,157
Southwark	£8,065,450	£13,993,615
Sutton	£126,186	£744,311
Tower Hamlets	£13,687,368	£17,413,822
Waltham Forest	£2,945,375	£9,679,696
Wandsworth	£2,022,268	£6,052,826
Westminster	£5,383,851	£6,018,229
Total	**£88,504,125**	**£154,245,456**

[1] Between 1/10/2016 and 31/07/2022, however some LPAs provided totals to 2023.
[2] Barking and Dagenham determines and collects offset payments at development completion.
[3] City of London provided a forecast estimate, as payments are determined on completion.
[4] Newham did not provide data for 2022, values in the table are taken from 2021 results.
[5] OPDC determines and collects offset payments at development completion.

Collecting carbon offset payments

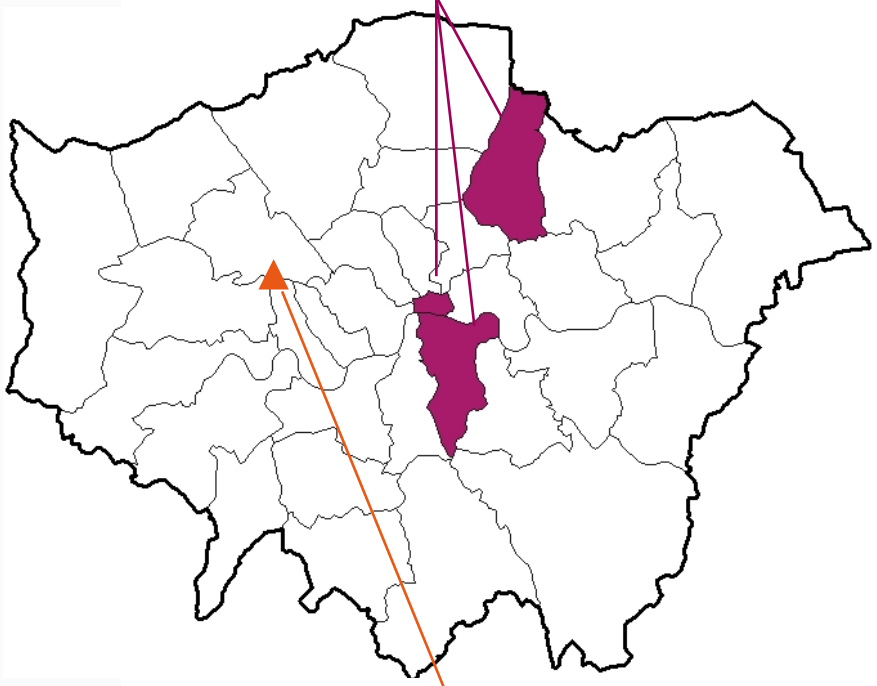
Most LPAs reported an increase in the amount collected or secured for collection since 2021. In 2022, amount collected and available for spending is 36 per cent of the total value of the fund (see page 15). The amount collected and secured fluctuates year on year as:

Some LPAs determine and collect their payments from developers post-construction (and estimate at planning stages), while others determine payments at planning stages and collect post construction. Most LPAs collect payment prior to commencement on-site, and some are negotiated case-by-case. Some LPAs determine and collect payments post-construction as an incentive for developers to improve on design stage calculations and pay a more accurate amount of offset.

Developers have three years to commence construction following planning approval, resulting in a period between payments being secured and payments being made.

Carbon Offset Funds are secured through Section 106 agreements.

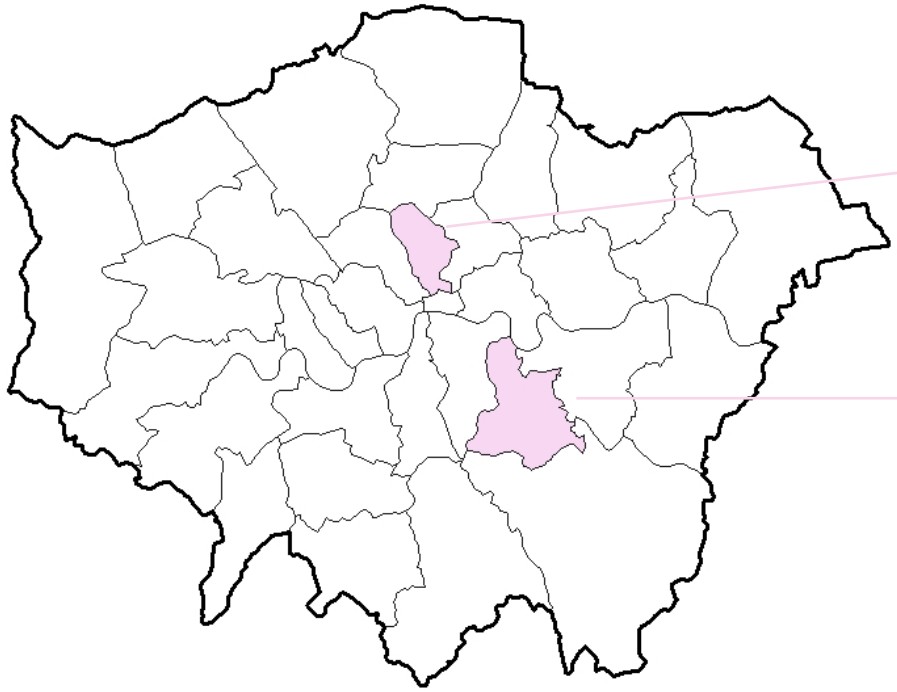
City of London Corporation, Waltham Forest and Southwark secured the most carbon offset funds in 2022.



Only one LPA reported that no funds have been collected so far, compared to two in 2021. This is because **OPDC**'s total payments are calculated and collected only when a development is completed.

Carbon offset price

The majority of LPAs reported using the **latest GLA-recommended** carbon offset price of **£95/tonne**, in line with the London Plan 2021. Two LPAs have adopted their own locally set price (see opposite).



Locally-set carbon offset prices

LPAs can develop, publish and keep under review their own carbon offset price based on the cost of offsetting carbon emissions locally, instead of using the GLA-recommended price. In 2022, two LPAs reported having done so:

Islington

Uses £95/tonne for major developments. Carbon offset payments for small sites are £1,000 per new build flat and £1,500 per new build house.

Lewisham

Commissioned a study to assess the likely costs of offsetting carbon emissions for a range of policy scenarios and offsetting measures. As a result, a cost of £104/tonne/year (over a 30-year period) is used.

Carbon offset fund expenditure

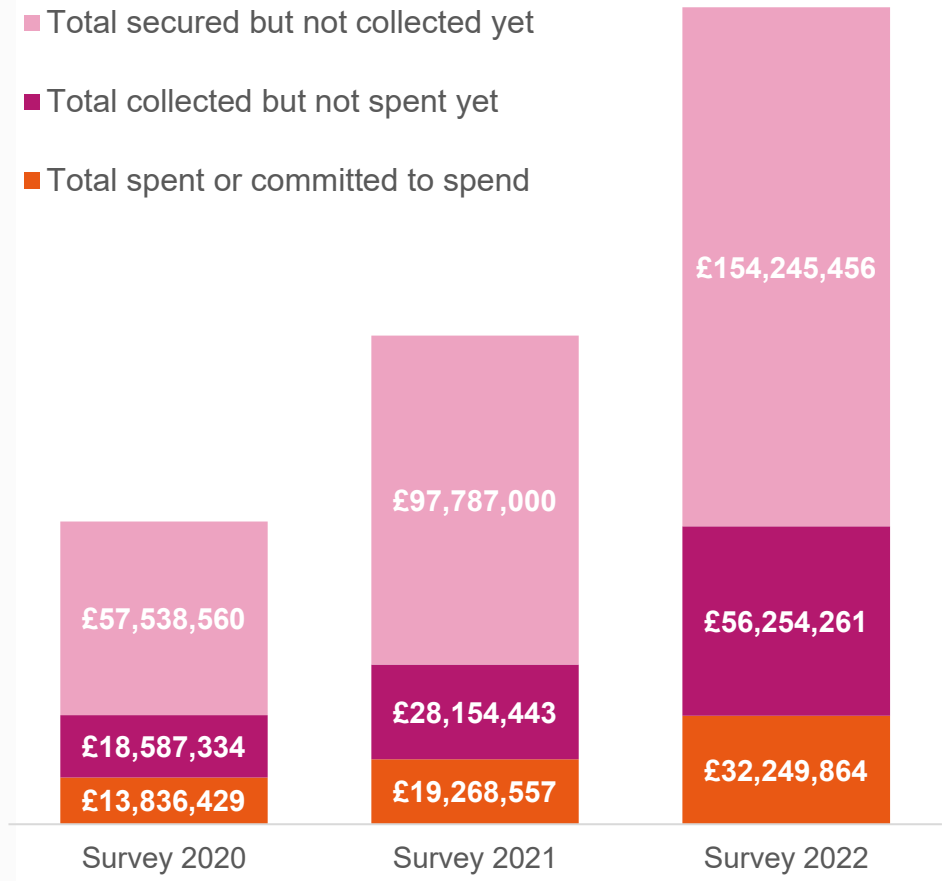
Total value of carbon offset funds spent or committed to spend since 2016: £32,249,864

An **additional five LPAs reported spending their carbon offset funds** compared to 2021, bringing the total to 26. We discuss the barriers they overcame on page 17.

There is important progress in terms of level of expenditure among LPAs with a **67 per cent increase from the previous year**, around **£13 million more** than was reported in 2021. The amount spent or committed to spend in 2022 is 36 per cent of the total amount collected by LPAs.

We expect progress to continue in 2023, aligning expenditure with LPA priorities set out in climate action plans.

Additional £13 million in offset expenditure since 2021



One LPA reported corrected figures for 2021.

Breakdown of carbon offset fund expenditure

The table lists the amount of offset funds spent or committed to projects – total committed expenditure – since 1 October 2016.

Positively, **most of the 9 LPAs that had not spent offset funds** during the reporting period stated they had **commenced spending and committing funding after the reporting period**.

It is important that LPAs continue to identify and fund new projects to spend their offset funds, to help deliver the carbon reductions needed across London.

LPAs should continue to find opportunities to co-fund projects from other funding sources and to use the guidance which includes information on how to identify projects, including investigating GLA programmes such as the Retrofit Accelerators for project development support. We are encouraged to see more LPAs co-funding projects. See page 18 for details.

LPAs should consider strategic opportunities to pool funds to meet sub-regional and/or London-wide net zero carbon objectives. Three LPAs reported that they are considering this.

Local Planning Authority	Total committed expenditure[1]
Barnet	£234,557
Bromley	£126,651
Camden	£488,986
City of London Corporation	£655,915
Croydon	£453,950[2]
Ealing	£3,656,451
Enfield	£340,187
Greenwich	£9,960
Hackney	£900,000
Hammersmith & Fulham	£125,296
Haringey	£910,000
Harrow	£214,382
Havering	£60,000

Local Planning Authority	Total committed expenditure[1]
Hillingdon	£357,844
Hounslow	£144,800[2]
Islington	£9,337,132
Kingston	£230,000[2]
Lewisham	£357,549
Merton	£95,087
Newham	£264,451[3]
Richmond on Thames	£151,510
Southwark	£1,188,799
Tower Hamlets	£9,500,000
Waltham Forest	£1,643,753
Wandsworth	£85,201
Westminster	£717,402
Total	**£32,249,864**

[1] Between 1/10/2016 and 31/07/2022, however some LPA provided totals to 2023.
[2] Reported a lower figure than 2021. (Croydon due to project underspend, Hounslow due to reporting committed spend in 2021 and spend in 2022 and Kingston due to reporting changes).
[3] Newham did not provide data for 2022, values in the table are taken from 2021 results.

Challenges for LPAs in spending funds

The 2022 survey has shown the impressive amount of activity and progress made by LPAs to collect and spend offset funds. However, **some LPAs did report facing challenges**:

Eight LPAs reported **identifying a suitable pipeline of projects** to fund as a barrier. This includes time to formulate ideas, delays in costing projects and working with partners.

Five LPAs reported a lack of staff resource and expertise to identify options and support projects (down from 6 in 2020).

Four LPAs reported that they were **waiting for a sufficient level of funding** to be collected to deliver a project of significant scale to justify the staff allocation.

One LPA highlighted a lack of internal governance structures as a barrier to spending funds, another reported that an administrative review of funds is underway.

LPAs reported ways they were overcoming these barriers, including upskilling staff to identify projects, undertaking strategic planning and reviewing administration of offset funding.

Non-payments and returns

LPAs have an important role in ensuring offset payments are collected from all relevant developments.

As reported in 2021, only one LPA confirmed they returned an offset payment to a developer. This was part of the review mechanism process that the financial covenant was subject to.

Off-site arrangements

Some developers use an alternative approach where LPAs agree they may undertake a project off-site to meet a shortfall in emissions instead of paying into an offset fund – four LPAs reported doing so in 2022.

As with projects funded directly from the carbon offset fund, any projects that are funded directly by a developer must be agreed with the LPA first. They should deliver carbon savings and should demonstrate additionality in line with the guidance.

Only 15 LPAs reported challenges in spending their funds, down from 16 in 2021.

Combining sources of funding

LPAs are encouraged to pair other sources of funding with their offset funds to maximise their impact. **Twenty-nine LPAs reported** that they are **supportive of co-funding** (up from twenty-eight in 2021).

Seventeen of these LPAs **reported that this is already happening** (up from thirteen in 2021), with many indicating Carbon Offset Funds are being combined with other LPA funds. It is important that the additionality of these projects can be demonstrated. The guidance gives more information on this.

Merton was able to access specific sources of funding due to the project being about sustainable transport.

Merton's EV charging infrastructure project

Merton's EV charging point infrastructure combined the following funding sources:

- £ Merton's internal Carbon Offset Fund
- £ Merton's sustainable transport Section106 funding
- £ Go Ultra Low City Scheme.

Sources of co-funding

- Energy Company Obligation (ECO)
- GLA's Warmer Homes
- Go Ultra Low City Scheme (GULCS)
- Green Homes Grant
- Heat Networks Delivery Unit (HNDU)
- Home Upgrade Grant (HUG)
- Mayor of London's Energy Efficiency Fund (MEEF)
- Mayor of London's Green Finance Facility
- Office for Zero Emission Vehicles (OZEV)
- Public Sector Decarbonisation Scheme (PSDS)
- Social Housing Decarbonisation Fund (SHDF)
- Salix

We encourage any LPAs who have not yet spent funds to begin investigating co-funding as a priority.

Types of projects funded

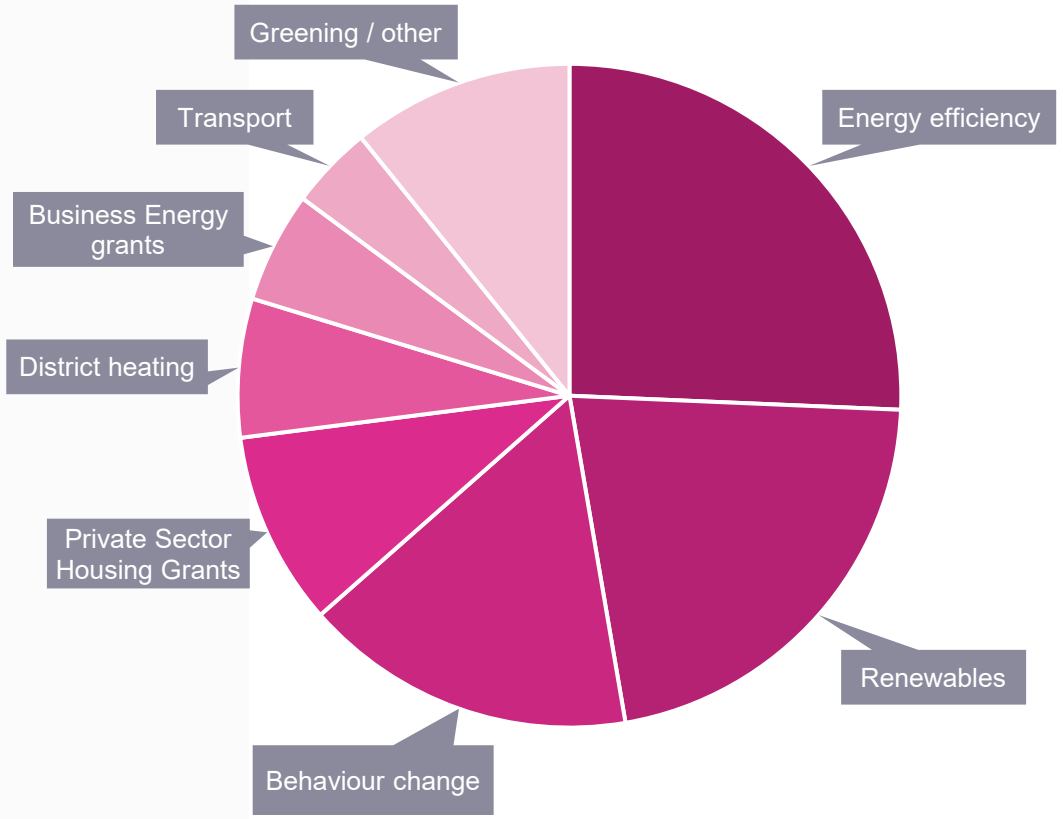
LPAs reported on the types of projects that have been, or will be, funded through their carbon offset funds. **The pie chart shows the main project categories which LPAs are targeting**, according to how many LPAs said they were funding each type of project.

Energy efficiency and renewable energy installations projects were the most **popular, primarily taking place in LPA corporate estates, housing** and **schools**. Behaviour change and education projects were also common. Five LPAs have chosen to fund district heating projects.

A small number of also LPAs have funded or are considering funding the development of Community Energy Funds, including Lewisham, Hackney, and Southwark.

We **recommend that funds are targeted towards energy efficiency, renewable energy and district heating projects** where solutions are readily available and commonly undertaken.

Projects with less tangible carbon savings (e.g. behaviour change), or improving resilience (e.g. tree planting, greening) can be funded but should not benefit from the majority of an LPA's fund. See the guidance for further details.



Case studies 1

City of London – Energy reduction programme

The City's Carbon Fund focuses on carbon reduction projects in the City Corporation's operational buildings to reduce the City's building related carbon emissions. Carbon reduction at these sites offers the widest community benefit and measures will deliver carbon reductions additional to those which could otherwise be achieved.

This project involved upgrading the lighting and ventilation systems at Tower Hill Coach and Car Park which aimed to reduce energy consumption, costs and carbon emissions. In addition to cost and carbon savings, the project will significantly reduce maintenance failures and costs for the site and prolong the life of the lighting and ventilation systems.

The carbon savings are estimated to be 56 tonnes annually, representing a 44 per cent reduction in the site's carbon emissions.

The project received £68,206 from the Council's Carbon Offset Fund.

Ealing – Decarbonising Ealing's leisure centres

Ealing applied for government funding through the Public Sector Decarbonisation Scheme for energy and carbon reduction installations across the borough, including three leisure centres. The council developed the required technical appraisals to support the application to install a new low carbon heating system. This will remove the use of gas on these sites, replacing failed boiler plant, CHP and air source variable refrigerant flow (VRF) systems.

The grant funding was insufficient to deliver upgrades at the three centres. To ensure the project's delivery, the council approved the use of carbon offset funding as the works meet the criteria for the this, as it relates to the built environment and tackling Ealing's climate strategy targets and wider priorities.

The total lifetime carbon savings is estimated to be 27,486 tonnes over a 30-year lifetime. The total project costs are £11,643,519.

The project received £803,332 from the Council's Carbon Offset Fund and £10,840,187 was sought from the Public Sector Decarbonisation Scheme.

Case studies 2

Enfield – Solar at Building BloQs

Building BloQs is a social enterprise in Enfield that provides maker space in a number of workshop buildings leased from the Council.

Building BloQs recently constructed a workshop suitable for installation of solar PV panels. The Council found that solar PV would reduce running costs and the carbon emissions of the facility, as well as reducing overheating of the internal space in the summer.

All works were carried out within the site, with no utilities work required. The installation is fully modular and simply fixed with clips to a mounting rail system, so is demountable if required.

The installed solar PV is estimated to generate approximately 100 MWh of energy per year, around a third of the annual energy use of the facility.

The carbon savings are estimated to be 23 tonnes annually.

The project received £60,000 from the Council's Carbon Offset Fund.

Croydon – Healthy Homes

Croydon Healthy Homes is an in-house service to help fuel poor households. Government figures estimate there are around 25,000 households in Croydon at risk of being in fuel poverty.

Croydon's objective is to provide a sustainable home energy support service for residents. Until 2019, the service was provided via external providers. The service was brought in-house from 2020. The first 3 year phase ended May 2023 and Council secured Carbon Offset funds to continue the service until end of May 2026.

Carbon savings will depend both on the external grants secured, and on receiving data back from the external scheme providers.

The carbon savings are estimated to be 191 tonnes annually.

For the period October 2020 to May 2023, the council's offset fund contributed £333k and leveraged £1.3m of external funding for delivered energy measures.

The project has received £656k from the Council's Carbon Offset Fund to deliver the service until May 2026.

Governance arrangements

Adequate governance arrangements should guide the delivery of the fund. LPAs should either establish a dedicated carbon offset fund or administer the funds through their Section 106 processes. The funds should be ring-fenced for the sole purpose of delivering carbon reduction projects.

Thirty LPAs reported that governance arrangements are in place (up from twenty-nine in 2021). The remaining LPAs reported that governance arrangements had not been established yet, pending an appropriate amount of funding being reached, to make it cost-effective to run.

Most LPAs are making use of existing processes rather than setting up new ones to manage their offset funds e.g. Section 106 monitoring and reporting processes. Some examples are presented opposite.

Setting up new governance arrangements is not necessarily required. Using existing processes is an efficient way to manage carbon offset fund decision-making.

This approach is recommended as it avoids establishing unnecessary governance arrangements and will prevent delays to approving offset projects.

Processes to manage funds

The Regeneration and Capital Programme Delivery Board at **Lewisham** meets every two months. The Board reviews all projects over £50k in value, subject to a 'Project Initiation Document'. Lewisham's Section 106 Overview meeting is held every 6 weeks and reviews projects less than £50k.

Wandsworth's Energy and Sustainability team create a shortlist of projects, discuss projects with planning and finance, and complete the Section 106 forms. Allocation of budgets for decarbonisation funding within the Council, which includes the carbon offset fund, is covered by the Decarbonisation Programme Board. The Board meets monthly and is made up of key Council stakeholders including Energy and Sustainability, Finance, Facilities Management, Climate Change Policy, and Project Management Office teams.

Redbridge has leveraged existing governance arrangements for directing, monitoring, regulating and reinforcing Section 106 contributions. Projects seeking funding are considered and agreed through the Council's existing annual budget setting process – where Cabinet reviews the proposed projects and, following Council approval, are then included on the capital works programme.

Project auditing

All offset **projects must be able to demonstrate that they will save carbon** before they are funded and that these savings will occur post-installation. Thirty-four LPAs responded to the question concerning how projects are audited to ensure that carbon savings have occurred.

Twenty-two LPAs confirmed that **carbon savings will be verified post-installation, with six** stating they are working to establish auditing procedures**.**

Ten LPAs reported that they do not currently have or require an auditing process. The reasons include auditing not being required yet and insufficient resources.

Carbon savings should be verified post-installation through monitoring and evaluation. Project monitoring plans should be prepared for each project funded, requiring a final report detailing the work carried out and estimated resulting carbon savings to be achieved over the lifetime of the project.

If auditing arrangements are not already in place, we recommend working with other LPAs and London Councils to learn more about how best to implement this. For example, using LPA climate plan auditing processes.

Example of how LPAs audit projects are described here.

Waltham Forest

Project managers are required to report on annual carbon savings for 5 years post-implementation as part of the Funding Agreement. This may also require reporting on other parameters depending on the type of project e.g. output of solar PV generation or number of EV charge point users. Applicants are asked for evidence once projects are completed e.g. photos of installed measures. Applicants are also audited during the first-year post-implementation.

Richmond upon Thames

All projects are monitored post-completion as per the Council's 'Energy and Carbon Monitoring Plan'. This involves monitoring key technologies and parameters based on the type of project. The Council also sets the frequency of monitoring depending on the project. The Council collects and analyses this data, benchmarks the data to baseline figures, reports on the monitoring activities, develops corrective actions and continuous improvement, and engages with stakeholders via summary reports.

Conclusions and recommendations

Conclusions

2022 saw a scaling up in activity.

The amount of carbon offset funding secured and collected (67 per cent) and spent (67 per cent) on carbon saving projects has increased significantly. In most LPAs, funding is delivering cost and carbon savings through diverse local projects.

More LPAs are spending offset funds.

26 LPAs have begun spending carbon offset payments, compared to 21 in 2021. The remaining LPAs will begin spending shortly, with most doing so after the reporting period. Only 36% of the total collected by LPAs has been spent or allocated – we encourage LPAs to focus on efficient allocation of carbon offset funds.

Energy efficiency and renewable energy projects are the focus.

In 2022, 20 LPAs had a list of projects to fund, while eight reported delays in identifying and costing projects as a barrier to their spending. We encourage all LPAs to identify projects that align with their climate action and adaptation plans, using the case studies in this report and in the guidance.

Carbon savings are measured and verified in different ways.

LPAs are using various approaches to monitoring and auditing their projects – some reported contract requirements are used to confirm carbon savings. A monitoring plan with measurement and verification should be part of each project's evaluation, with project owners required to confirm the carbon savings achieved post-installation. If auditing arrangements are not already in place, we recommend working with other LPAs and London Councils to learn more about how best to implement this.

LPAs are leveraging co-funding.

Co-funding is now being used or explored by more LPAs than in 2021. LPA should consider using Mayoral funding or other sources of funding with their offset funds, or pooling funding with other LPAs to maximise their impact. We are encouraged to see LPAs continue to combine their own funds with offsetting funds.

Governance and administrative processes are established.

Considerable progress has been made to ensure that offset funds are managed effectively – LPAs are putting existing governance processes to good use. We expect that the remaining LPAs have established arrangements by the next reporting period to prevent any delays to carbon offset projects delivery.

Recommendations

The planning system is a key lever to deliver London's net zero carbon by 2030 target. Results from the 2022 survey show great progress amongst London's LPAs but some are facing similar challenges in administering their carbon offset funds and delivering carbon saving projects to 2021.

Continue to ensure the London Plan 35 per cent carbon reduction target beyond Building Regulations is met, following the energy hierarchy, to maximise on-site reductions before calculating offset payments.

Consistently collect offset payments for all relevant planning applications.

Investigate opportunities to pool funds with other sources, and particularly with other LPAs, which London Councils should help facilitate. Suitable Mayoral programmes include the £500 million GLA Green Bond programme, for example.

Maintain and ensure suitable governance arrangements are in place to manage funds. Using existing processes is an efficient way to manage offset fund decision-making and can prevent delays to approving projects.

Use funds to overcome resource barriers. This will help in identifying cost-effective projects and co-funding opportunities.

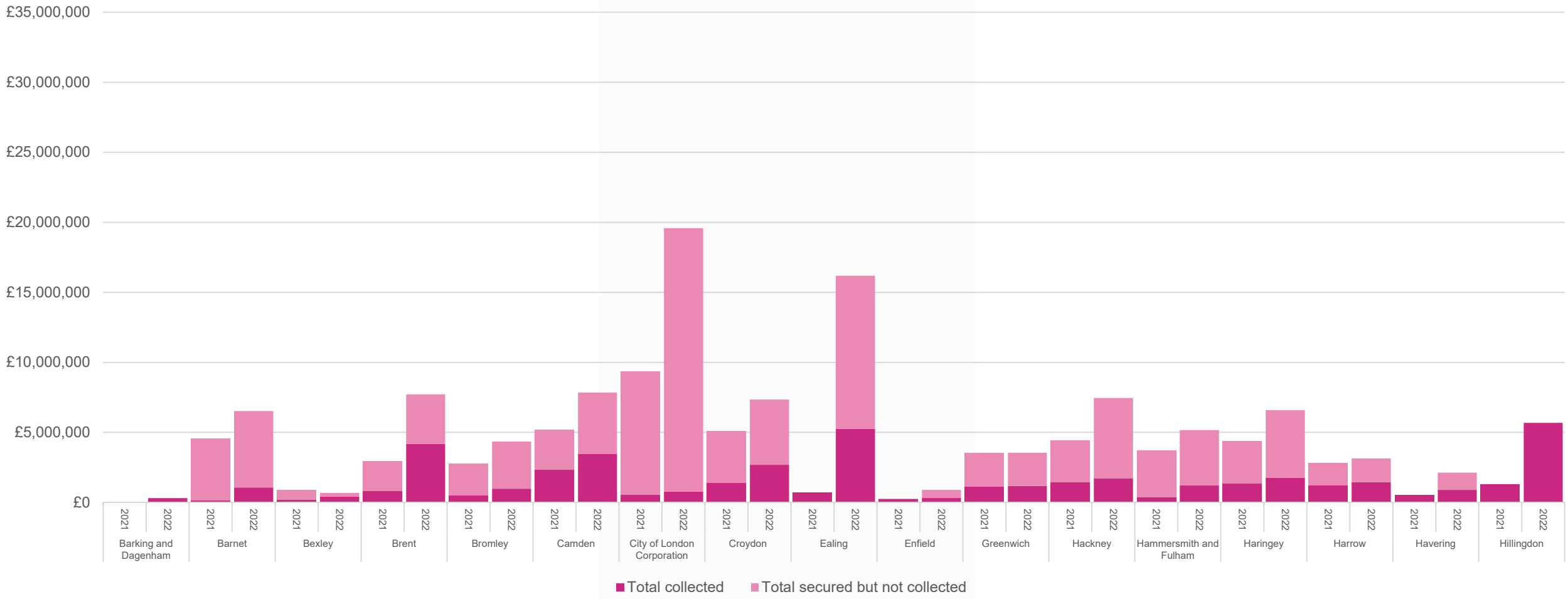
Continue to accurately and comprehensively monitor the operation of offset funds and report annually to the GLA. The small number of LPAs reporting that information was unavailable are urged to provide data for the 2023 survey to demonstrate transparency, accountability and signify their commitment to tackling the climate emergency.

Verify carbon savings post-installation through monitoring and evaluation. If auditing arrangements are not already in place, we recommend working with other LPAs to learn more about how best to measure carbon savings.

Target funds towards energy efficiency, renewable energy, district heating and climate resilience. This will help reduce the cost of living and help support schools and public institutions.

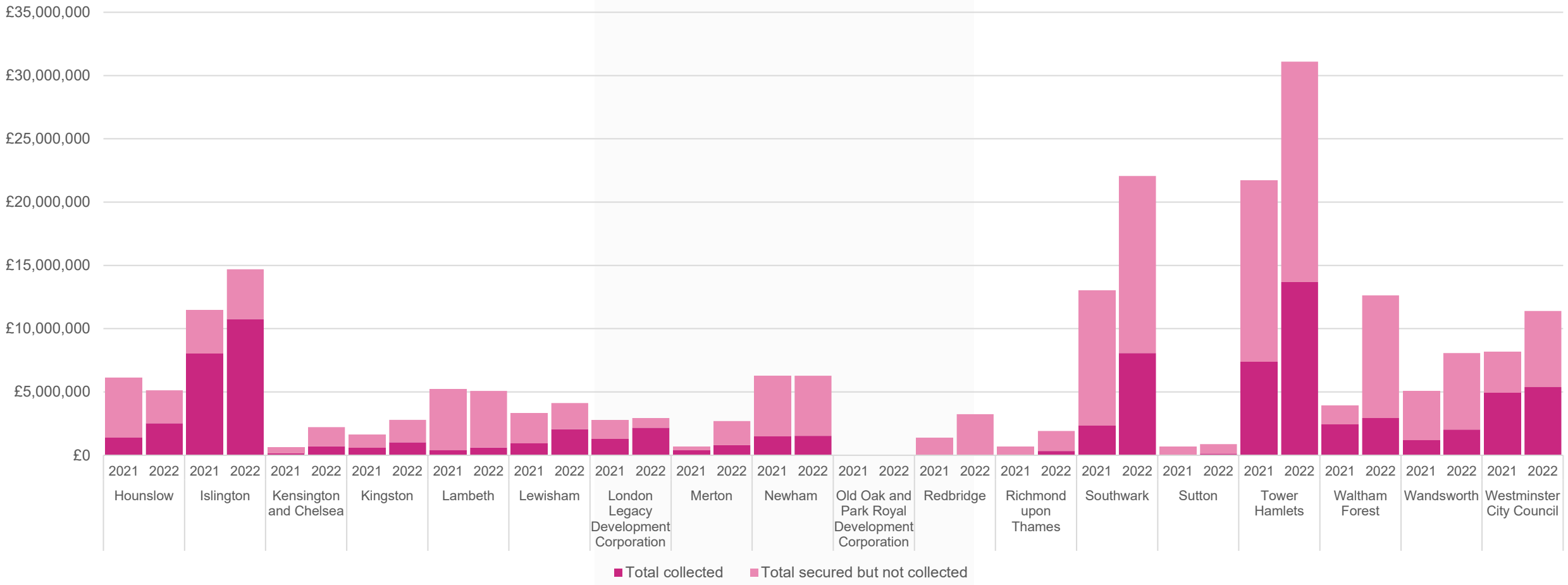
Align offset fund expenditure with priorities set out in climate action plans. As funds grow, LPAs will have greater ability to fund carbon saving projects to help tackle the climate emergency.

Appendix
Breakdown of carbon offset payments by LPA (1)



* A small number of LPAs confirmed errors in 2021 reporting leading to a small discrepancy between the figures. Note, that Hillingdon did not provide figures for amount secured in 2021 or 2022.

Appendix
Breakdown of carbon offset payments by LPA (2)



* A small number of LPAs confirmed errors in 2021 reporting leading to a small discrepancy between the figures.