HCCSP Carbon Offsetting Standards for Local Authorities in Hertfordshire

Purpose of the Carbon Offsetting Standards

This document has collated best principles and criteria currently available to create credible standards to carbon offsetting for Hertfordshire Local Authorities. It can and should be updated and revised when required.

The scope of carbon offsetting standards is for Local Authorities in Hertfordshire own operational carbon emission. The standards don't apply to further scope nor sector such as businesses.

The aim of the document is not to encourage offsetting, it is to agree that if a Local Authority wishes to offset, it could apply the set of principles and criteria listed in the document.

The Standards can be tailored further by each of Hertfordshire Local Authority to align with their own operational carbon measurement and baseline using the template in appendix.

The main point of this document is using offsetting projects only if a carbon baseline and a commitment to reduce carbon emission has been established by the Local Authority.

Hertfordshire Local Authorities will be referred as "LAs" in this document. On similar note, the use of carbon offsetting / measurement will refer to greenhouse gas or carbon dioxide equivalent offsetting / measurement in the document.

Summary

Local Authorities ("LAs") in Hertfordshire have committed to reduce their operational carbon emissions and contribute to the national 2050 net zero commitment.

In their decarbonisation efforts, LAs will prioritise mitigation but it is possible for offsetting carbon projects to be used to achieve carbon targets.

Currently there are no regulations governing national Local Authority emissions offsetting, nor are there standardised national policies or confirmed best practice approaches. In November 2024, the Chancellor announced the UK Government's six Principles for Voluntary Carbon and Nature Market Integrity and committed to consult on how they could be implemented[1]. Consultation is undergoing and this document will align and be updated accordingly when further documents will be published.

Offsetting for LAs remains complex with the addition of cases of offsetting abuse by the private sector, LAs are understandably wary of accusations of greenwashing.

To ensure LAs use offsetting to best effect, a set of standards has been identified, in line with current principles and approaches used by the private sector. The Voluntary Carbon Market stipulates that it is down to each organisation to follow their own principles.

Hertfordshire LAs wish to be as rigorous and transparent as possible and have identified a series of principles and criteria that ensure that the carbon offset is verified, accountable, and fully reported. To reduce their operational carbon emissions and respond to their commitment, LAs should apply the following:

Principles

- LAs will have committed to reduce their carbon emission and would have calculated their operational carbon emission baseline first to measure mitigation and offsetting need.
- LAs should prioritise carbon mitigation over carbon offsetting.
- Local carbon offsetting projects are favored to benefit Hertfordshire economic and environmental growth.
- LAs will use carbon offsetting strategically to ensure impact on carbon emission, and potential opportunities on revenues and investments.

Criteria

- No double counting
- Offset projects should have co-benefits such as social, economic, environmental.
- Additionality to show that the added carbon reduction from the offset activity would not have happened without the funding allocated to it.
- Permeance and no leakages: Offset projects must ensure long-term storage and not emit carbon emissions elsewhere.
- Offsetting should be verified through a robust scheme.
- Offset projects should be managed through a specific process and governance.

It is agreed that LAs in Hertfordshire should follow these principles and criteria when developing offsetting projects. A template is available for those wishing to adopt these formally.

[1] Voluntary carbon and nature markets: raising integrity - GOV.UK

Contents

1. Introduction

Hertfordshire's Local Authorities ("LAs"), as partners of the Hertfordshire Climate Change and Sustainability Partnership ("HCCSP"), recognise that carbon offsetting is an approach that can be employed in conjunction with broader decarbonisation efforts. LAs' priorities remain direct emissions reductions through the carbon hierarchy approach. Offsetting may play a role in mitigating carbon emission especially where residual emissions cannot yet be eliminated; it is therefore appropriate and necessary to define what the Partnership understand by 'carbon offsetting'.

This document sets out a collective position on offsetting standards and provides a template for LAs to consider adopting. It aligns with national guidance including the UK Climate Change Committee's ("CCC") recommendations[2] and HM Treasury's Green Book Principles for Environmental Sustainability[3].

There is currently no regulated standard for accounting offsetting for a Local Authority, and nor is there clarity as to the moral or financial merit of purchasing carbon credits. However, the national commitment is to achieve net zero by 2050 and offsetting is seen as a possible method to achieve this. The purchase and use of carbon credits are permitted via the voluntary carbon market ("VCM"), albeit this is unregulated by the UK government. The government is currently consulting on the UK government's principles for voluntary carbon and nature market integrity. For LAs, VCM may represent the best market for purchased offset.

This document defines the standards LAs could follow to avoid the misuse of offset carbon credits. It is expected that the document will be updated in light of new regulations or governmental standards if required.

2. Role of offsetting in carbon mitigation

LAs measure and report carbon emissions for their own operations, each against their own defined boundaries and ambition, using these calculations to inform their own decarbonisation pathway to achieving the carbon mitigation they committed against. The reported carbon emissions may include the measured carbon sequestration achieved by green assets managed on LA-owned land.[4] LAs may explore the use of their green assets when calculating their emissions profile and decarbonisation trajectory.[5]

The carbon hierarchy has been defined to illustrate Hertfordshire LAs prioritised actions as shown in the graphic below.

[2] Voluntary Carbon Markets and Offsetting (2022), Climate Change Committee

[3] The Green Book (2022), HM Government

[4] Separate work is being undertaken to consider method and accuracy of this calculation: see 'Hertfordshire Position Statement on the Calculation of Green Asset Sequestration Rates May 2025' and subsequent publications for further information.

[5] Kappuswamy & Asif (2025) state that for local authorities considering offsetting, projects that are *additional to statutory obligations* may be considered for offsetting

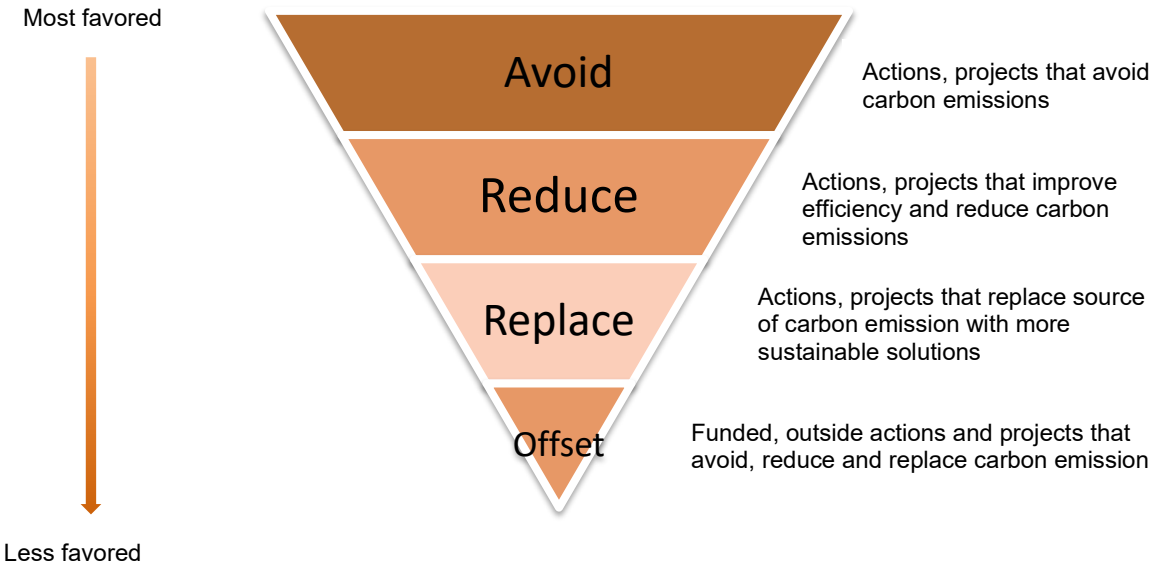


Figure 1. Hertfordshire Local Authorities carbon mitigation hierarchy[6]

HCCSP endorses this hierarchy and emphasises that offsetting must be considered when all reasonable mitigation opportunities have been exhausted. The carbon hierarchy is considered best practice to maintain a sustainable and balanced pathway to reduced emissions.

Some greenhouse gas emissions sources, such as those from heating LA buildings or transport, may take time to eliminate completely. Offsetting can provide an interim measure while more permanent decarbonisation solutions are developed.

3. Defining Offset

3.1. Definition

"Carbon offsetting" as a term is widely used but no formal definition has been universally established. It is generally agreed to refer to the process of compensating for carbon dioxide equivalent or greenhouse gas emissions by investing in environmental or technical projects that remove or avoid emissions elsewhere. This document will use the below definitions to refer to carbon offsetting and set the standards around it.

- **APSE (2022)[7]:** Offsetting compensates for residual emissions through activities that reduce carbon emissions by the same amount.

[6] Figure 1 shows an inverted pyramid, with the best option for addressing climate change, which is to avoid carbon emissions in the first place, being at the top of the pyramid. This is followed further down the pyramid by reducing emissions, for example by improving energy efficiency which, in turn, is followed by replacing high carbon activities with low carbon solutions, and at the bottom of the pyramid is offsetting carbon emissions that cannot be eliminated by steps further up the pyramid. Diagram taken from Medium.com

[7] Voluntary Carbon Markets and Offsetting (2022), APSE

- **Oxford Offsetting Principles (2024)[8]:** Emissions reduction or removal resulting from an action outside an organisation's boundaries used to counterbalance the organisation's residual emissions.

3.2. Types of carbon offsetting

Carbon offsetting involves compensating for carbon emissions from a specific organisation or sector by funding activities or projects that reduce or remove carbon emissions elsewhere.

Carbon Avoidance

Offsetting projects that reduce and avoid further carbon emissions from occurring. For example, deforestation prevention, industrial carbon capture, renewable energy generation such as solar farms where clean energy (instead of fossil fuel energy) is generated for use by a third party, retrofitting projects where energy is used by third party.

Carbon Removal

Offsetting projects that physically remove carbon from the atmosphere and store it durably. It could happen via natural process such as tree planting, peatland restoration, or technical process such as direct air capture or technological methods (e.g. direct air capture and storage).

3.3. Approach to offsetting

Most LAs in Hertfordshire have declared a climate emergency and have publicly committed to various targets and pathways for the decarbonisation of their own operations and for the emissions of their geographical area. There are two approaches to decarbonisation where carbon offsets could be used to achieve the status of carbon neutral and/or net zero[9].

A good comparison of Net Zero vs Carbon Neutral can be found in the glossary on page 14. The main difference is in using offsetting projects to counterbalance carbon emissions measurement (carbon neutral) or to counterbalance residual emissions only (carbon Net Zero).

- **Becoming carbon neutral** – This means offset can be used to balance carbon emissions of an organisation. LAs seeking carbon neutrality apply the carbon hierarchy for their scope 1 and 2 but can also counterbalance their carbon emission with offset at any point in their work programme.
- **Becoming carbon Net Zero** – This means reducing carbon emissions of an organisation to its minimum first. Then using carbon offsetting only to balance any unavoidable, residual emission left. LAs that seek to become Net Zero would choose to offset only after all other mitigation reductions have been delivered.

[8] The Oxford Offsetting Principles (2024), Smith School of Enterprise and the Environment

[9] Sustain explain - Carbon Neutral vs Net-Zero Explained | Workiva Carbon

To use offsetting projects, LAs would have already measured their carbon baseline at a specific date. This is to provide a reference, benchmark on the impact of carbon mitigation actions by measuring carbon emission mitigation progress and define a value for residual carbon. By creating this pathway, LAs will understand the quantity of carbon emissions that would need to be mitigated or offset to achieve carbon neutral or carbon Net Zero.

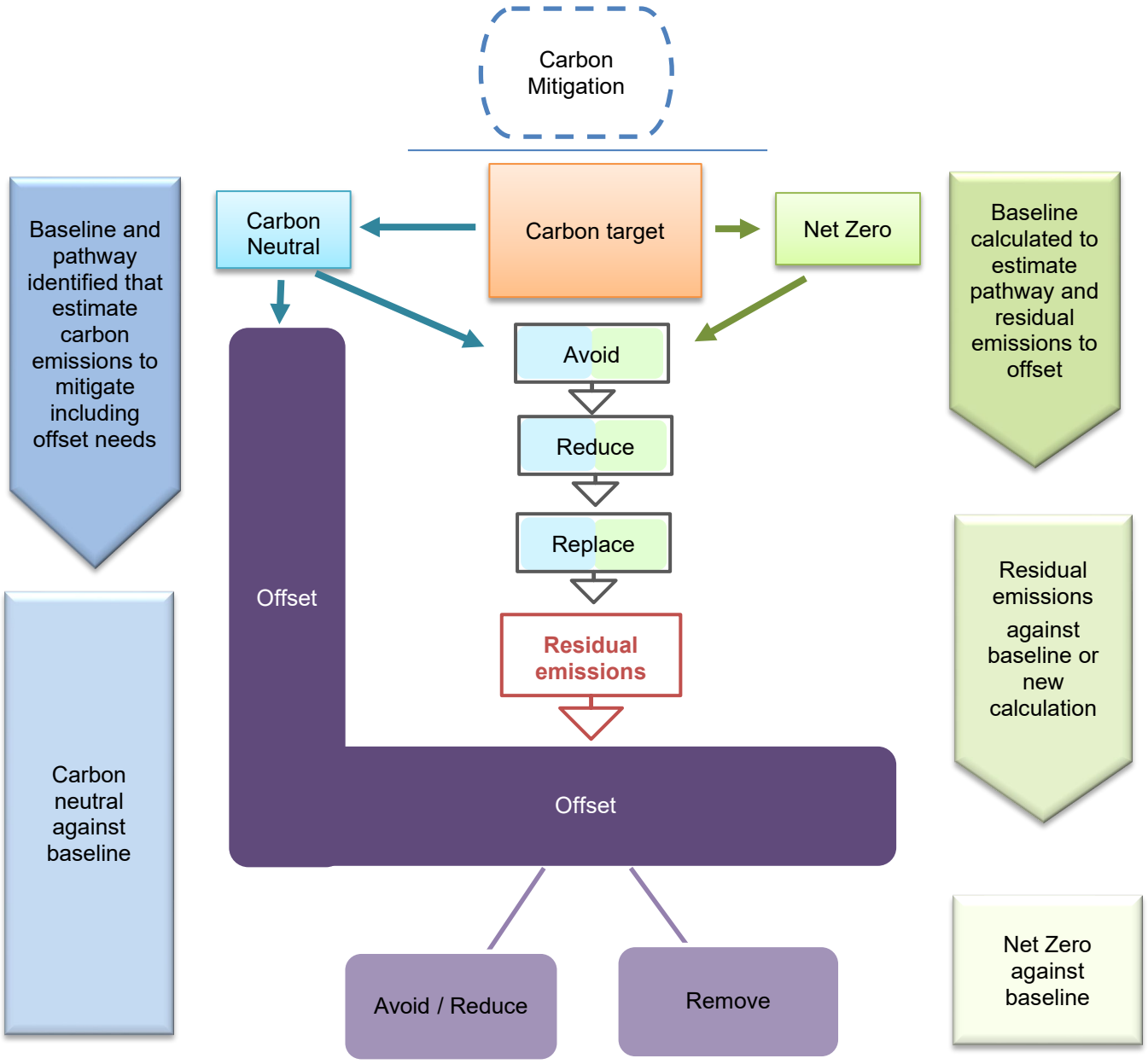


Figure 2: Approach to carbon offsetting

4. Principles and criteria

This guide is based with national guidance, including the CCC's recommendations on carbon offsetting[10], the Oxford principles[11], the integrity councils for the VCM[12], and a high-integrity standards framework for UK nature markets[13].

In their 2023 Annual Progress Report to Parliament, the CCC recommended that Government should: *"Publish guidance for businesses on what activities it is appropriate to 'offset' and when. Including confirmation that a business can only accurately use carbon credits to claim to be 'net zero' once nearly all emissions are reduced, and the remainder are neutralised by high-quality permanent removals."*[14]

In response, the Government acknowledged that the use of credits for offsets should *"be in addition to direct action by businesses to reduce emissions and in addition to science-aligned action, consistent with a net zero pathway* [and] *reflect actual additional removal and/or GHG emission reductions."* [15]

In the absence of a formal standard for carbon offsetting, HCCSP uses the current and available standards for businesses and has considered its application to the public sector and specifically, LAs. The aim is to ensure that offsetting as defined in this document will deliver high standards and won't be used inappropriately instead of mitigating initiatives to achieve carbon targets for Hertfordshire and its LAs. These standards are based on existing literature with standards that ensure the integrity of carbon offsetting credits. See the preferred offset hierarchy diagram on page 5.

4.1. Principles:

1. **Carbon measurement:** Offset projects should be established to counterbalance operational carbon emissions as measured by LAs for their carbon baseline. Carbon emissions should have first been calculated as accurately as possible with defined boundaries such as those defined in the Greenhouse Gas protocol, before funding an offset project.

2. **Mitigation first**: Offsetting can complement mitigation as shown in the mitigation hierarchy and should be used appropriately by the organisation, only when other mitigation initiatives are not possible.

[10] 2022 - Climate Change Committee - Voluntary Carbon Markets and Offsetting October 2022
[11] 2024 - The Oxford Offsetting Principles | Smith School of Enterprise and the Environment
[12] The Integrity Council - The Core Carbon Principles | ICVCM
[13] 2023 - nature_investment_standards_report_26-july-2023-web-version.pdf
[14] Climate Change Committee Progress in reducing UK emissions - 2023 Report to Parliament
[15] Progress in reducing UK emissions - 2023 Report to Parliament

3. **Local projects are favored:** Wherever possible, offsetting actions will have an impact locally, within Hertfordshire or the immediate region. This will support considerations of robustness and transparency as well as enhancing local environmental and social co-benefits, such as green infrastructure, climate resilience and habitat restoration.

4. **Strategic carbon offset** is used as best response to counterbalance LAs carbon emission targets. The use of carbon offset should be strategically agreed and assessed to ensure that it is the best route and decision for the LAs to invest in. While considering offsetting, projects that remove or avoid carbon emission, LAs should favor carbon offsetting projects with longest and highest impact in terms of amount of carbon avoided or removed. Projects with long term agreements that are feasible and investable will ensure certainty to the development of the project. Offset projects that store carbon should create a long-term agreement and support the protection and restoration of a wide range of ecosystems.

4.2. Criteria

1. **Double counting:** All offset projects should be checked to make sure that the same emissions reduction or removal is not claimed by more than one organisation. This usually happens when multiple parties report the same climate benefit. To avoid this, parties should have a clear agreement in place, using where possible a verification third party.

2. **Co-benefits**: Offset projects should have co-benefits for the ecosystems they are working within, considering at least social benefits and the need for adaptation to climate change, where appropriate.

3. **Must provide additionality:** Offset projects should be able to demonstrate additionality to business as usual carbon mitigation efforts. Offset projects will be new and show that they would not have happened without the offset project fund allocated to it. LAs could also take the approach of demonstrating that it is not otherwise legally obliged to act, through statutory obligations such as Biodiversity Net Gain. This is currently best practice to gain most additionality.

4. **Permeance and avoiding leakages:** Offset projects must demonstrate that carbon reductions or removals are long lasting to avoid future emissions being released (known as reversal). This often means making long-term commitments – such as protecting land or maintaining reforestation efforts for decades or even centuries – so that the climate and biodiversity benefits last as long as the impacts the offset is meant to address, ideally indefinitely. Leakage happens when emission reductions in one area cause increases elsewhere, such as displacing deforestation rather than preventing it. Offset projects must be designed to avoid shifting emissions to other places and should be at low risk of reversal or unintended negative impacts on ecosystems and communities. Eliminating ongoing emissions remains essential before and after the global net zero target is reached.

5. **Verification** should be put in place to demonstrate high quality offsets: Hertfordshire LAs will only consider offsetting when verified through a robust scheme (e.g. UK-based schemes, Gold Standard or Verified Carbon Standard). Best practice suggests that all carbon offsets be quantifiable and verified by independent third parties when in existence to ensure third party authenticity.

6. **Governance and management**: Credible and consistent project management will be essential to ensure that offsetting activities meet recognised standards outlined below and maintain public trust. Best practice suggests that offset project measurements and activities be publicly reported to ensure transparency, avoid overestimation or double counting, and support credible accounting. Ongoing monitoring and evaluation will be key to confirming that offsets are delivering the intended benefits and remain effective over time. LAs in Hertfordshire that choose to use offsetting may adopt a shared method for recording and reporting, helping to future-proof the system for any future local government restructuring. To track and measure offset projects, each LA using offsets should regularly publish updates on their offsetting projects including offset measurement, project effectiveness, and areas for improvement.

The Government is currently Consulting on the VCM. This document will be revised as soon as a final document has been released[16].

5. Main ways of offsetting

5.1. Direct mitigation actions

Before considering offsetting, LAs are encouraged to mitigate their carbon as much as possible via direct emission reductions. These are the current actions and projects that LAs are already developing, such as efforts to improve built estate energy efficiency, transitioning to renewable energy sources and managing LA green assets to enhance sequestration.

5.2. Offsetting LAs emissions through direct project development

LAs can offset their own organisational emissions—or those from a specific project—by developing and funding their own carbon reduction or removal projects, as outlined in section 3.2. For example, a council that plans, commissions, and builds a solar farm on its own land can count the carbon savings from that renewable energy generation against its own emissions. This is because the solar farm reduces the need to draw electricity from the national grid, which is still partly powered by fossil fuels (around 30% on average)[17].

Another example is the use of Government grant-funded retrofit projects for private tenure or social housing (e.g. LAD, Sustainable Warmth, WHLG). If LAs are not benefiting from

[16] Voluntary carbon and nature markets: raising integrity - GOV.UK

[17] National Grid Live

the energy efficiency created through this scheme, they can account the carbon reduction as offset in their measurement.

Similarly, if a LA restores peatland or creates a new woodland –and the project is verified under a recognised standard such as the Woodland Carbon Code[18] or the Peatland code[19], it can claim the offset of the sequestration calculated.

Criteria identified in section 4.2 alongside records and reporting of the carbon offsets will be good practice to apply for all these projects.

5.3. Purchasing carbon credits from other organisations' goods and services or from organisations that mitigate their own climate impact through offsetting.

Should a LA consider purchasing carbon credits, the principles of this document will be used to consider the quality, value and transparency of the proposal.

It is suggested that carbon offset may be considered legitimate if the proposal:

a) Complies with one of the UK based carbon standards; or
b) Complies with a UK-based carbon code relevant to the specific project type and considered by the LA to be compatible with this standard; AND
c) Uses a certified registry to purchase any offsets to remove the risk of double counting.

LAs are encouraged to follow and record all standards in this document 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. Each project should record and report against the established principles and criteria.

5.4. Participating in offsetting activity by putting forward land or buildings.

There may be a commercial opportunity for the LA to develop projects within its own geographic boundaries, by selling carbon offsets to third parties and generating a revenue stream for the LA.

Where a project is located on a LA asset, LAs are encouraged to carefully consider whether use of the asset for offsetting other organisations'/parties' emissions instead of the LA's own emissions represents best value.

It should be noted that, unless there are excess offsets generated, the LA may not both offset its own emissions and sell the same offsets to others – this would be double counting. This document recommends that LAs consider selling carbon offsets only to organisations that can show they are taking action to cut their carbon emissions. As per the rest of this document, this evolving position will require monitoring.

[18] Home - UK Woodland Carbon Code
[19] How it works | IUCN UK Peatland Programme

The LA may consider Area Based Insetting (ABI) to facilitate offsetting projects within the locality by acting as matchmaker for project developers and project funders. In this instance, local businesses and organisations may fund local offset projects to ensure economic and environmental co-benefits remain within the community. An attention to double counting as well as all other principles will require transparent reporting.

5.5. Third Party use of LA Assets for Offsetting

Tenant farmers may be offered opportunities to create and sell offsets on LA land that they lease or may need to offset their own emissions on LA land to meet net zero requirements of their customers (e.g., supermarkets, supply chains). These agreements, where they exist elsewhere, are typically long-term and may exceed the length of standard tenancies.

Accounting for carbon emissions from land use is an evolving area, with new guidance anticipated from the Greenhouse Gas Protocol in 2025. This document, when revised, will detail appropriate standards to assess any implications for its approach to land-based offsetting.

As a general principle, tenants should seek permission before engaging in any offsetting activities involving Council-owned assets. Future tenancy agreements may incorporate explicit conditions regarding carbon offsetting rights and responsibilities.

5.6. Operating a local offsetting scheme (carbon tax)

Credit-based schemes may be introduced by the local planning authority to require development to ‘credit’ the local area financially to offset the carbon, nitrate and/or biodiversity impact of the project. This is an area for future consideration and is not part of the Hertfordshire planning policy landscape at this time. (See Appendix 1)

6. Next Steps

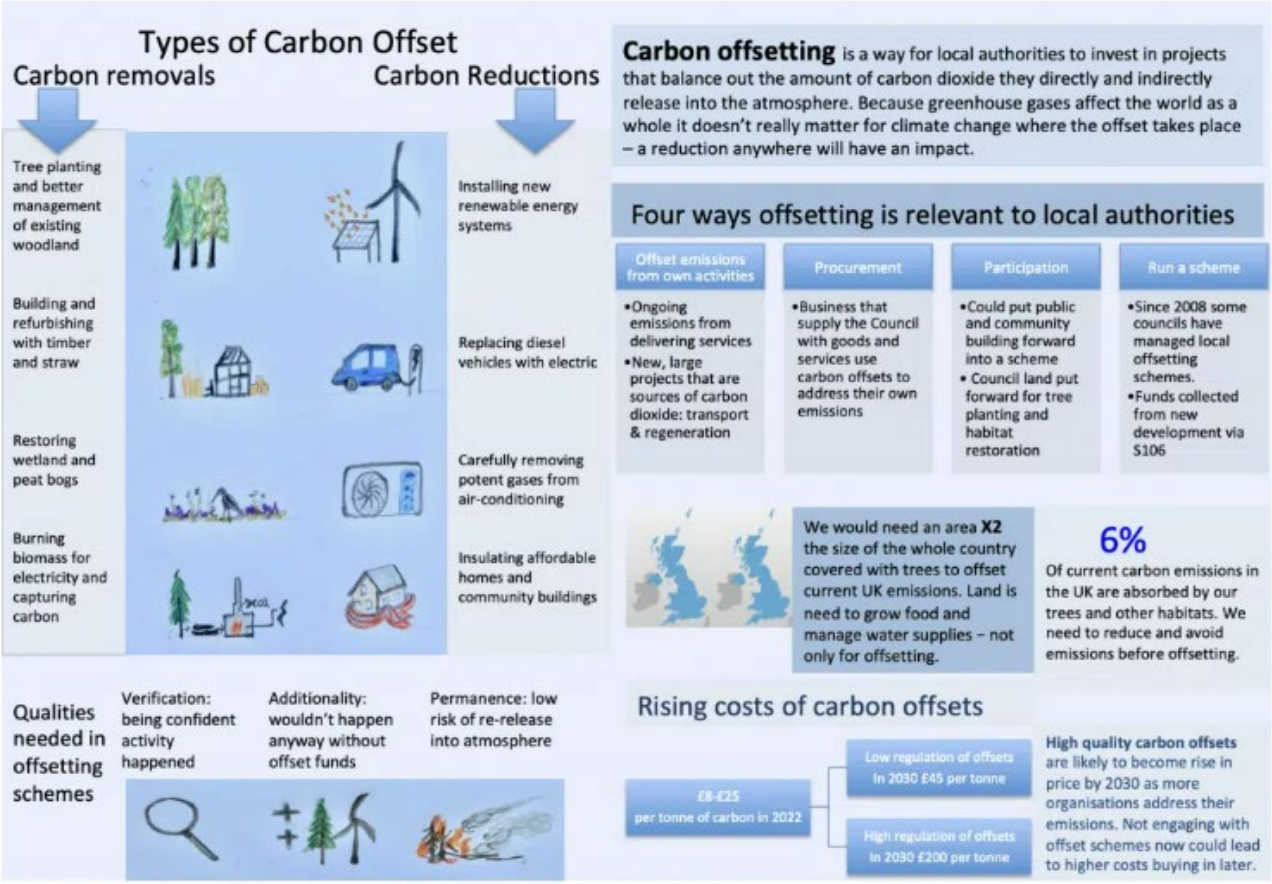
HCCSP will consider opportunities to support partner authorities through:

- Sharing a template that assists LAs with developing a consistent, transparent approach to carbon accounting and residual emissions;
- Developing guidance on assessing offsetting projects;
- Facilitating partnerships for local offset initiatives;
- Coordinating a countywide approach to offsetting transparency and reporting;
- Exploring funding mechanisms to expand green infrastructure.

These options may be subject to additional resourcing and feasibility studies.

7. Appendix 1: Types of Carbon Offset Diagram

7.1. Carbon offsetting for local authorities [20]



[20] Carbon Offsetting for local authorities: what they are and how they work (2022) Local Government Information unit

8. Appendix 2: Glossary [21]

Additionality in carbon offsetting: A project that can measure its carbon emissions reductions or removals on top of what would have happened in the absence of the project. 'Additionality' is a way to assess whether an activity provides something new or 'additional' – whether the activity has an impact when compared to a baseline.

Afforestation: Planting new forests on land which has historically not been forest.[22]

Carbon Baseline year: Refers to a starting point/year for measuring and managing Local Authority greenhouse gas (GHG) emissions. This year serves as a reference point for tracking changes and progress over time. It's essentially a one-year snapshot of an organisation's emissions, providing a baseline against which future emissions can be compared, to assess the effectiveness of reduction efforts.

Project baseline: Every carbon offset project needs to calculate a baseline as part of the project design and development, because it is used as the reference point to measure the project's impact against. The actual emissions avoided or removed during the project's lifetime are measured using this baseline to determine overall impact.

Carbon capture: A process in which CO2 from industrial and energy-related sources is separated (captured), conditioned, and compressed. It is then stored safely, known as carbon capture and storage, or used to create products such as sparkling water or building materials, known as carbon capture and usage.

Carbon credit: A unit used to represent emissions removal or reduction/avoidance, sold by carbon projects to carbon buyers as a way to compensate for emissions produced elsewhere. 1 carbon credit is equal to 1 tonne of CO2e reduction or removal.[23]

Carbon cycle: The carbon cycle is a series of natural processes that maintain the balance of carbon dioxide in the atmosphere. This includes rock weathering, ocean carbon removal, carbon absorbed and stored in plants, and the creation of fossil fuels through decomposing animal matter being turned into carbon-rich sediment.

Carbon insetting: The implementation of nature-based projects e.g. forestry, renewable energy into a company's own value chain: bringing practices that aim to reduce the carbon emissions from the company's activities within the business itself (in comparison to carbon offsetting, which utilises completely external carbon projects to neutralise emissions). An example could be a manufacturing business installing solar panels onto the rooftop of their warehouse and using the generated energy to power their machinery.[24]

[21] Carbon offsetting and removal: a glossary of terms

[22] Creating new forests for carbon removal: a deep dive on afforestation

[23] How much do carbon credits cost?

[24] Take a look at this explainer from WeForum.

Carbon market: A market where carbon credits can be bought and sold, creating a system where countries, businesses etc can be financially incentivised to reduce their carbon emissions through putting emission limits in place.

Carbon negative: A state in which a company, individual, or country is responsible for a negative amount of carbon emissions i.e. less than zero. This means that they are offsetting more carbon emissions than they create via carbon removal or emissions avoidance projects.

Carbon neutral compared to Carbon net zero [25]

Aspect	Carbon Neutral	Net-Zero
Definition	Balancing emitted carbon with an equivalent amount of offsetting or removal (e.g. through carbon credits)	Must be achieved by abating at least 90% of emissions and that the remaining 10% may be reduced through permanent removals in a target year
Emissions	Typically focuses on direct (scope 1) and indirect (scope 2) emissions	Covers all scopes of emissions: direct (scope 1), indirect (scope 2) and value chain (scope 3)
Reduction vs offset	Allows for a significant proportion of emissions to be offset through carbon credits	Prioritises actual reduction of emissions with minimal reliance on offsets, focussing on systemic changes
Long term goal	Often seen as intermediate step toward more comprehensive climate goals	Represents a more holistic and ambitious goal of fundamentally transforming operations to eliminate emissions.
Verification	Can be verified through standards such as PAS 2060, which focuses on the credibility of offsetting projects.	Requires adherence to stringent frameworks like the Science Based Targets initiative (SBTi), ensuring emissions reductions align with global climate goals.
Typical action	Organisations purchasing carbon credits to offset their calculated emissions.	Companies restructuring their entire operations, supply chains and energy use to minimise emissions at the source.
Timeframe	Achievable in a shorter time frame due to the reliance on offsets	Often a longer term objective due to the need for significant operational and structural changes.
Business impact	Can be achieved without major changes to business operations, making it more accessible.	Requires comprehensive changes in business practices potentially leading to innovation and new efficiencies
Public perception	Sometimes viewed with scepticism due to reliance on offsets, which may not always represent permanent reductions.	Generally viewed more favourably as it implies a serious commitment to reducing actual emissions.
Examples	Microsoft achieving carbon neutrality by purchasing renewable energy certificates and carbon offsets.	IKEA committing to becoming climate positive by 2030, focusing on reducing more emissions than the company emits.

Carbon offset certificate: When a carbon credit is sold a carbon offset certificate is issued to the buyer to prove that the credit has been retired on their behalf.[26]

Carbon offset projects: Projects designed with the purpose of carbon removal or emissions reduction, and which use carbon offset credits as a financing mechanism: once

[25] Sustain - Carbon Neutral vs Net-Zero Explained | Workiva Carbon

[26] Forget sealing wax: designing a certificate in step with the times

verified by a carbon standard the project issues carbon credits equivalent to the amount of carbon the project will remove or avoid, which can then be purchased by individuals or businesses who want to offset their own emissions.[27]

Carbon offsetting: Compensating LAs operational carbon emissions by financing projects that claim to make an equivalent reduction in carbon emissions.

Carbon removal or Carbon Dioxide Removal (CDR): Physically removing existing carbon from the atmosphere and storing it. This happens in nature (forests, soils, oceans) but it can also be achieved by technological solutions e.g. Direct Air Capture.[28]

Carbon sink: A reservoir that absorbs and stores carbon emissions. Usually refers to natural environments such as forests, oceans, and soil.

Carbon standard: There's currently no government set standard for projects in the voluntary carbon market, so standards are being set by trusted, independent standards. The major ones include Gold Standard, Verified Carbon Standard (Verra), and Puro.Earth.[29]

Criteria: specific standards or requirements that will help assessing the quality of offsetting projects.

Emissions reduction or emissions avoidance: Future emissions from fossil fuels are avoided or reduced through a project e.g. building a solar farm close to a city which is currently powered by a fossil fuel plant will result in less carbon emissions in the future.[30]

Forestry carbon projects: There are a range of different ways that forests are used to avoid emissions and remove carbon from the atmosphere, which can be grouped together as forestry carbon projects. This includes afforestation, forest conservation, forest management, and reforestation.[31]

Greenwashing: A company or product making itself appear to be environmentally friendly without having done the work to meaningfully reduce its environmental impact. Carbon offsetting can be seen as greenwashing when companies support low-quality projects, are not also reducing their emissions, or approach sustainability as a marketing or PR exercise.[32]

---

[27] For more, take a look at our overview of different carbon offset project types.

[28] What's the difference between emissions avoidance and carbon removal in offsetting? and Every company should be buying carbon removal today – here's why.

[29] What's the role of a carbon standard?

[30] what's the difference between emissions avoidance and carbon removal in offsetting?

[31] NB: forestry carbon offset projects are different to tree planting projects. Read more: The problem with tree planting projects as a way to fight climate change

[32] Read more:

- How to approach carbon offsetting without greenwashing
- 5 greenwashing trends to avoid in company carbon offsetting

High-quality projects: Trusted carbon offset projects that show permanent, additional, and measurable carbon removal or emissions avoidance. They're often verified (or in the process of being), although this isn't always the case. They're also more expensive, as they reflect the true cost of carbon removal/avoidance.[33]

Operational Carbon Emissions: It refers to the amount of carbon emissions produced during the day-to-day activities and functions of the authority's operation. Each Local Authority has defined its own boundaries and scope to measure and report their carbon emissions. These usually, but not always, include emissions from buildings, transportation, street lighting, waste management, any other services that consume energy from fossil fuels.

Principles: Principles are guiding beliefs and values that influence the decision making of carbon offsetting. These are less concrete than criteria and more subjective, influencing how organisations choose to act.

Standards: Standards are established levels of quality or norms used as measures fr models. Those serve as a reference for offsetting carbon approach.

[33] Read more: what makes a high-quality offset?

9. Appendix 3: Carbon Tax

9.1. Carbon Tax and other offsetting arrangements

Not all credit-based schemes are the same. Some LAs are using the planning system in inventive ways in respect of offsetting arrangements. For example some LAs (including Eastleigh District Council) have set up nitrate credit schemes.

Residential development across the country, most significantly in the Solent region, has been blocked by the 'nitrate neutrality' issue whereby planning cannot be granted unless a development demonstrates that there is no likelihood of a significant adverse effect on any European designated nature conservation site.

This has essentially led to a moratorium on house-building in affected areas. Development may be permitted if the scheme is 'nitrate neutral', either through delivery of on-site or off-site mitigation.

Some planning authorities have now recognised the existence of 'nitrate credits' which can be purchased by developers to offset their nitrate production.

'Nitrate credits' are generated by third-party landowners who effectively agree with the local planning authority, through a section 106 agreement, to sterilise their land for use in ways which prevent nitrogen production. The land is attributed a number of 'nitrate credits' depending on its value which can be sold as an asset by the landowner to developers who can then demonstrate to the planning authority that their nitrate production has been offset such that the proposed development achieves 'nitrate neutrality'.

Other authority uses the S106 for carbon offset. For example, Carbon offset funds provide a source of funding for carbon reduction projects in support of net zero ambitions across London. In 2023 LPAs have collected approximately £146 million in carbon offset funds and secured a total of £187 million through legal agreements. More than 350 projects have been funded through carbon offset funds, with energy efficiency and renewable energy being the most common34.

These standards encourage particularly nature-based offsets as it adds further value in terms of enhancing nature and biodiversity, incomes for local people, generate benefits for public health and wellbeing, tourism35. Land management schemes in the upland support conservation of peatlands, water quality, flood risk management etc.

[34] GLA Carbon Offset Funds Monitoring Report 2023

[35] Carbon offsetting for local authorities: what are they and how do they work - LGiU

10. Appendix 4: Boilerplate / Template

Template Boilerplate Standards for LAs

Carbon Offsetting Standards

[Local Authority Name] has committed to [Caron neutral / net zero] by [add date].

- **Becoming carbon neutral** – This means offsets can be used to balance the carbon emissions of an organisation. LAs seeking carbon neutrality apply the carbon hierarchy for their scope 1 and 2 emissions, but can also counterbalance their carbon emissions with offsets at any point in their work programme.
- **Becoming carbon Net Zero** – This means reducing carbon emissions of an organisation to its minimum first. Then using offsetting only to balance any unavoidable, residual emissions left. LAs that seek to become Net Zero would choose to offset only after all other mitigation reductions have been delivered.

To achieve its commitment, the [Local Authority Name] will reduce its carbon footprint as much as possible and may use offsetting for hard-to-remove carbon emissions.

This standard outlines the agreed principles and standards that [Local Authority Name] will comply with when offsetting carbon. It outlines our approach to offsetting, ensuring it aligns with best practices and local priorities**.**

[Local Authority Name] recognises the principles and standards outlined in 'HCCSP Carbon Offsetting Standards' to ensure credibility of any schemes used.

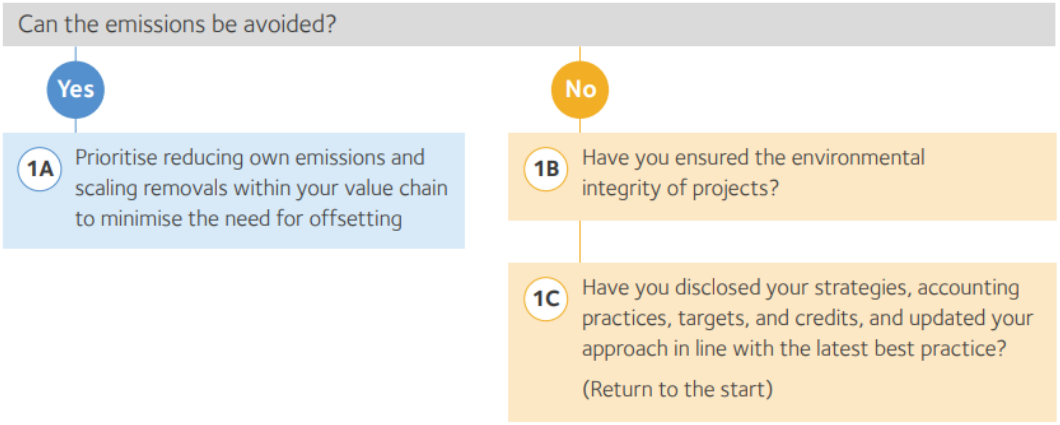


Figure 1: offers a decision tree for users considering offsetting. Note, these approaches are not necessarily mutually exclusive or sequential. Organisations can continue to seek and prioritise new ways to reduce emissions while at the same time supporting highest integrity, net zero aligned offsetting projects, updating strategies as solutions evolve.[36]

1. Scope and Purpose

[36] The Oxford Principles for Net Zero Aligned Carbon Offsetting (Revised 2024), Smith School

This document sets out the principles that [Local Authority name] will follow when offsetting carbon emissions – whether from its own operations or wider activities. It provides a clear organisational approach, ensures transparency in its monitoring and supports consistency and credibility in its reporting.

2. Offsetting Approach

Recognising the distinction between Carbon Neutral and Net Zero (taking into account the table below), [Authority Name] has committed to achieving [xxx] by [xxx] and to that end may consider the use of offsets for its scope [x] emissions initially to achieve that target.

Aspect[37]	**Carbon Neutral**	**Net-Zero**
Definition	Balancing emitted carbon with an equivalent amount of offsetting or removal (e.g. through carbon credits)	Must be achieved by abating at least 90% of emissions and that the remaining 10% may be reduced through permanent removals in a target year
Emissions	Typically focuses on direct (scope 1) and indirect (scope 2) emissions	Covers all scopes of emissions: direct (scope 1), indirect (scope 2) and value chain (scope 3)
Reduction vs offset	Allows for a significant proportion of emissions to be offset through carbon credits	Prioritises actual reduction of emissions with minimal reliance on offsets, focussing on systemic changes
Long term goal	Often seen as intermediate step toward more comprehensive climate goals	Represents a more holistic and ambitious goal of fundamentally transforming operations to eliminate emissions.
Verification	Can be verified through standards such as PAS 2060, which focuses on the credibility of offsetting projects.	Requires adherence to stringent frameworks like the Science Based Targets initiative (SBTi), ensuring emissions reductions align with global climate goals.
Typical action	Organisations purchasing carbon credits to offset their calculated emissions.	Companies restructuring their entire operations, supply chains and energy use to minimise emissions at the source.
Timeframe	Achievable in a shorter time frame due to the reliance on offsets	Often a longer term objective due to the need for significant operational and structural changes.
Business impact	Can be achieved without major changes to business operations, making it more accessible.	Requires comprehensive changes in business practices potentially leading to innovation and new efficiencies
Public perception	Sometimes viewed with scepticism due to reliance on offsets, which may not always represent permanent reductions.	Generally viewed more favourably as it implies a serious commitment to reducing actual emissions.
Examples	Microsoft achieving carbon neutrality by purchasing renewable energy certificates and carbon offsets.	IKEA committing to becoming climate positive by 2030, focusing on reducing more emissions than the company emits.

[Local Authority Name] commits to establishing a dedicated governance structure, clear pathways and the necessary resources for effective carbon offsetting.

Transparency will be maintained throughout any offsetting projects, with regular internal planning, monitoring and reporting.

The carbon offset will be measured against [Local Authority Name]'s annual carbon emissions. To ensure transparency and robust governance, [Local Authority Name]

[37] Sustain - Carbon Neutral vs Net-Zero Explained | Workiva Carbon

undertakes to use a robust methodology to:

- Publish regular summaries of any carbon credits purchased, along with the projects through which they were purchased;
- Monitor the effectiveness of offsetting projects and ensure independent verification of carbon sequestration claims;
- Collaborate with regional partners through HCCSP, the Regional Climate Change Forum and other bodies, to explore local offset opportunities and aligned reporting mechanisms; and
- Regularly review this standard to ensure it aligns with best practice and evolving legislation.

3. Offsetting Priorities

[Local Authority Name] will follow the principles and criteria as described in the HCCSP Carbon Offsetting Standards, that is:

3.1. Principles

1. **Mitigation first**: Offsetting can complement mitigation but should be used appropriately by the organisation.

2. **Carbon measurement:** Offsetting projects will only be established to counterbalance carbon emissions *after* [Local Authority Name] has first measured its carbon emissions and established a baseline.
3. **Local projects are favored:** Wherever possible, offsetting actions will have an impact locally, within Hertfordshire or the immediate region.

4. **Strategic carbon offset** While considering offsetting, projects that remove or avoid carbon emission, LAs should favor carbon offsetting projects with longest and highest impact in terms of amount of carbon avoided or removed. Projects with long term agreements that are feasible and investable will ensure certainty to the development of the project.

3.2. Criteria

1. **Double counting:** Double counting will be avoided in all offset projects to ensure that the emissions reduced or removed from one entity is not claimed elsewhere.

2. **Co-benefits** Projects which provide a range of co-benefits for, for example, nature, biodiversity, energy efficiency, will be favoured where possible.

3. **Must provide additionality:** Projects will be new and show that they would not have happened without the offset project fund allocated to it.

4. **Permanence and avoid leakages:** Projects must ensure long-term storage/avoidance to prevent emission reversal and not simply displace emissions elsewhere during the duration of the project.

5. **Verification** Offsetting will only be considered when verified through a robust scheme.

6. **Governance and management**: Offset activities, measurement and projects will be publicly reported to create transparency, avoid over-estimation or double-counting, and ensure credible accountancy

[Local Authority Name] will use the [xxx] way to offset as described in the standards [xxx].

4. Conclusion

4.1. Commitment

[Local Authority Name] remains committed to reducing emissions as the primary route to net zero, with offsetting considered for responsible use to address unavoidable, residual emissions.

4.2. Principles Review

This document will be reviewed every two years or in response to regulatory updates. Adjustments will be made based on advances in carbon accounting, scientific understanding, and local environmental priorities.