



City of Westminster

# Cabinet Member Report

**Meeting or Decision Maker:**

Cllr Ryan Jude, Cabinet Member for  
Climate, Ecology and Culture

**Date:**

14 March 2024

**Classification:**

General Release

**Title:**

Carbon Offset Bids – October 23

**Wards Affected:**

All

**Policy Context:**

Climate Emergency

**Key Decision:**

Non key

**Financial Summary:**

This report highlights three outstanding carbon offset bids from the October bid deadline for a total allocation of £428,803.10, and makes recommendations for the Cabinet Member on their approval.

**Report of:**

Frances Martin; Executive Director;  
Environment, Climate and Public  
Protection

## 1. Executive Summary

1.1 The Carbon Offset Fund (COF) finances projects that deliver tangible, quantifiable, and transparent carbon savings across Westminster. The management of the fund, including review and approval of bids will be taken on by the Climate Emergency team in the New Year, however there remain outstanding bids from the autumn process that require a decision. To enable this to be made more quickly these bids have been reviewed and are set out in this report for a decision.

1.2 There are a total of 3 bids for review totalling £428,803.10. These are summarised below.

Applicant	Project	Funding amount requested	Lifetime Carbon Saving (tCO2e)	Lifetime £/tCO2e
St Marylebone School	LED Lighting Replacement Project	£255,054	498	£512
Somerset House Trust	Carbon Reductions at Somerset House (hand dryer replacement & voltage optimisation)	£148,549.10	550	£270
St Barnabas School	Decarbonisation of St Barnabas school	£25,200 (total project cost £583,342)	1829	£325

## 2. Recommendations

2.1 It is recommended that the Cabinet Member approves all three bids for funding and awards the total funding requested of £428,803.10, pending agreement to planned monitoring plans for the measures and commitment from both applicants to sign the Sustainable City Charter.

## 3. Reasons for Decision

3.1 The bids are summarised and evaluated against agreed criteria below. Full bid documents are included in Appendix C.

### St. Marylebone School

3.2 The St Marylebone C of E School is seeking £255,054 for a site wide LED lighting system upgrade, identified by the energy audits previously funded by the COF. The full project cost is being sought.

3.3 Evaluation of the bid against the agreed criteria can be found in the table below.

St Marylebone School – LED Lighting Replacement Project		
Evaluation Criteria	Recommended response / threshold	Evaluation

Carbon cost effectiveness (£/tCO <sub>2</sub> )	£500/tCO <sub>2</sub>	Project achieves lifetime carbon cost efficiency savings of £512/tCO <sub>2</sub> e (16.6 tonnes per year over a 30 year period).
Co-benefits	FW priorities Fuel Poverty Air Quality Biodiversity Health	Applicant has identified the following co-benefits: - Reduces ongoing operating expenditure, relieving financial pressure on school budgets. - Is consistent with priorities set out in the Fairer Environment part of the FW Strategy. - The project will be the first step of wider environmental improvements, including wider engagement with the school community to help drive positive change. This will include direct involvement of students in delivering the schools environmental objectives and engagement with parents, other schools, and local businesses / the local community to help drive positive change. - The school has recently appointed a Sustainability Lead and is in the process of putting together a Sustainability Policy. This project will be used to demonstrate that environmental sustainability is an important and integral part of the School's culture.
Monitoring Plan	N/A	- No monitoring plan has been set out in the application.

#### 3.4 Additional considerations:

- The school estimates cost savings of £35,500 per year based on current electricity charges (split across reduction in energy consumption and reduced maintenance costs). This represents a payback period of just over 7 years.
- Consultation has been undertaken with Cllr Arzymanow and Cllr Scarborough, who both support the application. The bid is also supported by the Harley St BID, Baker Street Quarter Partnership and Howard de Walden estates.

#### 3.5 Considering the level of carbon savings and wider benefits that will be felt by the school and those who use the facilities, it is recommended that the bid be provisionally approved, pending:

- **agreement of a planned monitoring programme to ensure that the project is delivered as planned and is realising the carbon and cost savings outlined in the bid.**
- **commitment to sign up to the Sustainable City Charter.**

#### Somerset House Trust

3.6 The Somerset House Trust is seeking £148,549.10 to deliver 2 carbon saving projects: a) replacement of 89 existing hand dryers with Dyson airblades; and b) installation of a voltage optimiser in the existing building. The full project cost is being sought.

3.7 Evaluation of the bid against the agreed criteria can be found in the table below.

<b>Somerset House Trust</b>
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Evaluation Criteria	Recommended response / threshold	Evaluation
Carbon cost effectiveness (£/tCO <sub>2</sub> )	£500/tCO <sub>2</sub>	Project achieves lifetime carbon cost efficiency savings of £270/tCO <sub>2</sub> e (50 tonnes per year over an 11 year period).
Co-benefits	FW priorities Fuel Poverty Air Quality Biodiversity Health	Applicant has identified the following co-benefits: - Is consistent with priorities set out in the Fairer Environment part of the FW Strategy. - HEPA filters on the hand dryers will improve air quality and reduce particulates within the buildings. - Savings on energy bills will directly support facilities and programmes for creative business and the artistic engagement programme for Westminster residents, supporting the priorities set out in the Fairer Economy and Fairer Communities parts of the FW strategy.
Monitoring Plan	N/A	- No monitoring plan has been set out in the application.

### 3.8 Additional considerations:

- Somerset House is a UK Registered Charity that does not receive any regular public funding. Income generated from fundraising, sponsorship, rental and trading income goes towards ongoing and routine maintenance of the Grade I listed building. If funding is not granted, the projects will not go ahead.
- The trust estimates cost savings of £50,000 per year based on current electricity charges. This represents a payback period of just under 3 years.
- Consultation has taken place with creative businesses, artists and entrepreneurs using the spaces provided, who are supportive of the proposals.

### 3.9 Considering the level of carbon savings and wider benefits that will be felt by the small businesses and artists that use the facilities, it is recommended that the bid be provisionally approved, pending:

- **agreement of a planned monitoring programme to ensure that the project is delivered as planned and is realising the carbon and cost savings outlined in the bid.**
- **commitment to sign up to the Sustainable City Charter and promote this within their work with businesses and creative entrepreneurs.**

### St. Barnabas CE Primary School

3.10 St Barnabas C of E School is seeking £25,200 to fund the governors contribution towards a full decarbonisation of the school site, including installation of an ASHP, fabric improvements, insulation and LED lighting. The full project cost is £583,342 predominantly funded through Public Sector Decarbonisation Scheme grant funding, and supplemented by SCA funding from the London Diocesan Board for Schools – only the schools contribution towards the project is being sought from the carbon offset fund.

3.11 Evaluation of the bid against the agreed criteria can be found in the table below.

<b>St Barnabas School – Decarbonisation of whole school</b>		
<b>Evaluation Criteria</b>	<b>Recommended response / threshold</b>	<b>Evaluation</b>
Carbon cost effectiveness (£/tCO <sub>2</sub> )	£500/tCO <sub>2</sub>	The overall project achieves lifetime carbon cost efficiency savings of £325/tCO <sub>2</sub> e (73 tonnes per year over a 25 year period).
Co-benefits	FW priorities Fuel Poverty Air Quality Biodiversity Health	Applicant has identified the following co-benefits: <ul style="list-style-type: none"> <li>- Reduced pollution in and around the Pimlico road.</li> <li>- Educational gain improved environment to learn</li> <li>- Using the decarbonisation process as an educational tool</li> <li>- Bringing the benefits of this project to all sectors of the community as this is a VA school serving all sectors of society and social groups.</li> <li>- Proving that a listed building constructed in the 1840's can deliver decarbonisation despite the barriers of age type of construction.</li> </ul>
Monitoring Plan	N/A	- No monitoring plan has been set out in the application.

### 3.12 Additional considerations:

- Consultation has been undertaken with local ward Cllrs.
- Planning permissions are being sought. No objections have been received and the school expect confirmation soon.

### 3.13 Considering the level of carbon savings and wider benefits that will be felt by the school and its users, it is recommended that the bid be provisionally approved, pending:

- commitment to sign up to the Sustainable City Charter.

## 4. Background, including Policy Context

4.1 The Carbon Offset Fund (COF) finances projects that deliver tangible, quantifiable, and transparent carbon savings across Westminster. The collection of offset funds via planning policy has been permitted since 2016. The COF comprises pooled carbon offset payments from developments that fail to meet on-site (net zero) carbon savings requirements. The funds are secured as developer contributions via a Section 106 agreement.

4.2 The delegation of decision making authority for the carbon offset fund to the Executive Director for ECPP was approved at the October CMB meeting. The CE Team are currently working with the CIL/S106 team to agree the transition of governance of the fund and the associated responsibilities.

4.3 From next year decisions on bids will be taken by a Carbon Offset Board chaired by the Executive Director for ECPP, however there remain 3 bids outstanding from the July and October bid deadlines. As the transfer of responsibility for the Carbon Offset Fund to the Cabinet Member for Climate Action, Regeneration and Renters has already taken place, it has

been agreed that decision for these outstanding bids be made at this CMB meeting to enable a quicker process.

4.4 The next deadline for bids is as part of the Winter round of CIL funding on Monday 15<sup>th</sup> January. Any carbon offset bids submitted as part of this process will be reviewed by the CE Team and taken to the first Carbon Offset Project Board for decision in February. Decisions will be reported to the next CMB as part of the regular updates (Feb or Mar, depending on dates).

## **5. Financial Implications**

5.1 As of December 2023, the Council had collected £10,740,000 of carbon offset funds. £3,268,359 have been allocated or spent on projects, leaving £7,471,641 remaining.

5.2 The two projects outlined in this report would allocate a further £428,803.10 of funds. Approval of these will reduce the available funds for carbon offsetting to £7,042,837.90.

## **6. Legal Implications**

Section 106 of the Town and Country Planning Act 1990 enables a Local Planning Authority to enter into an agreement with a person with an interest in land to regulate the use of the land and to provide mitigation against impacts of the development. Financial contributions can be received under the provisions of a section 106 agreement. In this instance, contributions have been made to the council's Carbon Offset Fund as part of the planning process, and the council is holding these funds pursuant to the terms of the section 106 agreement.

The council has the power to allocate and spend these funds in accordance with the requirements of the section 106 agreement and the overarching policy / GLA guidance, as set out in this report.

## **7. Carbon Impact**

Approval of the outlined projects will result in the funding delivering tangible carbon savings for the applicants in line with the Councils Fairer Westminster Strategy and Climate Emergency Action Plan.

## **8. Equalities Implications**

Consideration will be given to the requirement to undertake consultation and Equality Impact Assessments (EQIAs) to ensure the council considers its Public Sector Equality Duty on an ongoing basis for the allocation and award of COF funding.

## **9. Consultation**

There is no requirement for a Ward Member consultation as there are no specific impacts on an individual ward.

**If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:**

Matthew Williamson, Climate Emergency Officer

Harry Hopwood, Acting Head of Climate Emergency

## **APPENDICES**

Appendix A: Offset Funding Priorities

Appendix B: Project Assessment Criteria

Appendix C: St Marylebone School Application, Somerset House Trust Application Form, St Barnabas School Application

*NB: For individual Cabinet Member reports only*

For completion by the **Cabinet Member for Climate, Ecology and Culture**

### **Declaration of Interest**

I have <no interest to declare / to declare an interest> in respect of this report

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
NAME: **Cllr Ryan Jude**

State nature of interest if any:

*(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)*

For the reasons set out above, I agree the recommendation(s) in the report entitled

**Carbon Offset Fund – Updated Management and Governance** and reject any alternative options which are referred to but not recommended.

Signed: \_\_\_\_\_

Cabinet Member for Climate Action, Regeneration and Renters

Date: \_\_\_\_\_

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the



criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

## Appendix A: Suggested Offset Funding Priorities

**Table 1: Priority Project Types**

Project Type	Objective	Focus	Eligible Project Types	Priority Level
Retrofitting	Reduce energy demand in existing buildings as the primary source of citywide emissions.	Commercial	SME and micro business grant supporting (match or 100% grant)	High
			Large commercial organisations	Not eligible
		Domestic	Fuel poor households	High
			Private rented sector households eligible for MEEs exemption	High
			WCC Housing improvements	High
			Social Housing (RSL) improvements	Medium
			Private households (unless meeting fuel poor criteria or area-based delivery)	Low
		Community	VCS, charitable organisations, faith organisations	High
			Schools	High
Public buildings (WCC owned or leased)	Medium			
Retrofit renewable energy sources	Generate renewable/low carbon heat and/or electricity.	Solar PV	Public or community owned assets only	High
		Solar thermal	Public or community owned assets only	High
		Wind	N/A	Not eligible
Low carbon heat infrastructure	Decarbonise existing heat sources	Heat Networks	Decarbonisation of existing heat networks	High
			Connection to existing heat networks (for eligible organisations)	Medium
		Heat pumps	Match funding for eligible applicants to install air / ground source heat pumps (in heat pump priority zones)	High
Knowledge and Learning	Enhance data and information	Feasibility studies	Grant/match funding to undertake a feasibility study to identify any of the approved project types (above)	TBC – subject to project type.
	Education and outreach	Climate education or skills	Delivering training to educate and upskill community organisations, advocates or residents on climate action.	Medium

**Table 2: Example Projects**

Theme	Focus	Project Examples
Retrofitting	Commercial	<ul style="list-style-type: none"> <li>• Match funding for SMEs to support agreed efficiency measures in premises (e.g., LED lighting, point-of-use water heaters, insulation, lagging).</li> </ul>
	Domestic	<ul style="list-style-type: none"> <li>• Match funding for PRS landlords to improve the energy efficiency of rented properties (targeted to properties with E-G-rating) which operate under exemption (MEES+).</li> <li>• Seed funding to facilitate area-based improvements (e.g., low interest loans to householders via Lendology).</li> <li>• Funding for fuel poverty advice and home visits for vulnerable households (e.g., via Green Drs scheme, or similar).</li> <li>• 100% grant funding to fuel poor households to support energy efficiency improvements (linked to above).</li> </ul>
	Community	<ul style="list-style-type: none"> <li>• 100% grant or match funding for community organisations, religious buildings, and schools to support agreed efficiency measures.</li> </ul>
Renewable energy	Solar	<ul style="list-style-type: none"> <li>• 100% grant for eligible applicants to install solar thermal or PV systems on their roof.</li> <li>• Seed funding (value dependent on total project cost) to help pump-prime / support the development of community energy projects on community assets.</li> </ul>
Low carbon heat	Heat Networks	<ul style="list-style-type: none"> <li>• Match funding to support the delivery/decarbonisation of low carbon heat networks (e.g., contribution towards decarbonisation of PDHU or installation of district heat network in Scottish Towers).</li> <li>• 100% grant funding to support the costs of connection to decentralised heat networks for eligible community/small organisations with heat network priority zones (to be identified via LAEP).</li> </ul>
	Heat pumps	<ul style="list-style-type: none"> <li>• Match funding for eligible applicants to install air / ground source heat pumps to decarbonise their heat supply (i.e., to cover cost differential between heat pump and gas-fired boiler).</li> </ul>
Knowledge and Learning	Feasibility studies	<ul style="list-style-type: none"> <li>• Grant/match funding to undertake a feasibility study to identify any opportunities for priority project types (identified above) and enable eligible applicants to deliver carbon savings.</li> </ul>
	Climate education or skills	<ul style="list-style-type: none"> <li>• Delivery of carbon literacy training to help educate and upskill community advocates on climate action (e.g., Climate Assembly participants).</li> </ul>

## Appendix B: Draft Project Assessment Criteria

Officers suggest the criteria set out in Table 1, below, are applied to determine the eligibility of COF applicants and projects.

**Table 1: Bid Eligibility Criteria (Pass/Fail)**

Eligible bidders	<p>Groups and organisations operating within or on behalf of beneficiaries located within the City of Westminster, including:</p> <ul style="list-style-type: none"> <li>• Constituted community groups</li> <li>• Charitable and faith organisations</li> <li>• Public sector bodies and organisations, including schools and WCC</li> <li>• Small- and medium-sized businesses</li> </ul>
Application criteria	<ul style="list-style-type: none"> <li>• Funding cannot be used to undertake projects or activities required by legislation.</li> <li>• Projects must deliver clear carbon savings and help to support Westminster Climate Emergency targets.</li> <li>• Applications must be for projects based within the City of Westminster and/or directly support people living in the City of Westminster.</li> <li>• Projects should demonstrate additionality (i.e., demonstrate that they would not occur without carbon offset funding and/or they deliver wider social, economic, or environmental co-benefits).</li> <li>• Projects should be ready to commence upon confirmation of funding approval.</li> </ul>
Eligible uses	<ul style="list-style-type: none"> <li>• Hard measures: a physical asset with tangible carbon savings</li> <li>• Soft measures: activities that enable future carbon savings (e.g., feasibility studies, engagement, and behavioural activities). Soft measures must expect to deliver carbon savings alongside or as a result of any successful bid.</li> <li>• Core costs (e.g., staff, office costs), capped at 10% of total application value</li> <li>• Wider project costs (e.g., venue hire, project worker) that are directly linked to the delivery of carbon saving project or activity.</li> </ul>

Officers recommend the draft evaluation criteria set out in Table 2, below, are applied to assess the carbon-/cost effectiveness, associated benefits to be derived, and robustness of COF project submissions.

**Table 2: Project Effectiveness / Robustness Evaluation Criteria**




Evaluation Criteria	Description	Recommended response / threshold	Weighting
Carbon cost effectiveness (£/tCO <sub>2</sub> )	The capital cost per tCO <sub>2</sub> saved over the first ten years of the project.	£500/tCO <sub>2</sub>	30%
Lifetime cost effectiveness (£/tCO <sub>2</sub> )	The discounted whole life cost per tCO <sub>2</sub> saved over the first ten years of the project. This takes into account administration, fuel costs, maintenance, and revenue.	£500/tCO <sub>2</sub>	30%

Co-benefits	The broader environmental and social benefits of the project. This takes into account the extent to which the project supports innovation and demonstrates strategic importance.	FW priorities Fuel Poverty Air Quality Biodiversity Health	30%
Monitoring Plan	The extent to which there is a robust monitoring plan in place, which will help demonstrate the project's deliverability.	N/A	10%

Where required, a further assessment on prioritisation of funding awards may be informed by the criteria set out below.

Prioritisation	<p>Priority will be given to eligible bidders (Table 1) with projects that:</p> <ul style="list-style-type: none"> <li>• Deliver maximum carbon impact and benefit the largest audience</li> <li>• Are community-led projects and/or directly benefit local communities, community organisations or local small businesses</li> <li>• Demonstrate a clear understanding of the local Westminster context and deliver wider benefits in line with the Council's Fairer Westminster priorities</li> </ul>	N/A
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## Appendix C: Application Forms

<b>Somerset House Trust</b>	 Carbon Offset Fund Application - Somerse
<b>St. Marylebone School</b>	 Carbon Offset Fund Application - St Maryl
<b>St Barnabas School</b>	 Carbon Offset Fund Application - St Barna