Climate Impact Assessment

Summary

Directorate and Service Area	Economy and Place
What is being assessed	Carbon Management Plan Residual Carbon and Offsetting Policy
Is this a new or existing function or policy?	New policy
Summary of assessment	The policy sets the principles and priorities that will guide OCC's initial participation in the carbon offsetting/removal market which will support future offsetting strategies for particular OCC services in the future. The policy will have both short and long term positive impacts and co-benefits. The strategy pays particular focus on local nature solutions and local energy efficiency and renewable adoption through retrofit credits, especially in social housing, and supports resilient local energy systems whilst also contributing to climate adaption. Important co-benefits of the policy is that will contribute to reduces fuel poverty, fostering green innovation and jobs in a high-integrity local market. Finally but very importantly OCC pioneering participation in the offset/carbon removal market with a focus on local impacts will break ground for other organisations in Oxfordshire who are also interested in following this local first offsetting approach. Internally the policy will provide OCC with reference carbon price that can be used for financial analysis and as part of decision making.
Completed by	Sam Randle, Zero Carbon Council Policy and Project Lead
Climate action sign off by	Franco Gonzalez, Carbon Analyst
Director sign off by	
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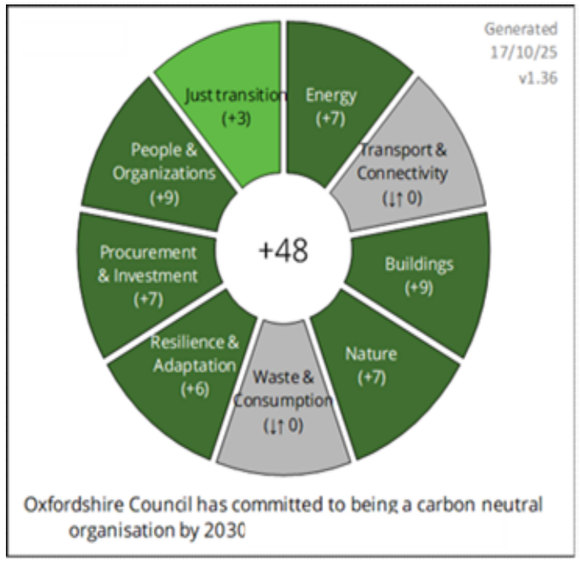

Detail of proposal

Context / Background	The Oxfordshire County Council Carbon Management Plan Residual Carbon Policy sets out a framework for achieving carbon neutrality for the Council's own estate and operations by 2030. The policy outlines how OCC will address the remaining 'residual' emissions of the Carbon Management Plan through the purchase or generation of high-integrity carbon credits—focusing on emissions reductions and removals, not avoidance. Credits are sourced where possible from Oxfordshire-based projects, or those with local co-benefits, while ensuring adherence to recognised standards for integrity and transparency. The policy includes a phased action plan to build local market capacity, develop partnerships, and ensure governance, in response to the limited availability of credits and market immaturity. It aligns with best practice principles and frameworks such as the Oxford Principles for Net Zero Aligned Carbon Offsetting and is partially supported by allocated council funding to forward-purchase credits and stimulate local projects.
Proposal	For the council to achieve carbon neutrality by 2030 it is required to offset the residual of the Carbon Management Plan. The size of this will be minimised through the actions of the Carbon Management Plan, but several factors are out of the council's control, such as grid decarbonisation and the ownership of ICE vehicles by staff mileage claimants. This policy outlines how the council intends to use carbon credits with integrity to avoid greenwashing. It also lays out a plan to develop the local carbon market, recognising that it is currently underdeveloped and OCC plays an important convening role.
Evidence / Intelligence	This policy was developed following consultation with project developers, carbon brokers, Oxfordshire Local Nature Partnership nature finance working group, and internal stakeholders to understand existing carbon offsetting needs, market dynamics, and the availability of local solutions. It is also based on modelling for the Carbon Management Plan. The evidence base was primarily grey literature, including the Environment Agency's Achieving Net Zero report, CO2RE's Carbon Dioxide Removal report, Climate Change Committee publications, evaluations of existing carbon credit methodologies, and policies or case studies from other local authorities. It also included an analysis of net zero and carbon neutrality standards - existing and emerging - to ensure future alignment.

Alternatives considered / rejected	Carbon credits from emissions avoidance projects were rejected as a solution due to their historical misuse and the abuse of the methodology. International credits were also rejected as a solution due to challenges in oversight and the lack of co-benefits. Emissions reduction projects like retrofits were also considered for exclusion, but they have strong evidence backing, synergise with existing council initiatives to save cost, and deliver carbon credits and co-benefits immediately. The hierarchical approach to credit procurement could take several forms - focusing primarily on the most rigorous carbon credit methodologies with the longest durability (1000+ years) but this would result in few local benefits in the short-medium term and significantly higher costs, if this were to be applied to the 2030 target. Instead, a hierarchy focused on local benefits will result in a portfolio of purchases, thus distributing risk against any one project failing, ensuring the 2030 target is still achieved, promote nature-based solutions in the medium-long term, and build partnerships for post-2030.

Category	Impact criteria	Score (-3 to +3)	Description of impact	Actions or mitigations to reduce negative	Action owner	Timeline and monitoring arrangeme
Energy	Increases energy efficiency	3	The offsetting hierarchy has included a focus on energy efficiency through programs such as retrofit credits which are generated directly from emissions reduction technologies such as heat pumps and insulation.			
Energy	Promotes a switch to low-carbon or renewable energy	3	The offsetting hierarchy has included a focus on switch to low carbon/renewables through programs such as Retrofit credits are generated directly from projects that include solar energy generation.			
Energy	Promotes resilient, local, smart energy systems	1	The offsetting hierarchy has included a focus on switch to low carbon/renewables through programs such as retrofit credits are generated directly from projects that include solar energy generation.			
Transport & Connectivity	Reduces need to travel and/or the need for private car ownership	N/A				
Transport & Connectivity	Supports active travel	N/A				
Transport & Connectivity	Increases use of public transport	N/A				
Transport & Connectivity	Accelerates electrification of transport	N/A				
Buildings	Promotes net zero new builds, developments and built infrastructure.	3	The offsetting policy defines the principles and priorities that can guide OCC participation in the carbon offsetting/removal markets with the objective of translating the experience into broader OCC offsetting strategies such as the one required for the Local Transport and Connectivity Plan.			
Buildings	Accelerates retrofitting of existing buildings	3	Some retrofit credit schemes sell carbon credits to fund additional retrofit work. These schemes particularly support social housing landlords who might otherwise be unable to afford retrofitting. The funding from carbon credit sales does not need to cover the full cost, but can make the difference between a project being unaffordable and going ahead.			

Nature	Protects, restores or enhances biodiversity, landscape and ecosystems	3	Carbon credits can be generated from nature-based projects such as woodland afforestation, peatland restoration and enhancement, urban tree planting, hedgrerow planting and grassland planting. Due to the requirement for additionality, the purchase of credits by OCC will be supporting these initiatives that would not have otherwise taken place.
Nature	Develops blue and green infrastructure	3	Several carbon credit generating project developers in Oxfordshire that OCC will investigate working with are working on projects that are explicitly designed to deliver additional specific ecosystem services such as flood mitigation. Urban tree planting methodologies may enable carbon credit budgets to be used to fund additional tree planting in flood-prone or high urban heat island-vulnerable areas.
Nature	Improves access to nature and green spaces	1	Generally, cost-effective carbon credit generating projects are further away from populous areas. In addition, to ensure the carbon sequestering projects perform as required, access needs to be balanced against carbon needs - especially early on. Depending on the requirements for different codes, access to nature may be enhanced, but is not guaranteed by default. Urban tree codes are more likely to improve access to nature and green spaces for more people.
Waste & Consumption	Reduces overall consumption	N/A	
Waste & Consumption	Supports waste prevention and drive reuse and recycling	N/A	
Resilience & Adaptation	Increases resilience to flooding	2	Woodland creation and urban tree planting increase resilience to flooding by improving soil structure, slowing water movement, and regulating microclimate rainfall (if of sufficient woodland size).
Resilience & Adaptation	Increases resilience to other extreme weather events (e.g., storms, cold snaps, heatwaves, droughts)	3	Woodland creation near populated areas can lower localised temperatures, as can urban tree planting. Retrofitting homes reduces the cost of heating, with some schemes supporting those most likely to be fuel-poor and thereby least resilient to cold snaps.

Resilience & Adaptation	Increases resilience of council services, communities, energy systems, transport infrastructure and/or supply chains	1	One of the actions for policy's action plan is to align carbon credit and nature market needs, to identify where funding carbon credit schemes locally may also align with other strategic needs like flood mitigations for highways. Some carbon credit projects may directly support council service and transport infrastructure resilience.
Procurement & Investment	Procurement practices prioritise low-carbon options, circular economy and sustainability	1	Tenders for contracts guided by this policy will include a small weighting under the quality section for alignment with a net zero standard and explanation of how it will affect service delivery.
Procurement & Investment	Investment being considered supports climate action/ is consistent with path to net zero	3	This is a policy designed to support the council's carbon neutrality target directly. It has also been designed to account for future alignment with net zero standards by prioritising carbon removals over emissions avoidance credits.
People & Organizations	Drives behavioural change to address the climate and ecological emergency	3	By introducing principles of carbon offsetting across OCC services, the cost of carbon discovered through our participation in carbon markets will provide a carbon price to be taken in consideration in project and financial decisions. In this way we will value better sustainable project that will save OCC larger offsetting expenditure in the long term. Many organisations have carbon neutral or net zero targets in Oxfordshire. According to carbon brokers, many businesses and organisations are interested in managing their residuals with locally-sourced carbon credits. Through partnership work with ZCOP and the OLNP, this policy aims to break a chicken and egg problem whereby project developers do not know what local organisations want, and local organisations do not know what local offsetting looks like. OCC intends to be a
People & Organizations	Drives organizational and systemic change to address the climate and ecological emergency	3	frontrunner and a case study. In addition, this policy will result in the cost of carbon being factored into business operations from 2029/30 onwards. The action plan includes a workstream to decide where these funds will come from and how the council as a whole or individual services will budget for the cost of carbon. Recognising the cost of carbon as a budget item will help drive further efficiency improvements.

Just transition	Promotes green innovation and job creation	2	The carbon credit market, in particular the carbon removal market, is underdeveloped. There are emerging technologies and nature-based solutions that need investment to demonstrate viability. This policy and action plan seeks to directly promote innovative approaches to financing nature-based solutions through partnerships. It also seeks to support retrofit green skills, net zero-aligned land management, and emerging engineered carbon removal technologies. Some retrofit credit schemes sell carbon credits to fund additional retrofit work. In particular, they focus on social housing landlords who would not retrofit their stock without the additional funding supplied by carbon credit sales. Notably, they focus on social housing and low-income housing where the effects of damp and cold homes is greater.
Just transition	Promotes health and wellbeing	1	Woodland creation may support air quality improvements with noticeable impacts for human health depending on their location. They will have the greatest impact in proximity to major roads or highways, and in or near urban areas and towns. The impact on poverty will depend on the types of projects implemented. Some retrofit credit schemes fund improvements to social and low-income housing, reducing heating bills and protecting residents from energy price volatility, thereby helping to reduce fuel poverty.
Just transition	Reduces poverty and inequality	1	In contrast, nature-based carbon credit projects are typically led by landholders and farmers who could range from small family farm through to asset manager-owned estates. Purchasing carbon credits from the latter directly rewards those with assets and the ability to front the capital to start projects. For small farms, carbon credits offer a separate revenue stream and support income diversification.