PAN – WLCCO 30/09/22

City Property Association

Sustainability Team
Policy and Strategy
Environment Department
City of London Corporation
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Planning Advice Note - Whole Life Cycle Carbon Optioneering

Dear Sir/ Madam

I am writing on behalf of the City Property Association (CPA), the membership body for the owners, investors, professional advisors and developers of real estate in the City of London. I attach a list of the 160 member companies we represent.

The CPA acknowledges the seriousness of the climate emergency and supports in principle the steps the City of London Corporation is taking to address this challenge through the publication of the draft Planning Advice Note - Whole Life Cycle Carbon Optioneering (the "PAN"). The CPA welcomes the approach set out which prioritises the retention of buildings/structures where possible, but recognises that this is not always possible and does not always deliver the most amount of planning and public benefits when considering interventions in the built environment. The CPA acknowledges that an investment in carbon is necessary to ensure that buildings which are not suitable for retention are fit for purpose in the 21st century, do not become stranded assets, and that in some cases substantial demolition is required to achieve that. This is particularly important in the context of the Development Plan's objective of delivering significant growth over the next plan period. This cannot be achieved through retention and possible extension alone.

The CPA supports and welcomes the draft PAN and the opportunity to comment on it. The draft PAN provides much needed guidance and context for this emerging field of assessing and appraising, whether it is right to re-use or retrofit a building. The CPA supports openness, transparency, and consistency of carbon reporting at pre-application and planning application stages to inform Officers and Members in decision making.

The CPA acknowledges that the policy framework at a national, regional level is complex and overlapping. Welcoming the opportunity to continue engagement with the City of London, the Greater London Authority and Government to work towards a more streamlined and meaningful approach to carbon reduction (both operational and embodied) policy to address the climate emergency.

The CPA has several suggestions and comments which are addressed in response to each section of the draft PAN to enhance it and make parts of it clearer and more legible for users. These representations have been prepared with the expertise of Gerald Eve and Arup.

Overall Planning and Policy Context

The CPA supports the City of London's pioneering thinking and guidance on this topic; however the CPA wishes to make clear that there is much greater consistency and streamlining of policy required at a national and regional level. Section 1 of the PAN makes clear how complex and cumbersome the

policy framework for carbon is at present. Although it is not directly relevant to this consultation exercise, the CPA supports and strongly recommends further integration and simplification of carbon policy through engagement between industry, the City of London Corporation, Greater London Authority and national Government policymakers at both DLUHC and BEIS to streamline the regulation of carbon policy in both the planning system and the building regulations regime.

This approach to site appraisal and the consideration of optioneering through the planning system represents a significant shift. Without changes in policy in the National Planning Policy Framework (NPPF), there are risks around conformity and ensuring that the City's planning policies align with national policy and strategy.

We also support the development of the draft PAN in the context of a new Sustainability Supplementary Planning Document (SPD). This is being prepared to address additional topics, in addition to Whole Life Carbon Optioneering during the pre-application and determination stages.

It is clear that the PAN will provide useful guidance. However, in light of the fact that it will not be subject to an examination by the Planning Inspectorate as an SPD would, it must be made clear that this can only guide how information ought to be prepared and presented. It should not form part of the statutory development plan for the purpose of decision making in line with paragraph 48 of the NPPF.

Currently only policy SI2 and SI7 of the London Plan and the GLA's Whole Life Carbon Assessment London Planning Guidance ("LPG"), and Circular Economy Statement LPG provide a policy basis for requiring retrofit and retention of buildings to be prioritised and assessed before considering substantial demolition. Importantly, it does not preclude or prohibit total demolition of buildings, which the CPA acknowledge require a substantial carbon investment to unlock the most planning and public benefits from some development sites.

We also note that two recent planning applications in Central London have been called-in by the Secretary of State; although the focus for the call-ins was in relation to heritage, we expect that the debate around embodied carbon and demolition will be a focus of the Inspectors at the Public Inquiries. Something that the Secretary of State will take into consideration in making their overall decision on these applications. We would highlight the merit in reviewing the PAN in light of these Secretary of State decisions, to further inform the content of the PAN.

The CPA acknowledges that whole life carbon is very much an emerging topic. We would welcome regular review and updates to the draft PAN, and emerging Sustainability SPG to ensure that it continues to be fit for purpose as industry knowledge increases and becomes more widespread.

The CPA considers that the proposed dashboard aligns with the requirements of the pre-redevelopment audit required by the GLA's Circular Economy Statement (CES) Guidance. Applicants have completed very similar dashboards for several projects in other Central London boroughs in response to CES policy requirements. The CPA understands that central London boroughs authorities and the GLA are likely looking at the publication of the draft PAN as pioneering guidance, and it is very likely to be replicated or implemented by the GLA and others. The CPA understands that the City Corporation is in regular dialogue with other stakeholders across London, which is welcomed.

We have outlined the CPA's detailed comments and questions on the draft PAN below, which is followed by more detailed comment on pages 4-10 of our response.

City Property Association

Executive Summary

- The CPA welcomes and fully supports the intentions of the draft PAN to provide guidance that promotes certainty and consistency in this emerging field of whole life carbon.
- The CPA considers that setting a threshold for "major development" is inappropriate and this should be more clearly defined to ensure that it does not capture major applications which do not create more than 1,000sqm of gross external area. It would not be appropriate to undertake an options analysis for a change of use for example, which may not result in any changes to the external fabric of a building. The draft PAN would benefit from a section summarising the key planning policy requirements in line with the statutory development plan (i.e. the NPPF and London Plan).
- The CPA questions whether this methodology applies to only commercial proposals, and whether the fourth to last paragraph should also refer to the commercial and residential built environment.

The Climate Emergency and Climate Action Strategy

- The CPA acknowledges the seriousness of the climate emergency, and as such believes the duties referenced in the draft PAN should be enshrined in planning policy, rather than vague references to moral duty. Paragraphs 153-158 of the National Planning Policy Framework provides suitable text to make this point, on which our suggested wording below is based:
- *The property and construction industry clearly has a significant impact on carbon emissions within the built environment. Chapter 14 of the National Planning Policy Framework requires development to reduce the environmental impacts of this sector as well as mitigate the effects of Climate Change.*
- It is important that policy supports responsible developers in their adoption of ambitious measures to make their buildings more sustainable, creating a level playing field to ensure there is no incentive to deliver sub-optimal buildings which undermine the City's path to net zero.
- The CPA therefore fully supports the initiatives the City of London Corporation is undertaking as part of its Climate Action Strategy, and we look forward to working with you further.

You will find below our detailed response set out below. Please do not hesitate to contact me if you have any questions.

Yours sincerely

Charles Begley
Chief Executive
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N.B> Please see our detailed comments on pages 4-10 below

Section 1- Carbon in Planning Policy

- The CPA welcomes this useful summary that highlights the lack of consistency in building and planning policy and support the City of London Corporation's endeavours to streamline and simplify these policies which regulate carbon. It is questionable more generally what role the planning system should have in regulating carbon and whether it is more appropriate to deal with the more granular details through building regulations. We welcome further discussion on this topic.
- In response to the last paragraph of page 13, the CPA considers that there may be merit in the GLA (or others) benchmarks being adjusted to reflect the scope of the interventions. It should be noted however that the GLA acknowledges that their benchmarks are not comparable with whole new buildings, but for scopes between Shell, Core and CAT A.

Section 2 – Related Reporting Requirements

- The CPA seeks clarity on the intention to place conditions requiring updates to the WLCA following RIBA Stage 4 (as required by the GLA). It is clearly not feasible for the Local Authority or the GLA to be reviewing material choices during the procurement stage. It is understood that the reasons for requesting this detail by condition is to gather up to date data to inform policy in the future. This should be made clear in the draft PAN, and the wording of the conditions to recognise that changes to carbon performance (for better or worse) from planning permission to RIBA stage 4 and beyond are necessary for a variety of reasons. Particularly within an inflationary economic environment with ever increasing build costs and supply chain constraints.
- It may be more appropriate to provide a range at planning application stage (normally submitted at RIBA Stage 2 or between Stage 2 and 3 by the time the application is determined) to manage decision makers expectations. It should be made clear that the Local Authority will not seek to challenge material choices and carbon intensities (that may already be well into the procurement process, if not already procured), given long lead in times to not unduly delay construction.
- The draft PAN should clarify the "RICS Method" referenced in "operational water use section". It may be sensible to make reference to the RICS Professional Statement "Whole life carbon assessment for the built environment" (2017) or subsequent updates of the document. The GLA/UKGBC methods are based on this Professional Statement so it is considered to be worthy of including.
- The CPA welcomes continued alignment of the draft PAN and emerging Sustainability SPD with the GLA CES guidance.

Section 3 – Whole Life Carbon Assessments

- There is no reference to the RICS Professional Statement for WLCA's in this section which would be beneficial to make reference to it in table 3.
- The CPA queries whether table 3 should include a line highlighting the impact of demolition of existing buildings which is not currently included in the table.
- At table 4, although this is a helpful reference to show what different frameworks and methodologies require, it should be noted that tenants' fit-out is usually excluded from the assessments. Even the GLA Benchmarks do not include fit-out which will impact results in the FF&E/Finishes/Partitions category. It should be made clear that these later stage elements only refer to the 'base building only' so that the parameters for the WLCA are totally clear.

- It is acknowledged that figure 11 on page 23 is intended to indicate how the City of London Corporation would like the options study to be reported, however the CPA considers that some parts of it should be altered to illustrate certain technical matters:
    - It does not seem to include decarbonisation, as after several years the operational emissions should be flat.
    - The refurbishment up-ticks of 50 kgCO2e/m2GIA cannot be the same for all options. The refurbishment up-ticks should be a little larger than the new build (add say 50 kgCO2e/m2GIA), as they will require more carbon to maintain than a new-build.
    - The assumption in the graph that a building with 'no intervention' or a 'minor refurb' will just keep going, with nothing more than a periodic refurb every 15 years, is incorrect. A post War building with a design life of 50 or 70 years cannot keep "going" with periodic refurbishments.
    - Consideration should be given to the 'no intervention' and 'minor refurb' curves converging to a single curve at some point in time (say 15-25 years), simply because a minor refurbishment would not significantly extend the economic life of a building.
    - In relation to the existing building line, including fossil fuels. The grey line is unrealistic. It implies that:
        1. Buildings will be able to burn fossil fuels in the future
        2. The replacement intervention will not improve operational performance.
- The graph refers only to embodied carbon, but the analysis should be assessed on an embodied and operational basis, this should be made clear that this figure is only related to how embodied carbon should be assessed. It might be sensible to remove this diagram and locate it later in the document.
- The CPA is uncomfortable with the use of the term "payback", the electricity grid is anticipated to fully de-carbonise within the next 60 years, then replacing a building would never be appropriate or justifiable on carbon grounds.

<u>Section 5 – Optioneering Considerations</u>

- The CPA welcomes the inclusion of the various categories that should be taken into account during the optioneering analysis. It is particularly welcomed that the draft PAN acknowledges that commerciality is a critical factor in appraising a development asset, and whether it is capable of being retained in full or in part.
- The draft PAN should recognise that for some buildings (in line with figure 7 of the draft PAN), there may be no beneficial re-use scenario. This is important as the appraising of multiple options can be a time consuming and resource intensive process for design teams to work up a theoretical option, or options for assessment. In some cases, this is not necessary as the existing buildings are so poor, or unsuitable for any form of adaptation.
- The CPA considers that all of these categories should be integrated in the dashboard defined in section 9, assessed as opportunities and constrains qualitatively and/or quantitatively, if possible, to provide the right context to the carbon options. It is worth noting that there may be other relevant considerations that should inform the assessment.
- In the "assumptions" section, it should be recognised that sometimes there are no market averages available. Some projects are able to agree specifications early (e.g. the carbon factor of concrete mixes) or develop different building components at different paces. The CPA suggest that this is rephrased to reflect that the carbon factors selected should be representative of the average market or allow for the above.

- In terms of the "land use and building type", the CPA considers that it should be acknowledged that as part of an optioneering exercise, it may be more appropriate to consider different land uses as part of these scenarios, particularly for the qualitative element of the study. For example, if a building could be retained but it would result in poor quality office accommodation, it may be suitable for adaptation into an alternate commercial or residential land use. Although this is more of a matter for the Local Plan, the CPA wishes to ensure that land use policies are flexible to enable a case to be made for the best use of a building which can be suitably retained and adapted in a non-office use.

Section 6 – Other Policy Opportunities

- The proposed framework aligns in Scope, Objectives and Program with the Pre-redevelopment audit now requested by the Mayor of London. It is very likely that this framework/dashboard will become the template for pre-redevelopment audits. The draft PAN could acknowledge and build on that, including any relevant dialogue with the GLA.
- The CPA queries in figure 12, why the operational carbon savings are reduced almost to zero after year 12; is this because of sudden decarbonisation of the gird or a change in fuel? This should be clarified.
- It is suggested that public realm, urban greening factor and biodiversity net gain should be other variables in section 5 to assess in the dashboard to understand the context and wider benefits of each option; defining or suggesting more metrics could be beneficial.

Section 7 – Planning Application Trends

- The CPA notes the conclusions and agree that it is reasonable for the City of London to require WLCA's during pre-application and application submission stage for major developments (provided the threshold is clarified in line with the earlier comments made). The conclusions section generally could be better defined and made clearer. Their final paragraph in particular would benefit from more specific and clear language, particularly "in a more consistent way" and "there will always be some carbon emissions". It is also considered that carrying out this exercise should not be to "ensure correct choices are made". This should be reworded as follows:

  "The review of data above concludes that there is a need for embodied and operational carbon emissions to be accounted for, and options for the retention of buildings in full or in part for proposals that involve substantial demolition to be considered in the City of London for all major applications[1]. Full major applications are to consider development options and carbon impacts, applying the methodology presented later in this document.

  Within this is a requirement to review building options. It is recognised that to upgrade the built environment, make buildings more energy efficient and make the best use of the City's scare land, there will always be an investment in carbon needed to achieve these goals. However, developments should seek to minimise the amount of carbon, and the carbon intensity of materials wherever possible. In order to enable officers to be able to make informed decisions in line with the statutory development plan and the City's Climate Action Strategy."

[1] This threshold needs to be reviewed.

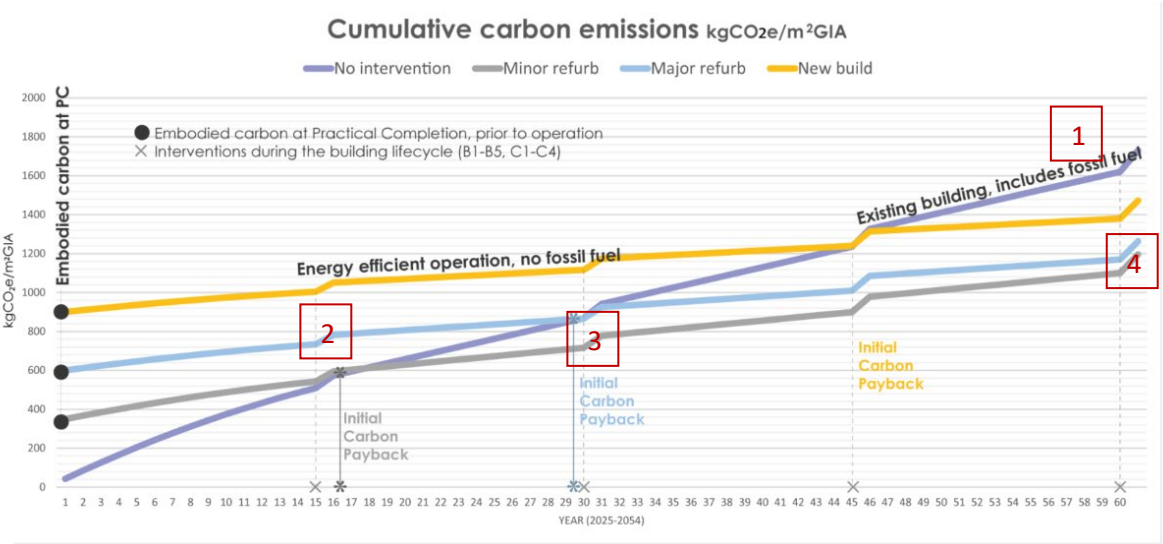
Section 8 – Methodology

- As a general point for this section, there should be more consistency in terminology, with our previous comment relating to the “major development” threshold being made again here.
- The CPA feels that the first bullet (1) of the pre-application section should include specific floorspace thresholds, recommending that the smallest category be at least 1,000sqm of new gross external floorspace, so that changes of use are not captured.
- Guidance or definitions should be provided for the Minor, Medium and Major Refurbishments in the dashboard, or it should be acknowledged that Applicants can/should scope these at an early stage with Officers.
- The CPA considers that non-major developments "aligning with the GLA Guidance” is too general. More specific requirements for different thresholds should be provided so that any expectations are clear and proportionate to the scale of the developments, as WLC and CES requirements could be very onerous for minor projects. This sentence is also duplicated on the next page in the “preferred option section”.
- The CPA queries how the “percentage of material retained” should be calculated and at which stage, for example as part of a pre-demolition audit or pre-redevelopment audit.
- Clarity is needed on how 'substantial' is defined and the CPA welcomes guidance on what constitutes substantial refurbishment and demolition. If substantial refurbishment is considered with no demolition involved, it is queried whether the options appraisal is still required. Guidance would be useful to illustrate how different levels of refurbishment should be assessed.
- Point 3 in the pre-application section should specify a methodology (TM54 / NABERS / Part L) or alignment with other planning requirements.
- Point 5 in the pre-application section should recognise that these details are not always available and there should be greater clarity on how existing buildings are assessed. For example, it is not realistic that any building will consume fossil fuels in the future as the grid decarbonises. Where information about existing buildings is not available (such as energy uses, or building electricity meters), guidance should be given in what assumptions should be made.
- The CPA would also wish to ensure that Member’s expectations are managed in terms of the information that is available in terms of carbon for existing buildings.
- The City’s expectations should be made clear for when this information is expected during the pre-application process.
- The assumptions being made on grid decarbonisation should be sourced (i.e. Department of the BEIS or FES). However, the name of institutions (DECC), scenarios and documents changes (e.g. the RICS PS refers to a particular scenario of a particular document not available anymore). Any external source should provide a caveat on what to do if the source changes.
- In terms of the preferred option section, a list with the City’s minimum expected assumptions and exclusions would be helpful, i.e. reporting boundary, data availability, etc.
- In terms of the cost plan quantities, further quantification of necessary contingencies due to uncertainty could be considered, particularly given the recessionary economic outlook and build cost inflation.
- The CPA would make the same point about the use of conditions to require updated WLCA at different stages. It should be made clear that this cannot result in Officers questioning WLCA information for built schemes.

CPA
City Property Association

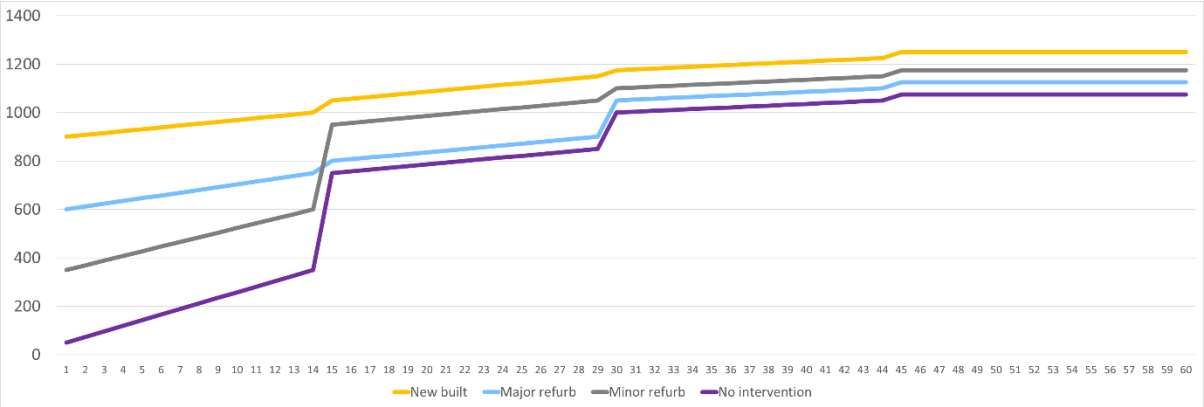
Dashboard

- The following comments refer to Figure A:



1. The purple line suggests that a building will be able to burn fossil fuels after 2040. That is not realistic. Plotting this line in these terms could be viewed as promoting greenwashing.
2. The operational performance of buildings should improve after any future retrofit, especially in the minor refurb options.
3. Is the embodied carbon impact of the plotted retrofit options comparable? Can any existing building or a minor refurb last for 60 years without a major refurbishment? That does not seem realistic and should not be encouraged.
4. Future retrofits and C1-C4 will emit less embodied carbon because the global economy should decarbonise following global climate change mitigation commitments. Is it realistic to assume that in 45 years the economy will not be decarbonised?

The following indicative version of Figure A illustrates the impact of the comments above:



- The trajectory of the future decarbonisation of embodied carbon and the supply chains is still uncertain, but the guidance should acknowledge decarbonisation projections for both embodied and operational carbon and provide reference usable, reliable sources. For example, BEIS EEP currently does not provide Carbon factors in KGCO2e/kWh, so it is difficult for consultants to easily look up future carbon factors. Other sources such as Future Energy Scenarios (FES) do.

The following table incorporates indicative suggestions to consider for Table A to evolve and capture not only carbon but wider topics and variables:

Category		Topic	Metric	Minor refurbishment	Major refurbishment	Major rerubishment with extension	New build, Reclaim and Recycle
Building Characteristics		Image					
		GIA	m2				
		NIA	m2				
		Increase in NIA	m2				
CARBON	Intensity	Demolition	kgCO2e / m2 GIA				
		EC-PC [A1-A5]					
		EC-LC [A1-A5 B1-B5 C1-C4]					
		OC [B6-B7]					
		WLC [A-C]					
		WLC+ [A-D]					
	Absolute	Demolition	kgCO2e or tCO2e				
		EC-PC [A1-A5]					
		EC-LC [A1-A5 B1-B5 C1-C4]					
		OC [B6-B7]					
		WLC [A-C]					
		WLC+ [A-D]					
	Performance	EC Savings	% carbon saved				
		OC Savings Total					
		OC Savings Regulated					
		~~EPC rating~~	~~Band (Rating)~~				
OPPORTUNITIES AND CONSTRAINS		UGF					
		Biodiversity Net Gain					
		Program					
		Cost					
		Building Complexity					
		Procurement					
		Products					
		Commerciality					
		Densification					
		Social Value					
		Heritage					
		Other 1					
		Other 2					
		Other 3					
KEY ASSUMPTIONS	Building retention	Total	% retention				
		Substructure					
		Frame					
		Façade					
		MEP					
		Internal Fit-out (Partitions, Finishes, FF&E)					
		External works					
	Scenarios	Replacement scenarios	Components replaced				
		Service life	Years / Building component				
		End-of Life scenarios					
	Decarbonisation	Operational decarbonisation	Source / Carbon Factors				
		Embodied decarbonisation pathway					
		Carbon contingency / Assessment of uncertainty	% / building component				
	Fuel use	Gas	kwh / m2				
		Electiricty					
		District Heating					
		Other					

- The carbon impact of demolition should also be accounted and reported, but separately.
- Reporting of EPC rating is discouraged as it is difficult to estimate for potential scenarios at early stages.

- Further guidance is required to define the scope of pre-demolition and pre-redevelopment audits as well as for the definition and disclosure of key assumptions, opportunities and constrains.
- To provide a wider picture beyond the impact of carbon, the table above proposes more variables and topics, including the already listed in section 5. Reporting wider sustainability and non-sustainability metrics could be not compulsory, but advisable.
- The completion of the dashboard is not applicable to minor refurbishments; however, Figure A is requested for minor refurbishments. The request of both should be consistent.
- Contingencies should be considered depending on quality of data available. Further guidance on how to quantify contingencies to evaluate the uncertainty is recommended.
- Module D should be reported separately as it is not part of the WLC boundary (according to the RICS Professional Statement).
- Energy intensity should also be reported so planning policy does not inadvertently encourage the retention of energy inefficient buildings that rely on the decarbonisation of the grid.

Appendix 2

- GLA/LETI benchmarks do not include fit-out data. They are somewhere between Shell and Core and CatA because benchmarks were developed mainly with LCAs completed for developers. They are only valid for these scopes. Early assessments suggest that emissions from tenant fitouts are largely underestimated. This should be stated, as it will affect FF&E, MEP, Finishes and internal partitions in future revisions of the benchmarks.

Glossary

- The document should be consistent with the naming of each carbon boundary and the BS EN 15978 modules that each name/acronym includes, for example:
    - A1-A5: Upfront carbon / Embodied Carbon to Practical Completion / EC-PC
    - Embodied Carbon over the Life Cycle / EC-LC / A-C (exc B6-B7)
    - WLC
    - Etc.

This should be clarified in the glossary but also in the beginning of the document.

We look forward to the further development of the PAN and would welcome the opportunity to remain engaged with the evolution of it and the forthcoming Sustainability SPD.

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