Appendix 3

Cambridgeshire County Council

Carbon Offsetting Policy

2026

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1 Background

Cambridgeshire County Council declared a Climate Emergency in May 2019. The Council's Climate Change and Environment Strategy 2026-2028 set out the council's carbon reduction ambitions. The Council's ambition for the county of Cambridgeshire is to be net zero by 2045.

Reaching Net Zero requires that emissions are significantly reduced, with only residual "hard to treat" emissions being offset.

1.1 Role of Carbon offsetting in reaching net zero targets

Carbon offsetting is a practice used by many private and public sector organisations to achieve net zero emissions. Offsets are most used to account for any residual emissions that are difficult for an organisation to reduce themselves, often due to technology, infrastructure, or cost implications. Despite carbon offsetting being widely used, there is no established definition, however many definitions are similar and there is a general global consensus on what offsetting means and achieves. For this document, the following definition from the Environment Agency will be used:

"The practice of reducing or removing greenhouse gas emissions to balance ongoing greenhouse gas emissions, to achieve claims such as climate neutrality or net zero."[1]

While the Council remains focussed on permanently reducing its emissions there remain significant logistical and technological challenges in some sectors which could prevent the Council from achieving its targets by the specified dates. The Council will therefore need to consider using carbon offsets to achieve a net zero position. It will be important to develop a robust approach to offsetting to ensure that the Council's offsets achieve their emissions removal objectives, and to avoid the potential for controversy.

It would be hoped that as innovation and technologies move on, and mechanisms to manage currently unavoidable emissions emerge, reliance on offsetting would decrease over time.

1.2 Scope of this Policy

This policy sets out the principles that all Council offsetting activity must follow to ensure a consistent approach. Whilst this policy does not commit the Council to offsetting, it ensures that there is an agreed corporate approach should the need to use offsets arise. The primary focus of this policy is on offsetting the Council's own emissions, however there are additional opportunities the Council could explore which are outlined in section 4.

[1] https://assets.publishing.service.gov.uk/media/60cc698cd3bf7f4bcb0efe02/Achieving_net_zero_-_a_review_of_the_evidence_behind_carbon_offsetting_-_report.pdf

1.3 Development of this Policy

Over-reliance on offsets or use of poor-quality offsets can undermine positive climate action. It is therefore very important for the Council to have a carbon offsetting policy in place which will ensure any offsetting the Council engages with is robust and credible.

Many local authorities across the UK have net zero targets in place and will need to consider the role carbon offsets could play in reaching these targets. However, there is currently no specific guidance in place to support local authorities with carbon offsetting projects. Therefore, a review of several carbon offsetting standards used globally was conducted to identify best practice, and several key themes were identified to inform this policy position (see 6.2 for details).

1.4 Offsetting Methods

1.4.1 Avoidance projects

Avoidance projects prevent emissions from being emitted which are outside of the organisation's scope 1, 2 and 3 emissions. Examples include:

- Displacement of fossil fuel generated electricity with electricity from renewable sources;
- Avoiding deforestation or preventing peatland degradation; and
- Carbon capture and storage at industrial facilities.

1.4.2 Removal projects

Removal projects take emissions out of the atmosphere after they have been emitted. Examples include:

- Biological removals, such as afforestation, soil carbon enhancement, and peatland restoration; and
- Engineered removals, such as direct air carbon capture and storage (DACCS).

Biological removals have a time lag; it will take several years before the habitat has matured enough to begin removing emissions from the atmosphere, therefore the project cannot be counted as an offset until it has reached maturity.

2 Principles for Carbon Offsetting at Cambridgeshire County Council

2.1 Offsetting is the option of last resort

The Council will only consider the use of offsetting to meet its carbon targets where absolutely necessary. While no limit/cap to offsetting activity is proposed, the Council will always prioritise activities that reduce or prevent carbon from being emitted in the first place. This will be demonstrated via the Council's annual reporting processes for its Climate Change and Environment Strategy.

2.2 Removal of carbon is favoured over avoidance

When seeking to develop offsetting projects or purchase offsets, the Council will seek to prioritise those derived from the removal of carbon from the atmosphere. Removal projects are generally more robust as they are usually more easily and reliably measured/estimated, verified and monitored than avoidance projects.

Where the Council uses avoidance offsets, these will only be where the Council is satisfied that the offsets are credible. This is likely to largely include projects developed, owned and/or operated by the Council (e.g. the Council's solar parks).

2.3 Local projects are favoured

All offsetting activity undertaken will use offsets generated within the UK, with projects within closer proximity to Cambridgeshire favoured where possible. This will make the ongoing monitoring of offsetting projects easier, while also supporting local supply-chain to develop.

Many offsetting projects can also deliver a wide range of benefits beyond carbon removal/avoidance. Wider benefits include biodiversity enhancement, air quality improvements, climate resilience, and health and wellbeing improvements. Given public funds would be used for offsetting, the Council maintains that any benefits should, as far as possible, be realised locally and by the communities it serves.

2.4 Only additional projects contribute to formal offsetting

Best practice states that offsetting projects should be *additional*: they should be projects that would not have happened anyway; usually anything that we are not legally obliged to do could count as additional. E.g. Where legislation requires biodiversity net gain (BNG) to be delivered, you cannot also gain carbon offsets (this also remains true when generating BNG credits to support others to deliver their BNG requirements).

To provide assurance of additionality, only voluntary activities specifically developed with carbon removal, avoidance or offsetting as a key outcome (e.g. identified within the business case for that project) will be used by the Council to offset its emissions.

2.5 Only offsets that do not result in emissions leakage and deliver permanent removals/avoidance are used

Leakage is where an offsetting project displaces emissions elsewhere. For example, if taking land out of farming to restore peatland causes intensification of farming elsewhere to compensate.

Only offsets that are generated from projects that do not result in leakage should be considered for use by the Council.

Similarly, projects to generate offsets should deliver *permanent removal/avoidance* of carbon emission. This is to ensure the removal/avoidance cannot be foreseeably reversed thereby negating the benefit the offset provided.

To manage this, projects must be risk assessed for their reversibility and action taken to mitigate any risks and compensate for any reversal that occurs. Risks such as land-use demands, political priorities, economic pressures, and climate change should all be considered.

2.6 Reporting, disclosure and double counting of offsets

Transparency and reporting in the generation, calculation and use of offsets is vital.

A robust methodology must be used to ensure any project to generate offsets meets its removal or avoidance target. When calculating the project's removal or avoidance potential, the carbon conversions used must be accurate, especially for non-CO_2 pollutants. The methodology should be available for the Council to scrutinise.

Use of offsets should be reported separately to the Council's gross greenhouse gas emissions. Reporting should be transparent, with all key information about the project included in the report.

Double Counting: To prevent double counting of carbon offsets, a carbon registry will be used to keep track of any offsets from the Council's own projects, and any offsets that are purchased.

To help avoid double counting in shared projects (e.g. where there are multiple funders, delivery partners or in a grant funded context), there must be clear pre-agreed terms relating to which partner retains the carbon benefit. This must be agreed upfront due to the need to ensure suitably robust verification of the offsets is incorporated into the project design, and it can be challenging to make such agreements retrospectively.

3 Approaches to Offsetting at Cambridgeshire County Council

The Council can offset its own scope 1, 2 and 3 emissions in several ways. These opportunities are summarised in 3.1 and 3.2. Any offsetting activities shall be undertaken corporately and not by individual services – this is to ensure oversight, compliance with this Policy and enable easier monitoring.

Where a third party offers offsetting (e.g. within a tender or contract) this should be treated with caution and advice sought from the Climate Change and Energy Service before accepting any such offers.

Suppliers should be encouraged within specifications to instead focus on activities that provide an absolute reduction in emissions from the goods/services they are providing the Council rather than offsetting schemes.

Two options for offsetting Council emissions are outlined below.

3.1 Self-generate carbon offsets

The Council can develop projects that are intended to generate carbon offsets for use by the Council in offsetting its own emissions. As set out in 1.4, two types of projects could be developed with the Council favouring carbon removal where possible.

To guarantee the long-term success and efficacy of the Council's offsetting projects, the projects must meet at least one of the below criteria:

a) Comply with the rules of one of the UK based carbon standards[2], or
b) Comply with any verification process the Council develops, aligned to this policy but proportional to the development cost of the project.

3.2 Purchase carbon offsets

To ensure the credibility of any purchased carbon offsets, the Council must only consider carbon offsets that:

a) Comply with one of the UK based carbon standards; or
b) Comply with a UK based carbon code relevant to the specific project type and considered by the Council to be compatible with this policy; and
c) Use a certified registry to purchase any offsets to remove the risk of double counting.

The Council will undertake due diligence ahead of purchase to provide assurance and confidence in the efficacy of the offsets being purchased. This may be in addition to requirements set out in any procurement specification for the purchase of offsets.

Additionally, the Council will maintain a record of the following information about the project that generated the offsets:

a) Type of project (e.g. afforestation, peatland restoration, etc.);
b) Geographical origin;
c) Organisational origin;
d) How the quantity of offsets was calculated;
e) Verification from external programmes.

4 Offsetting other organisations' emissions

4.1 Council developing Projects

There may be a commercial opportunity to develop projects to sell carbon offsets to other parties, thus generating a revenue stream for the Council.

Where a project may be located on a Council asset, careful consideration should be given to whether use of the asset for offsetting other organisations'/parties' emissions instead of the Council's own emissions represents best value.

Similarly, there is an increasingly credible school of thought that organisations should not be selling carbon offsets to others before they are well on the pathway to net-zero themselves - this is to avoid the circumstance where an organisation is not tackling its own emissions. Therefore, this is an increasing reputational risk associated with the production and sale of carbon offsets.

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[2] Currently these include the Woodland Carbon Code and the Peatland Carbon Code. The list of these will be reviewed annually to ensure it is up to date and the standards listed remain credible.

Any projects developed for this purpose should be held to the same standards as offsets the Council finds acceptable for its own use. Therefore sections 2 and 3 of this Policy should be used. Additionally, a registry will need to be established alongside ongoing monitoring and verification to ensure projects are not double-counted and realised the anticipated offsets. This is particularly important should the Council choose to sell Pending Issuance Units (PIUs)[3].

It should be noted that, unless there are excess offsets generated, the Council cannot both offset its own emissions and sell the same offsets to others – this would be double counting.

Nb. There is an emerging school of thought that carbon offsets should not be sold to organisations that are not demonstrably delivering carbon reduction action. This is gaining momentum, with several carbon standards now introducing additional eligibility criteria for the organisation they will sell to. This evolving position will require monitoring.

4.2 Matching carbon reduction projects with customers: Area Based Insetting

Area Based Insetting (ABI) is an opportunity for the Council to facilitate offsetting projects within Cambridgeshire by acting as matchmaker for project developers and project funders. By facilitating projects within the county, this method of offsetting can produce several benefits for residents, such as improved green spaces, clean air, and employment opportunities. In addition, ABI projects could contribute towards the Council's net zero Cambridgeshire by 2045 ambition.

This approach is being developed by other authorities, and the council is maintaining a watching brief to understand the scale of the opportunity and the role it may play for Cambridgeshire.

4.3 Third Party use of Council Assets for Offsetting

Tenant farmers may sometimes be offered opportunities for creating and selling offsets on Council land that they lease or may need to offset their own emissions on Council land to meet net zero requirements of their customers (e.g. supermarkets etc). These would usually be long-term arrangements, sometimes exceeding the length of tenancies.

Notably, if carbon offsets are developed for other organisations via such contracts, the Council's is then unable to use its own land to offset its own emissions.

Accounting for carbon emissions from land use is an evolving area, with new guidance anticipated from the Greenhouse Gas Protocol soon. (This will be reviewed when it is published in 2025 to see whether there are any implications for the Council.)

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[3] Pending Issuance Units (PIUs): A carbon offset may only be counted within a carbon footprint once the carbon removal has occurred. Some projects, e.g. tree planting, have a lag time between when the project is implemented and when the offsets are realised. A PIU is a promissory note that confirms a buyer owns a certain amount of a projects future carbon removals, enabling the offsets to be sold ahead of the carbon removals being realised.

As a general principle, as the landowner, the Council retains "ownership" of its assets' carbon – both emissions and any sequestration opportunity. Therefore, tenants should acquire permission for any type of offsetting activity prior to engaging in any contracts.

5 Further information

For further information or queries, please speak to the Economy & Climate Change Team – climate@cambridgeshire.gov.uk

6 Appendix

6.1 Key terms

Key Term	Definition
Additionality	Carbon offsetting project must be over and above that which would have happened anyway in the absence of a given project or activity (the "Baseline scenario"). The project should enable more carbon reduction or removal than would otherwise have happened under existing legal, financial, and business circumstances.
Baseline scenario	Related to additionality. The reasonable, conservative scenario that would exist in the absence of the project.
Carbon offsetting	The practice of reducing or removing greenhouse gas emissions to balance ongoing greenhouse gas emissions, to achieve claims such as climate neutrality or net zero.
Double Counting	Double counting occurs when the same tonne of offset carbon is used more than once.
Greenwashing	Misleading the public to believe that an organisation is doing more to protect the environment than it truly is.
Leakage	Emissions occurring outside of the project boundary as a result of the project.
Permanence	The issue of ensuring that emissions reductions are permanent and not reversed at a future point in time.
UK Land Carbon Registry	The official record of Peatland and Woodland Carbon Code projects, their validation/verification status, any validated/verified units and the owners of each unit.
Vintage	The period in which the associated emission reduction has occurred.
Woodland	Land with tree canopy cover of at least 20% or having the potential to achieve this. This definition includes integral open space and felled areas that are awaiting restocking (replanting). Consistent with the UK Forestry Standard, this includes short rotation coppice and short rotation forestry, but does not include individual trees, orchards, ornamental or garden trees, tree nurseries or the management of Christmas trees. (This definition is also applicable to 'forest').

6.2 Documents reviewed to inform this policy

The following offsetting standards were reviewed:

a) Woodland Carbon Code (version 2.2, April 2022)
b) Peatland Carbon Code (version 2.0, March 2023)
c) Gold Standard (version 1.2, October 2019)

d) Greenhouse Gas Protocol – Corporate Standard (revised edition, March 2004)
e) PAS2060 (2nd edition, April 2014)
f) BS EN ISO 14064 (2019)
g) The Oxford Principles for Net Zero (revised edition, February 2024)
h) IEMA Assessing Greenhouse Gas Emissions and Evaluating their Significance (2nd edition, February 2022)
i) HM Government Environmental Reporting Guidelines (March 2019)

In addition to the above list of standards, sources for the review included, but were not limited to:

a) Peer-reviewed literature
b) UK Government resources
c) Local government forums and networks
d) Private sector case studies
e) Independent blogs