London Borough of Hounslow

Hounslow Local Plan 2020-2041

Energy and Carbon Reduction Topic Paper

October 2025

Energy and Carbon Reduction

1. Introduction

1.1. This energy and carbon reduction topic paper seeks to support the examination of the Hounslow Local Plan 202-2041 by pulling together relevant national and regional policy and key evidence base findings which together provide justification for the Council's approach as set out in the emerging Policy EQ1 Energy and Carbon Reduction.

1.2. The paper specifically relates to those parts of emerging Policy EQ1 which relate to net zero development requirements (as set out in clauses A., D., E., F., G., H., I., and J.)

1.3. The paper will summarise the emerging policy approach, before demonstrating how this complies with relevant legislation and national policy as well as the regional policy framework set out in the spatial development strategy (the London Plan 2021[1]) relating to net zero development. The paper then draws out the key findings of the key evidence base document relied upon to inform policy development (namely, the EBEQ7 Climate Emergency Action Plan 2020[2] and EBEQ5 Delivering Net Zero Report 2023[3]), as well as the findings of the EBV1 Whole Plan Viability Assessment (2024)[4]. The paper also provides some commentary on the anticipated introduction of the Future Homes and Buildings Standard, and a short explanation relating to the status of adopted supplementary planning documents relating to climate change mitigation and adaptation.

1.4. The paper also provides some commentary on the interaction between the emerging policy approach and the Written Ministerial Statement 'Planning – Local Energy Efficiency Standards Update' published 13th December 2023[5] (hereafter referred to as the WMS 2023)

[1] Submission document ADP1: London Plan (2021)
[2]Submission document EBEQ7: LBH Climate Emergency Action Plan (2020)
[3] Submission documents EBEQ5: Delivering Net Zero: An evidence study to support planning policies which deliver Net Zero Carbon developments (2023) - Main Report and EBEQ5a Delivering Net Zero: An evidence study to support planning policies which deliver Net Zero Carbon developments (2023) -Executive Summary
[4] Submission document EBV1: Hounslow Whole Plan Viability Assessment (2024)
[5] Please see: https://questions-statements.parliament.uk/written-statements/detail/2023-12-13/hcws123

2. Proposed Policy

2.1. The emerging Policy EQ1 as set out in the 'proposed submission' version of the Hounslow Local Plan (HLP) 2020-2041 seeks to update the equivalent policy in the adopted Local Plan Volume 1 (2015). The emerging policy seeks to:

a) update the policy in line with the most up-to-date policy framework (including removing references to now redundant Zero Carbon Homes policy, and aligning with the Mayor of London's net zero energy policy as set out in the London Plan 2021);
b) introduce more stretching benchmark targets for on-site improvements over Part L for different development typologies in line with the Delivering Net Zero Report (2023); and
c) introduce a higher carbon offset price of £370/tCO2 for major development, and extending the requirements for the existing £95/tCO2 carbon offset price to minor residential development, in line with the Delivering Net Zero Report (2023).

2.2. The emerging policy wording set out in the proposed submission version of the HLP 2020-2041 is set out below:

Our approach

We will make radical progress towards becoming a net zero carbon borough, by minimising the demand for energy and promoting renewable and low carbon technologies within new development.

We will achieve this by

A. Promoting opportunities to secure carbon reductions where development comes forward, including through requiring developers to improve energy performance and maximise renewable energy and zero carbon technologies in new developments, and by maintaining a Carbon Offset Fund to provide for local projects which deliver carbon reductions;
B. Delivering a Local Area Energy Plan (LAEP) for Hounslow to help plan the transition of the borough's energy system to Net Zero in the shortest possible time;
C. Supporting the delivery of a borough-wide District Heat Network to supply low carbon heat to both new developments and existing communities; and
D. Working with partners to identify opportunities for carbon reductions and encouraging the take-up of opportunities to improve the energy efficiency of the existing built environment.

We will expect development proposals to

All developments

E. Meet the carbon emission reduction requirements set out in the London Plan to achieve net zero carbon development, with:
    I. Major and minor residential developments achieving benchmark on-site improvements of 65% over Part L 2021;
    II. Major non-residential developments achieving the following benchmark on-site improvements:
        i. Offices – 25% improvement over Part L 2021
        ii. Schools – 35% improvement over Part L 2021
        iii. Hotels – 10% improvement over Part L 2021;
    III. Major Industrial developments aiming to achieve London Plan non-residential fabric efficiency targets for any conditioned (cooled or heated) spaces (15% over Part L 2021 benchmark), and any ancillary office spaces should

achieve the above benchmark for offices (25% over Part L 2021 benchmark);

F. Maximise on-site carbon reductions as far as possible, and set out all options pursued to achieve this within an Energy Statement. Where there is a justifiable shortfall, schemes will be required to make a cash in lieu contribution to the Council's Carbon Offset Fund for any residual emissions, or deliver reductions directly via an off-site reduction scheme in line with the London Plan. The Council's carbon offset contribution is to be calculated over a period of 30 years at the following prices:

Major developments

i. A higher rate of £370/tCO2 for all residual emissions;

Minor residential development

ii. A lower rate of £95/tCO2 for all residual emissions

The Hounslow carbon offset price will be reviewed regularly and any changes will be published in future supplementary planning documents;

G. Comply with all other requirements of the Building Regulations such as the Fabric Energy Efficiency (FEE) criterion for domestic buildings and Primary Energy criterion for all buildings, and demonstrate compliance at planning stage;
H. Produce an Energy Statement to demonstrate how the net zero carbon target will be met, and how the potential for internal overheating and reliance on air conditioning systems will be reduced in accordance with the London Plan cooling hierarchy. Energy Statements should also determine and report on Energy Use Intensity (EUI) and space heating demand in line with GLA Energy Assessment Guidance;
I. Undertake Part L 2021 (or the latest available) modelling to demonstrate compliance, and report on operational energy performance for a minimum 5 year period in line with the London Plan approach;
J. Have regard to the guidance set out in the Character, Sustainability and Design Codes SPD and Climate Change Mitigation and Adaptation SPD;

All major developments

K. Prioritise low temperature communal heating systems within Heat Network Priority Areas, as per the heating hierarchy set out in the London Plan;
L. Connect to, or extend, existing decentralised heating, cooling or power networks in the vicinity of the site, unless a feasibility or viability assessment demonstrates that connection is not reasonably possible. Where networks do not currently exist, developments should make provision to connect to any potential future decentralised energy network in the vicinity of the site, in discussion with the LPA and having regard to opportunities identified through the London Heat Map and area specific energy masterplans;
M. Where developments cannot immediately connect to an existing heating or cooling network, examine the feasibility of extending the low temperature communal heating system beyond the site boundary; and
N. Investigate all options to reduce lifecycle carbon emissions (including but not limited to embodied carbon emissions) in line with LETI Climate Emergency Design Guidance and Hounslow supplementary planning guidance. Schemes referable to the Mayor of London will also have to demonstrate how life-cycle emissions have been calculated and what actions have been taken to reduce these through completing a Whole Life-Cycle Carbon Assessment as per London Plan policies and associated guidance.

Reasons for updating the policy and summary of key changes

2.3. One of the key reasons to update Policy EQ1 in the Local Plan 2015[6] relates to that fact that the policy adopted in 2015 was designed to accommodate the since withdrawn Zero Carbon Homes' policy, and as such does not reflect the existing relevant policy framework for securing net zero development.

2.4. The Local Plan 2015-2030 was adopted on 15th September 2015, having been submitted for examination on 20th August 2014. Following examination hearings between 10th February and 16th April 2015, Policy

[6] Submission document ADP2 Adopted Hounslow Local Plan Volume 1 2015-2030

EQ1 was modified through main modifications by the examining Inspector to ensure consistency with emerging national standards and the London Plan (2015) carbon reduction policies (pertaining at the time), specifically to ensure that the policy was clearly drafted to ensure compliance with both the Building Regulations (including what was at the time the emerging Zero Carbon Homes policy) and the London Plan as these set out slightly different requirements (references MM27 and MM28)[7]. However, it is worth noting that on 10th July 2015 it was announced through the 'Fixing the foundations: Creating a more prosperous nation' plan[8] that the Government did not intend to proceed with the zero carbon Allowable Solutions carbon offsetting scheme, or the proposed 2016 increase in on-site energy efficiency.

2.5. A key aim when reviewing the policy was therefore to ensure that references to obsolete Zero Carbon Homes policy are fully removed, with the emerging local plan policy better aligned with the net zero development requirements set out in the published London Plan (2021).

2.6. As explained in the supporting text to the emerging policy EQ1 (at paragraphs 9.5 and 9.6), the proposed approach utilises the London Plan energy hierarchy approach (as set out in London Plan policy SI 2) but seeks to go beyond this by establishing higher benchmark improvement targets over Approved document Part L ('Conservation of fuel and power') of the Building Regulations for residential development, providing bespoke benchmark targets for non-residential typologies, and by extending the requirement to apply to minor new build residential schemes. The policy also seeks to introduce an increased carbon offset price for major developments to better reflect the cost of reducing carbon elsewhere through carbon reduction projects funded through the Hounslow Carbon Offset Fund, including the introduction of a higher rate of £370/tCO2 based on an indicative cost for retrofitting social housing/public buildings, plus a 10% additional rate for administration and management. The lower rate of £95/tCO2 is also retained for minor residential development to ensure these schemes also contribute to the vital work of reducing emissions associated with development (whilst setting a carbon offset price at a level that secures viability).

[7] Please see Inspector's report sent 31st July 2015 (PINS/F5540/429/5) https://lbhounslow.sharepoint.com/:b:/s/InternetLinks/pp/EXF8Gk9imfBOuKOpcvqS_igBwglbqMD0M7AOKs2Tc3JyVQ?e=m9ivkB

[8] https://www.gov.uk/government/publications/fixing-the-foundations-creating-a-more-prosperous-nation

2.7. Other additions are also proposed in line with recommendations set out in EBEQ5. These will be explored in further detail below.

3. Justification

National Policy and Legislation

3.1. The case for supporting the delivery of net zero carbon development through Local Plan policy is established in legislation as well as national panning policy and guidance.

3.2. Schedule 7 (15C) of the Levelling Up and Regeneration Act 2023 (which amends Section 19 of the Planning and Compulsory Purchase Act 2004) requires that '*The local plan must be designed to secure that the use and development of land in the local planning authority's area contribute to the mitigation of, and adaptation to, climate change'.*

3.3. In addition, section 1(1)(c) of the Planning and Energy Act 2008 gives power to local authorities to introduce development plan policies which impose reasonable requirements for inter alia '*… development in their area to comply with energy efficiency standards that exceed the energy requirements of building regulations*'. The Act also states at subsection (5) that such local plan policies '*must not be inconsistent with relevant national policies for England*', with subsection (7) setting out that relevant national policies for (1)(c) are those relating to furthering energy efficiency. At the time of writing, this Act has not been amended or revoked. Planning legislation therefore clearly confers powers to local planning authorities seeking to set energy efficiency requirements that exceed building regulations, providing it is not inconsistent with national policy.

3.4. Turning to national planning policy, paragraph 157 of the NPPF[9] states that '*[the] planning system should support the transition to a low carbon future in a changing climate*', and this should help to '*shape places in ways that contribute to radical reductions in greenhouse gas emissions… and support renewable and low carbon energy and associated infrastructure*.'

[9] Submission document ORD3 National Planning Policy Framework December 2023

3.5. NPPF paragraph 159 goes on to state that '*[new] development should be planned for in ways that … b) can help to reduce greenhouse gas emissions, such as through its location, orientation and design. Any local requirements for the sustainability of buildings should reflect the Government's policy for national technical standards*'. As such, the NPPF acknowledges that local requirements pertaining to the sustainability of buildings (including to the reduction of greenhouse gas emissions associated with new development) may be established, but that these should seek to reflect Government policy relating to 'national technical standards'.

3.6. Paragraph 012 of the Climate Change chapter of national planning practise guidance (PPG) was last revised on 15/03/2019, and therefore has not been updated to reflect the latest position articulated in the WMS 2023. The guidance instead references an earlier WMS dated 25th March 2015 (hereafter referred to as the WMS 2015) and Section 43 of the Deregulation Act 2015 which it states would amend the Planning and Energy Act 2008 but has not yet come into force. Both the WMS 2015 and Section 43 of the Deregulation Act 2015 have been superseded and/or overtaken by events, as set out within the WMS 2023. The PPG therefore does not provide useful guidance for interpreting national planning policy relating to the setting of energy efficiency standards at this time.

The Written Ministerial Statement (WMS 2023)

3.7. The WMS 2023 introduces additional policy considerations for plan-makers when proposing to introduce local plan policy relating to the setting of local energy efficiency improvements. The WMS 2023 states that *'the Government does not expect plan-makers to set local energy efficiency standards for buildings that go beyond current or planned buildings regulations'* and goes on to specify that:

> *'Any planning policies that propose local energy efficiency standards for buildings that go beyond current or planned buildings regulation should be rejected at examination if they do not have a well-reasoned and robustly costed rationale that ensures:*
>
> - *That development remains viable, and the impact on housing supply and affordability is considered in accordance with the National Planning Policy Framework.*

- *The additional requirement is expressed as a percentage uplift of a dwelling's Target Emissions Rate (TER) calculated using a specified version of the Standard Assessment Procedure (SAP).'*

3.8. The WMS 2023 also states that where local plan policies '*go beyond current or planned building regulations, those polices should be applied flexibly to decisions … where the applicant can demonstrate that meeting the higher standards is not technically feasible' in relation to the availability of appropriate local energy infrastructure (for example adequate existing and planned grid connections) and access to adequate supply chains'.*

3.9. It should be noted that the WMS 2023 was produced under the previous Government, and it is not known at the time of writing whether this still constitutes a statement of national planning policy. That said, given that no further WMS has been published it is necessary to address the specific content of the WMS 2023 here when setting out justification for the chosen policy approach.

3.10. It is also important to note that whilst the WMS 2023 is a material consideration for plan making, it must be treated as such and not as an absolute direction on what a local policy should or should not contain if local evidence demonstrates and justifies a more appropriate approach. This position is supported by open legal advice obtained by Essex County Council[10], legal advice obtained by the consultants Etude[11] (who developed the Delivering Net Zero Carbon 2023 (EBEQ5) report), and in an advice note provided by the Town and Country Planning Association (TCPA) dated 15/07/24[12].

3.11. It is therefore appropriate to set out the findings of local evidence relating to the need for higher local standards, the feasibility of development meeting policy requirements, and the viability of such, in order to provide sufficient justification for the emerging policy approach. In so doing, this paper will demonstrate how the policy approach is fully

[10] Please see https://www.essexdesignguide.co.uk/climate-change/essex-net-zero-evidence/essex-open-legal-advice-energy-policy-and-building-regulations/
[11] Please see https://etude.co.uk/how-we-work/legal-advice-on-planning-policy/
[12] Please see https://www.tcpa.org.uk/wp-content/uploads/2024/07/TCPA-statement-on-the-13-December-WMS_update-July-2024.pdf

justified by local evidence, remains consistent with national policy, and is in general conformity with the London Plan.

The Hounslow Climate Emergency Action Plan

3.12. LB Hounslow declared a Climate Emergency on 18th June 2019. Since then, the Council has published a Climate Emergency Action Plan (submission document EBEQ7) approved by Cabinet 14 July 2020, as well as a series of Annual Progress Reports with the last available being for 2024[13].

3.13. LB Hounslow has committed to reducing the Council's own direct emissions (which importantly includes all emissions associated with the Council's social housing stock) to net zero by 2030, and to reduce borough-wide emissions (i.e. emissions associated with activities and uses within the Council's administrative area minus those associated with activities and uses under direct Council control) to net zero 'as quickly as practicable', being cognisant of the legally binding national target to achieve net zero emissions by 2050 as set out in the Climate Change Act 2008 (as amended).

The London Plan (2021)

3.14. It is also necessary to consider the regional climate change mitigation commitments made by the Mayor of London. The supporting text to London Plan (2021) policy SI 2 'Minimising greenhouse gas emissions' sets out how the net zero development policy is intended to help London achieve the Mayor's objective of becoming '*a zero-carbon city by 2050*' (para 9.2.1). Since July 2011, the London Plan (as the spatial development strategy for London) has set out policies aiming to minimise carbon dioxide emissions associated with new developments which have required certain types of major development to go beyond building regulations for energy efficiency standards, including varying requirements for residential and non-residential developments to achieve zero carbon targets by a certain date. The published London Plan (2021) has expanded this policy further with additional requirements and through updating references to Building Regulations. As a London Borough, the London Plan is part of our development plan, and as such

[13] https://www.hounslow.gov.uk/environment/climate-emergency

Hounslow has benefited from policy which sets energy efficiency measures beyond Building Regulations since 2011.

3.15. In January 2022 the Mayor set out his ambition to follow his preferred 'Accelerated Green' pathway to net zero which would bring the zero carbon city target forward to 2030 in order to respond to the climate emergency. As this commitment came after the London Plan 2021 was published, it is not referenced within the London Plan 2021 supporting text. However, this significantly accelerated target (zero carbon by 2030 instead of 2050) presents a clear rationale for boroughs to consider adopting local policies which utilise the Mayor's energy hierarchy approach whilst seeking to set higher benchmark targets for improvements in energy performance – especially where this would also help the Council to meet a locally established target to reduce emissions.

3.16. In their Regulation 18 consultation response to the previous Focused Issues Review (FIR) of the Local Plan Volume 1 (sent 16th November 2022), the GLA requested that the Council have regard to the accelerated green pathway and associated 2030 target when reviewing Hounslow policy:

> *'While the Mayor welcomes the borough's commitment to net zero carbon city by 2050 which is in line with the London Plan Policy, the Mayor has subsequently committed to bringing forward this target of net zero by 2030 to respond to the climate emergency. Many London boroughs are actively adopting this accelerated target to respond to the climate emergency and the Mayor would, therefore, encourage Hounslow to bring their target of net-zero forward to 2030 as is being explored through the borough's latest Climate Emergency Action Plan'*

3.17. As the consultation related to the FIR draft of the Local Plan volume 1 and not the Council's Climate Emergency Action Plan, the Council took the decision to add wording to the supporting text of policy EQ1 in the Hounslow Local Plan 2020-2041 to recognise the Mayor's accelerated pathway and 2030 zero carbon city target, in addition to noting the position within the published London Plan (2021) at para 9.2.1. As Hounslow Council has declared a target for Council-direct emissions to reach net zero by 2030, and for borough-wide emissions to reach net zero 'as quickly as practicable', it is apparent that there is compatibility

with the Mayor's new 2030 target. It is therefore apparent that the level of ambition required to reach the Mayor's accelerated target would clearly need to increase significantly if this is to be achieved in the time available.

3.18. It is in the context of an accelerated zero carbon city by 2030 target at the regional level and the Council's own Climate Emergency commitments (both for Council-direct and borough-wide emissions) that LB Hounslow has sought to review its carbon reduction policy to ensure it is effective in driving improvements in the energy performance of development schemes, and reducing related carbon emissions through the energy hierarchy approach as far as practicable.

3.19. It should be noted that the Mayor of London has not raised any concerns in relation to the soundness of the emerging policy, including in relation to matters of general conformity, in his representation to the Regulation 19 consultation.

Local evidence – the Delivering Net Zero report (2023)

3.20. In order to support policy development in this area, LB Hounslow joined with 17 other London Boroughs to produce a joint evidence base document. The Delivering Net Zero report 2023 (submission document EBEQ5) was produced by a consultancy team led by Etude in order to provide a technical evidence base document to inform policy making around delivering net zero carbon development.

3.21. EBEQ5 updates and supersedes the Towards Net Zero Carbon report 2020 which was itself a joint evidence base document produced by 5 London Boroughs to investigate how carbon offset pricing could be used to incentivise greater carbon reductions on site in the context of the London Plan energy hierarchy approach. The key triggers for this update included: the introduction of Part L 2021 (which introduced more ambitious requirements than under Part L 2013 which is specified in the London Plan 2021); a shift in both the understanding of net zero requirements in the construction industry as demonstrated through various reports and guidance; and a renewed sense of urgency to achieve net zero commitments, as demonstrated by the Mayor's accelerated 2030

pathway and the development of various ambitious Climate Action Plans by London boroughs.

3.22. A key aim of EBEQ5 was to consider ways in which boroughs could 'go further and achieve true Net Zero standards in new development' through pursuing one of two indicative policy options: Policy option 1 which continues using the Part L framework but with higher benchmark improvement targets over building regulations, as well as higher carbon offset prices to reflect the true costs of funding carbon reduction elsewhere; and Policy option 2 which introduces a new approach based on a suite of energy-based metrics and policies (please see section 3.0, pp.27-49 of EBEQ5, and section 11.0 pp.248-265). The report includes detailed energy modelling analysis at sections 4.0-8.0. (inclusive) and costs modelling (section 9.0) to inform and support the policy options presented.

3.23. Having considered the findings of the EBEQ5, LB Hounslow determined the evidence best justifies the approach to pursue a policy in line with Policy Option 1 as part of this local plan review. In this way, the emerging policy EQ1 more closely follows the energy hierarchy approach adopted in the published London Plan 2021. It is worth noting that the proposed policy approach focuses on regulated carbon emissions and expresses the additional requirement as a percentage uplift of a dwelling's Target Emissions Rate (TER) and is therefore in line with the WMS 2023 (please see paragraph 3.7 above).

3.24. In line with EBEQ5 recommendations, the policy seeks to achieve quantified improvements over Part L 2021 beyond the 35% improvement established in London Plan policy SI 2 (and associated Energy Assessment Guidance 2022[14]) for residential buildings. In addition, the emerging policy sets different targets for domestic and non-domestic buildings based on the analysis set out in the EBEQ5 (p.251), which finds that the introduction of Part L 2021 requires a more tailored approach to be taken for various non-domestic typologies given the different modelling calculation methodologies involved (i.e. SAP for domestic buildings and NCM/SBEM for non-domestic buildings) and the modelling evidence

[14] Examination document EX1.49 Mayor of London Energy Assessment Guidance (2022)

which shows a 'blanket approach' to domestic and non-domestic buildings is no longer effective.

3.25. Also as advised by the EBEQ5, the emerging policy seeks to increase the carbon offset price to be paid for residual emissions as per the Mayor's energy hierarchy approach. The new price of £370/tCO2 over 30 years for major schemes has been set to reflect indicative costs of funding retrofit of the social housing stock (plus a 10% additional rate for administration and management as recommended). In this way, the carbon offset price would be set at a level which enables the Council to save carbon elsewhere on a 1:1 basis and to ensure the fund is administered effectively and for maximum impact. A £95/tCO2 carbon offset price has been retained for minor residential schemes (delivering 1-9 units) in order to ensure smaller developments are able to achieve net zero requirements whilst remaining viable.

3.26. As advised by EBEQ5, the proposed policy approach seeks to set the carbon offset price at a level sufficient to be able to save the same amount of carbon elsewhere based on an indicative costs for retrofitting social housing/public buildings (section 10.0, p.244). This is in line with the GLA's Carbon Offset Funds Guidance (2022)[15] which states that 'LPAs should develop and publish a price for offsetting carbon based on either: a nationally recognised carbon pricing mechanism; or the cost of offsetting carbon emissions across the LPA'. The current £95/tCO2 established in the London Plan (2021) is based on a nationally recognised pricing mechanism – in this case the non-traded cost of carbon 'high scenario' set out initially by the Zero Carbon Hub and then utilised by the GLA and their consultants when developing the London Plan's net zero development policy approach – and this has been found not to be sufficient to enable carbon savings elsewhere on a 1:1 basis at the current price. The Council has therefore sought to establish the new price at a level which better reflects the cost of actually saving carbon through its carbon reduction activities (in this case through equivalent savings provided via social housing/public building retrofitting activity).

3.27. Whilst LB Hounslow acknowledge the findings of EBEQ5 with regard to the potential advantages of pursuing a 'policy option 2' approach (i.e.

[15] The Mayor of London's Carbon Offset Funds Guidance 2022: https://www.london.gov.uk/sites/default/files/gla_carbon_offsetting_guidance_2022.pdf

using Energy Use Intensity and other metrics to achieve zero carbon development), given the relative novelty of this approach, and the uncertainties presented by the WMS 2023 and the position of the London Plan 2021, the Council has at this time decided to continue with a policy approach targeting greater improvements in the reduction of regulated emissions over the requirements of Part L 2021. It is the Council's intention to monitor the effectiveness of the chosen policy approach during the life of the emerging local plan, and to conduct a future review of the policy should a different approach become established through either national policy or Building Regulations, or the next London Plan. It should also be noted that the emerging policy reflects the Mayor's Energy Assessment Guidance by requiring energy statements to determine and report on Energy Use Intensity (EUI) and space heating demand in addition to Part L requirements. In this way it is hoped that additional information for eligible developments can be gathered to inform a future EUI-based policy approach.

3.28. To summarise, LB Hounslow is pursuing a policy which uses the existing Building Regulations and London Plan frameworks, whilst seeking to increase the scope of the policy to include minor residential developments, increases on-site performance targets beyond those established in the London Plan 2021, and establishing a more robust approach to carbon offset pricing to ensure meaningful carbon reductions can take place both on- and off-site. The rationale for taking additional steps in local planning policy to improve carbon reductions in new development is clearly demonstrated as being both necessary and feasible by the evidence findings set out in EBEQ5.

Viability implications

3.29. Turning to viability, the emerging policy EQ1 was assessed alongside other emerging policies in the LB Hounslow Whole Plan Viability Assessment 2024 (submission document EBV1). EBV1 compared the residual land values of a range of development typologies and a sample of identified strategic sites reflecting the types of developments expected to come forward in the borough over the life of the emerging Local Plan. The appraisal compares the residual land values generated by those developments (with varying levels and tenure mixes of affordable housing and other emerging policy requirements) to a range of

benchmark land values to reflect the existing value of land prior to redevelopment. If a development incorporating the Council's emerging policy requirements and CIL generates a higher residual land value than the benchmark land value, then the appraisal judges that the site is viable and deliverable.

3.30. In order to adequately test emerging policy EQ1, EBV1 appraised: a) the achievement of net zero carbon through on-site solutions (to achieve the increased benchmark reductions against Part L for certain development types); and b) a range of offsetting rates for major schemes (including the preferred rate of £370/tCO2).

3.31. For the appraisal of on-site solutions, EBV1 utilised the costs modelling set out in the EBEQ5 to appraise 2 scenarios: Scenario 1 applying a 3% cost uplift and Scenario 2 applied a 5% cost uplift. The detailed summaries of the appraisal are set out in tables Table 6.35.1 (Scenario 1) and Table 6.35.2 (Scenario 2). The findings related to the median scheme tested (as set out at Table 6.35.3) indicate 'that the reduction in residual land values is typically circa 15% for Scenario 1 and circa 26% for Scenario 2, but with higher reductions on larger schemes and some mixed use developments'. The appraisal concludes that:

> *'Where schemes are on the margins of viability, and developers are unable to pass back the cost of NZC [net zero carbon] to landowners through a lower land price, it is possible that developers will seek to offset the additional cost by reducing the provision of affordable housing. However, the costs of achieving net zero carbon are expected to fall over time as technologies evolve and improve (p.61).'*

3.32. As such, whilst a potential short term costs impact for on-site net zero development measures is noted in the EBV1, it is also noted that costs are anticipated to fall over time as technologies mature and performance improves. It is understood that the development industry is aware of the challenges presented by climate change and the need to achieve net zero development, and that significant investment is being made into the material and skills required to improve fabric efficiency and renewables generation performance. It is therefore anticipated that the viability picture will continue to improve for individual applications throughout the plan period, and in the meantime the policy is suitably

flexible so that viability concerns related to specific schemes can be addressed at application stage.

3.33. The EBV1 assessment also tested the potential of raising the cost of offsetting carbon in line with the Mayor's energy hierarchy approach, including the £370/tCO2 rate recommended in EBEQ5. The viability assessment tested a range of carbon offset rates (£170, £270, £370, £470 and £570 per tonne) whilst retaining the existing rate of £95/tCO2 as a baseline.

3.34. The findings suggest that the impact of increased carbon offsetting payments on the residual land values ranges from an average reduction of 10.19% (assuming £170 per tonne) to an average reduction of 38% (assuming £370 per tonne – i.e. the preferred rate) and 65.14% (assuming £570 per tonne). The report concludes that at higher reductions it:

> *'… may not always be possible for developers to pass on [reductions to residual land values] to landowners through reduced land offers. In these cases, developers may opt not to use the affordable housing 'Fast Track' route and opt to use the 'viability tested' route to offset the higher costs of offsetting against affordable housing (p.67).'*

3.35. The Council is aware that there may well be some short-term viability impacts related to taking forward the increased carbon offset rate of £370/tCO2 for major development. However, given the flexibility of both Policy EQ1 which pertains to utilising the Mayor's energy hierarchy approach to achieve net zero development (i.e. allowing developers to propose other on-site measures which may prove cheaper than offsetting to achieve the required carbon reductions) and other emerging policies relating to viability testing contained in the draft Plan, it is anticipated that this will not have a detrimental impact on scheme viability in the long run.

3.36. As such, the Council has assessed the potential for the emerging policy to have an impact on scheme viability, and specifically – as required by the WMS 2023 – consideration of the impact this might have upon housing supply and affordability in accordance with the National Planning Policy Framework. The viability assessment concludes that some of these impacts will reduce as technologies continue to mature and

costs reduce. Additionally, it is noted that the policies can be applied flexibly in cases where scheme viability has been found to present an issue to delivery, and that emerging local plan policy provides for the ability of developers to test scheme viability at application stage.

The Future Homes & Buildings Standard

3.37. It is also worth noting that there are anticipated changes to building regulations which may have a bearing upon the emerging policy.

3.38. The anticipated implementation of the Future Homes & Buildings Standards (FHBS) represents a major update to Building Regulations, which would revise Part L (2021) for both domestic and non-domestic buildings. The FHBS is scheduled to come into force in 2025. The primary aim of the FHBS is to significantly enhance the energy efficiency of new homes and reduce carbon emissions, supporting the UK's broader strategy to achieve net zero by 2050. The consultation document published 13th December 2023[16] set out how the new standards would see new homes built from 2025 producing 75% fewer carbon emissions compared to those constructed under 2013 regulations (and an estimated minimum 64% equivalent reduction compared with Part L 2021). New homes would also be required to be 'zero-carbon ready' and designed so they won't require retrofitting to benefit from the decarbonisation of the electricity grid and the transition to electrified heating.

3.39. The emerging policy approach toward benchmark on-site improvements targets broadly match what we anticipate will come through changes to Part L as part of the FHBS in terms of the level of reductions required. As such, it is intended that the emerging policy EQ1 anticipates the new requirements, even if it does explicitly refer to the latest version of Part L currently in force (Part L 2021). In this way, the preferred policy approach provides a degree of resilience should there be any delays to the implementation of the FHBS, and a contingency in case the new standards are not brought forward.

[16] 'The Future Homes and Buildings Standards: 2023 consultation' (https://www.gov.uk/government/consultations/the-future-homes-and-buildings-standards-2023-consultation/the-future-homes-and-buildings-standards-2023-consultation)

3.40. As set out in paragraphs 2.3-2.5 of this paper, the Council have previously experienced issues when trying to develop a local planning policy which seeks to anticipate a change to national building regulations. At that time, the decision of the then Government not to bring into force the anticipated Zero Carbon Homes policy on the eve of the adoption of our Local Plan (2015) left the Council with a policy which referred to obsolete requirements.

3.41. It is in this context that the Council chose not to develop an updated policy which seeks to conform to an anticipated set of national regulatory changes. It should be noted that the FHBS was developed by the previous Government, and officers are not aware of any further specific detail relating to the implementation of the FHBS having been set out by the current Government. This was the case at the point of drafting the proposed submission version of the plan, and at the point of submission. It is also pertinent to note that there are now only c. 2 months remaining in the 2025 calendar year for the FHBS to be introduced (as of the date of writing this paper). The Council consider that these are valid reasons to pursue the policy as drafted.

3.42. The Council is of course open to further discussion on this point through the examination hearings, and should an announcement be made on the implementation of the FHBS in the interim period, we would of course seek to work with the Inspectors to modify the policy to address any change in circumstances.

Other considerations – the Climate Change Mitigation and Adaptation SPD

3.43. The Council adopted a Climate Change Mitigation and Adaptation SPD (CC SPD) on 27th August 2025. The CC SPD (2025) provides further guidance to the implementation of the policies in the adopted Local Plan (2015) and relevant London Plan (2021) policies in order to: facilitate the delivery of sustainable, zero carbon buildings which are adapted to the changing climate; and provide detailed advice on building fabric and services. The CC SPD (2025) complements the broader design guidance for new developments set out in the Hounslow Character, Sustainability and Design Codes SPD (2024).

3.44. It is the Council's intention to update the CC SPD following the adoption of the Hounslow Local Plan 2020-2041 to take account of the updated policy approach and requirements.

4. Conclusions

4.1. This paper has sought to provide further detail on the relevant legislative and policy context within which the emerging Policy EQ1 zero carbon development requirements have been drafted. The paper has also signposted to key evidence base documents which provide the justification for the approach taken.

4.2. To conclude, the Council consider that the policy is in line with relevant legislation and national policy (including the WMS 2023); is in general conformity with the relevant London Plan (2021) policies; is justified by both Mayoral and local climate reduction targets, and has been informed by the level of action required to meet these; and is justified by a technical evidence base document (EBEQ5) which sets out that the policy approach is both feasible and effective in meeting its objectives. The policy has also been assessed as part of a whole plan viability assessment (EBV1) which found that overall, it would be viably feasible to implement EQ1 as part of the policy framework, when considered in combination with the other policies in the Local Plan. Furthermore, the policy is designed to work alongside any upcoming changes in Building Regulations, but would also represent a workable policy should such changes be delayed or not come forward. As such, the Council considers emerging policy relating to net zero development is sound.