

CABINET
18 November 2025

Carbon Management Plan Residual Carbon and Offsetting Policy

Report by Director of Economy and Place

RECOMMENDATION

1. **The Cabinet is RECOMMENDED to**
 - (a) Note the need for the purchase of carbon credits to offset the residual emissions in the Carbon Management Plan (CMP) to meet the council's commitment to become carbon neutral by 2030.
 - (b) Note the improved clarity of terminology and use of 'carbon neutral' to refer to the council's 2030 target for estate and operations.
 - (c) Adopt the policy outlined in Annex 1 to target high-integrity use of carbon credits that maximise local benefits.
 - (d) Note the action plan outlined in Appendix 1 of Annex 1 to enable progress towards acquiring carbon credits and support growing the market for local carbon removal projects.

Executive Summary

2. The council has an ambitious target to be carbon neutral by 2030 for a defined footprint of its own estate. The council has a programme of work to reduce emissions through retrofit, transition to electric vehicles and building heat to low carbon electricity. As the target is twenty years ahead of national policy there are areas of the council's estate that will not be decarbonised by 2030 (such as staff travel and large vehicles) and therefore offsetting will be required.
3. This report sets out a policy to guide how the council will purchase carbon credits. It recommends adopting a high-integrity approach to the purchase of carbon credits, with an emphasis on local projects to maximise benefits for Oxfordshire. The policy and action plan aim to support robust governance and alignment with best practice. There is currently a limited available market for carbon credits in Oxfordshire. Work will be needed to support developing this supply and particularly looking for best value options to deliver credits (for example credits that deliver multiple benefits).

Background

Carbon Management Plan

4. The CMP outlines the council's pathway to carbon neutrality by 2030 across a defined footprint of estate and operational emissions, targeting a reduction of 88% in 2029/30 against the 2010/11 baseline.
5. The CMP follows a decarbonisation hierarchy of saving energy, improving energy efficiency, switching to alternative fuels/energy sources, generating energy, buying zero carbon power (including through PPAs), followed by offsetting the residual emissions.
6. The scale of the residual emissions depends both on the council's delivery and financing of its emissions reductions programme and on wider factors such as the government's attainment of grid decarbonisation and the market uptake of zero-emissions vehicles (which affects decarbonisation of business mileage done in colleague-owned vehicles).
7. The council forecasts a residual of around 3000 tonnes of CO₂ equivalent (tCO₂e) by 2030 should all elements of its emissions reduction programme be funded and delivered. The finance section sets out the additional funding required against this programme. If the future programme is not funded, then the residual emissions would be circa 5000 tCO₂e by 2030.
8. Offsetting refers to balancing the residual emissions during a year with an equivalent volume of carbon credits owned by an organisation being 'retired'.

Carbon Neutrality versus Net Zero

9. Since 2020, a wide range of council documents have referred to the council's targets using both the terms 'net zero' and 'carbon neutral'. Increasingly, organisations are expected to be clear on their usage for credibility.
10. The [2020 Climate Action Framework](#) referred to its 2030 target as a "carbon neutral" target and to operate at "net-zero carbon by 2030". Carbon neutral is a more accurate description based on the scope of the target.
11. Net zero always includes emissions of scope 3 (including supply chain emissions). Carbon neutrality requires all of scope 1 and 2 emissions but can make exclusions within scope 3. Whilst the council works to reduce supply chain emissions (and indeed wider emissions within the county), the scope of its own estate target for 2030 does not include supply chain emissions and is therefore most accurately described as a carbon neutrality target.
12. The CMP outlines a carbon neutrality plan, as it includes all of scope 1 and 2, and includes operational scope 3 emissions.
13. For a carbon neutrality target, both emissions reduction credits and carbon removal credits are permissible for offsetting the residual emissions. For net zero attainment, organisations can only use carbon removals by most accreditation standards.

14. Carbon neutrality targets are an important step towards the later attainment of net zero by taking responsibility for emissions most directly within an organisation's control. The council's own carbon neutrality target for 2030 is an early and ambitious stepping stone towards its target of net zero 'as early as possible in the 2040s' for the wider county as a whole.

Offsetting Considerations

15. Some instances of offsetting have come under scrutiny for weak oversight and misuse by organisations using them to greenwash business as usual. Central government held a consultation on how to raise the integrity of the carbon market that concluded in July 2025, with a report to follow soon.
16. The carbon market is international with a wide range of technologies and approaches, methodologies, registries, brokers, and prices. Purchasing internationally means credits can be considerably cheaper, going as low as £8 per tonne of carbon, but heighten the risk of acquiring dubious or 'junk' credits. A key principle of this policy is to prioritise local solutions to improve credibility and support the local economy and environment.
17. Frameworks and principles have been developed to promote best practice including the Oxford Principles for Net Zero Aligned Carbon Offsetting (revised 2024) and the Integrity Council for the Voluntary Carbon Market's Core Carbon (ICVCM) Principles.
18. The Oxfordshire Local Nature Partnership (OLNP) has also developed a framework to promote high-integrity creation and use of local nature-based carbon credits for offsetting, which is set to be published in October 2025. While unpublished, conversations were had in advance to facilitate alignment.
19. There are very few carbon credits that will be available in Oxfordshire by 2030 as many projects take years (or decades) to generate the bulk of its credits. There are also many types of projects, such as hedgerow planting, soil carbon sequestration and biochar that have nascent standards based on emerging scientific evidence, according to the Environment Agency's Achieving Net Zero report.
20. If the council is to meet its target of carbon neutral by 2030 and seek to promote local solutions, the carbon credit portfolio basket will also need to include retrofit credits which have strong scientific backing while generating credits immediately in the short and medium term. The council may also need to consider biochar which has a growing evidence base, generates credits immediately, can enhance soil quality and crop yields and is being developed by several Oxfordshire based organisations. While the council may have limited capacity to generate carbon credits through projects on its landholdings, these will likely be unable to deliver the necessary credit volume for the 2030 target.

21. The carbon market also has established buyers with large offsetting requirements that allow them to assert their needs and have them met by the carbon market. The council has yet to enter the carbon market and has relatively small offsetting needs. This will initially limit its ability to set standards and expectations.
22. Given the state of the market, the council will aspire to standards of best practice as a buyer and pursue credits of high integrity while acknowledging market immaturity may inhibit perfect adherence, especially while getting established as a buyer. Annex 1 outlines these principles.
23. The council has currently allocated £30,000 to forward purchase carbon credits and a further £80,000 in support of the councils 'beyond net zero' target. However, it must be noted that these allocations themselves are not sufficient to meet the council's full offsetting needs for 2030 (refer paragraph 24 to 28 below).
24. Given the proposed policy position to offset locally, it is recommended that the £80,000 should be spent on market development activities in the short-term (rather than immediately buying credits with the full allocation).

Corporate Policies and Priorities

25. This policy directly aligns with the council's ambition of playing its role in addressing the climate emergency by taking responsibility for the residual emissions forecasted for its estate and operations.
26. The commitment to develop the local market for carbon removals will also support local businesses at the cutting edge of this industry. Aligning offsetting and retrofit work also seeks to address inequalities through fuel poverty. Finally, the scope of this policy includes nature-based carbon projects, which have the potential to improve access to nature and green spaces for residents within Oxfordshire.

Financial Implications

27. The cost of phase 1, establishing the foundation and phase 2, scaling up local offsetting, of the delivery plan, is funded within the relevant team's base budget. It is assumed that the £80,000 budget, allocated, for amongst other things, to stimulate the local market for carbon removal credits, will, due to the immaturity of that market, be repurposed to support the funding of the delivery plan.
28. Initial market engagement has shown that not only do prices for domestic carbon credits vary significantly, but due to the immaturity of the market and the knowledge that future prices may increase, the volume available for forward purchasing is limited.
29. The value of bids within the capital pipeline for decarbonisation of the council's estate is £19m and if that funding becomes available and is approved as part of

the Capital Programme, the likely annual carbon offset is estimated to be circa 3,000 tCO₂ e. If the capital pipeline investment is not funded that carbon offset is estimated to increase to circa 5,000 tCO₂ e. Due to the significant variability of current prices and the volume range to offset, excluding at this stage the impact of Local Government Reorganisation (LGR), the cost of the annual offset, if decarbonisation of the council's estate is funded from the capital programme, is likely to be between £180,000 and £550,000 (£300,000–£917,000 if the programme is not funded) based on the most recent benchmarking exercise. These costs may increase due to market maturation and inflationary factors.

30. Due to the variability of the financial exposure, it is anticipated that the mid-point of the 3,000 tCO₂e offset, less current available budget, will present a budget pressure of £255,000 in 2029/30 and this will be identified as a budget proposal in the current budget planning process. This may vary depending on how effectively the council is able to integrate carbon benefits through Power Purchase Agreements (PPAs) in the short and medium term, which could reduce the council's reliance on purchasing carbon offset credits for residual emissions from electricity usage.
31. The accuracy of this cost estimate will develop as the market matures, the delivery plan evolves, and any changes will be incorporated into future budget strategy processes.
32. Whilst a 'buy locally' strategy does not deliver the lowest priced credits, it allows the council's funding of credits to deliver wider positive outcomes in Oxfordshire and potentially allow for blending of funding sources.

Comments checked by:

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Legal Implications

33. This report does not raise any new legal implications. In May 2019, the Government committed to achieving net zero carbon emissions by 2050, recognising much of this reduction must happen before 2030. Local councils play a vital role in making sure the UK is prepared for the impacts of climate change at a local level and are able to decide how best to address these challenges. The taking of the action set out in this report is in accordance with council policy and is lawful under the general power of competence in Section 1 of the Localism Act 2011.

Comments checked by:

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Staff Implications

34. Managing the residual emissions from the CMP will be led by the Zero Carbon Council team. At present, there is sufficient resource to manage the policy and initiate the action plan in Annex 1.
35. It is recommended that a proportion of the £80,000 budget be repurposed for market development activities during 2025/26 and 2026/27. This will ensure immediate progress on delivery while laying the groundwork for a mature local carbon removal market.

Equality & Inclusion Implications

36. The specifics of the equality and inclusion benefits will vary based on the type of carbon credit projects invested in because of the policy.
37. Based on the Equalities Impact Assessment, the policy anticipates additional benefits for groups such as young people, social housing tenants (including those with disabilities and from minority backgrounds), farmers and rural residents.

Sustainability Implications

38. This policy is designed specifically to support the council in achieving its carbon neutral by 2030 target and support the local carbon removal market to enable the council to go beyond carbon neutrality at a future agreed date.
39. Based on the Climate Impact Assessment, the policy will deliver both short and long-term positive impacts by setting principles for OCC's initial participation in carbon offsetting and removal markets. It prioritises local nature-based solutions and retrofit credits for energy efficiency and renewable energy, particularly in social housing, while supporting resilient local energy systems. Key co-benefits include reducing fuel poverty and fostering green innovation and jobs in a high-integrity local market.

Risk Management

40. Clear policy on carbon credit usage will help address a risk in the council's ability to achieve carbon neutrality by 2030. Without owning credits to retire in 2029/30 the council will be unable to declare it has met its target. Doing so would be a significant reputational risk given the council's leading status on climate action.
41. This action plan addresses a major risk in being able to source offsets locally by outlining steps to support the growth of the local market and adopting an openness to a range of established and emerging project types.
42. The commitment to regularly update this policy and report on any owned or retired carbon credits, including any challenges with the underlying project, will mitigate risks of greenwashing by ensuring the council is responding to evolving best practice and acknowledging areas of uncertainty.

43. The hierarchical approach to procuring carbon credits was designed to communicate clear priorities to carbon brokers and project developers, while acknowledging that in a given fiscal year, the top preference may not be available. Brokers have indicated that time in market with clear communication of priorities is key to maximising one's ability to procure what is wanted.
44. This policy was designed to support investment in carbon credits that will deliver benefits to local residents and businesses, where possible, to deliver near-term benefits beyond climate change mitigation.
45. Local Government Reorganisation (LGR) will lead to a reallocation of property, assets, and service responsibilities. This aggregation of estates will change the context of emissions targets and forecasted residual in need of offsetting for the future new organisation. However, carbon credits are saleable assets prior to their retirement which means they can be distributed to any future unitary authority or authorities, as required. The material risk of forward purchasing is therefore expected to be minimal.

Annex: Annex 1: Carbon Management Plan Residual Carbon Policy

Annex 2: Carbon Management Plan Residual Carbon Policy EIA

Annex 3: Carbon Management Plan Residual Carbon Policy CIA

Other Documents: [Carbon Management Plan 2022-2030](#)

Developing the Market for Carbon Dioxide Removal and Beyond Net Zero

Government Consultation on Voluntary Carbon Markets

Environment Agency Achieving Net Zero Report

Local Transport and Connectivity Plan

Oxfordshire Climate and Natural Environment Policy Statement

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