

CABINET
8 OCTOBER 2024

OFFSET STRATEGY

**Responsible Cabinet Member -
Councillor Chris McEwan, Economy Portfolio**

**Responsible Director -
Ian Williams, Chief Executive**

SUMMARY REPORT

Purpose of the Report

1. To gain Cabinet approval for the Council to pursue choices available for offsetting our residual emissions.

Summary

2. Following Council elections in 2023, the Climate Emergency Declaration was re-affirmed, and the Council's carbon neutral target was brought forward to 2040. Actions have been drawn up with teams across the Council with the aim of reducing our emissions as far as possible.
3. However, we will not be able to reduce our emissions to zero, without impacting our ability to deliver services to residents and businesses. This means that there will be residual emissions that will need to be offset for the Council to be able to report it as carbon neutral.
4. Our agreed trajectory requires a 40% reduction in carbon emissions every five years. If we continue to reduce emissions in line with our trajectory, by 2040 we will have approximately 1000 tonnes of carbon each year remaining that will need to be offset.
5. There are several mechanisms by which this can be done, and these are set out in the attached Offsetting Strategy (see **Appendix A**). These include technical solutions, using our own land, or purchasing credits elsewhere.
6. We need to determine the best value for money for the Council.
7. Purchased offset credits, in most cases, will not benefit Darlington at all as they are generally used to fund projects abroad.

Recommendation

8. It is recommended that Cabinet approves the options set out in the “way forward” section detailed in Appendix A.

Reason

9. The recommendation is supported by the following reason – the offsetting strategy sets out potential options for the way forward.

Ian Williams
Chief Executive

Background Papers

No background papers were used in the preparation of this report.

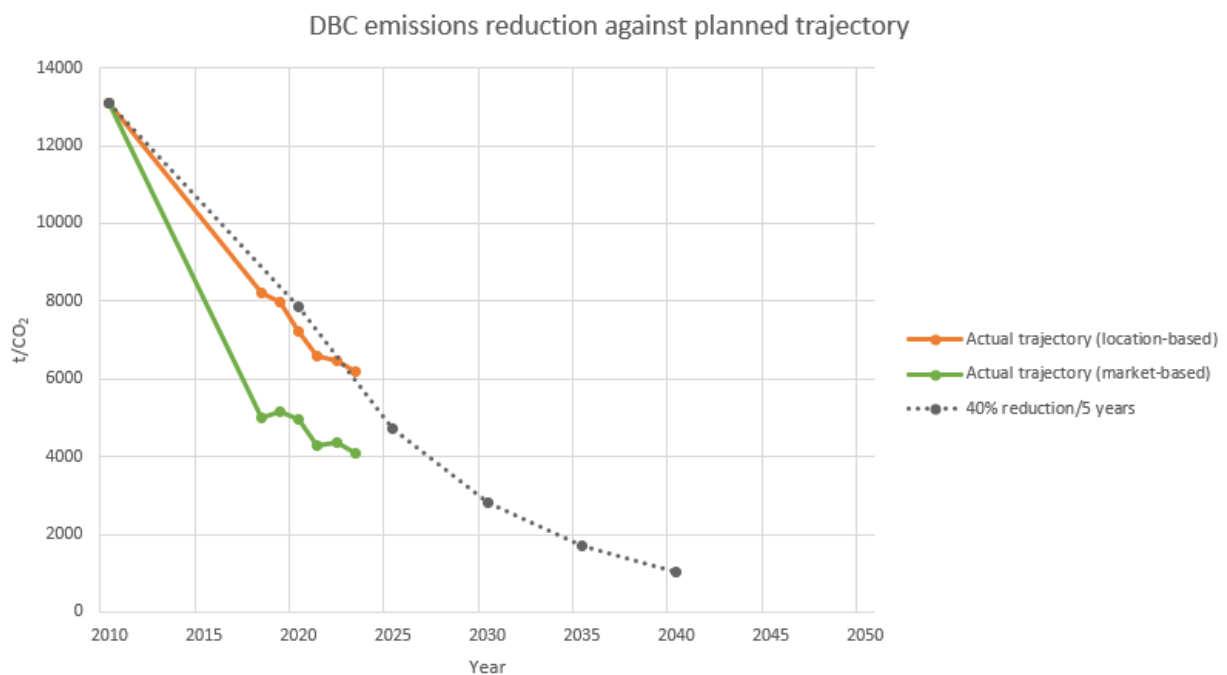
Margaret Enstone : Extension 6229

Council Plan	Climate change is one of the key principals in the Council Plan. Depending on which option is chosen to offset our residual emissions, there may be benefits to the economy and other areas of the Council Plan.
Addressing inequalities	Climate change affects everyone, but it has a disproportionate impact on areas of deprivation. Our offsetting strategy will not negatively impact on any resident.
Tackling Climate Change	This strategy sets out how we propose to deal with our residual emissions so that we can meet our carbon neutral ambitions.
Efficient and effective use of resources	Depending on the choice made by Cabinet, there may be an impact on officer time when developing offsetting projects. There will be budget implications of either project development or purchasing offset credits. For projects we would, as usual, search for grant or private sector funding.
Health and Wellbeing	According to the WHO, climate change is the greatest threat to global health in the 21st century. There will be no detrimental health impacts resulting from this strategy.
S17 Crime and Disorder	There is no expected impact on Crime and Disorder in Darlington.
Wards Affected	Depending on the solutions chosen to manage our residual emissions, there may be projects within particular wards.
Groups Affected	There will be no impact on any particular group of people.
Budget and Policy Framework	This report does not recommend a change to the Council’s policy framework.
Key Decision	This is a Key Decision
Urgent Decision	This is not an Urgent Decision
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

Information and Analysis

10. Following Council elections in 2023, the Climate Emergency Declaration was re-affirmed, and the Council's carbon neutral target was brought forward to 2040. Further aims to increase engagement with residents and businesses were included with the intention of reducing wider borough emissions. A further commitment to monitor the Council's supply chain emissions was also added.
11. Actions have been drawn up with teams across the Council with the aim of reducing our emissions as far as possible.
12. However, we will not be able to reduce our emissions to zero, without impacting our ability to deliver services to residents and businesses.
13. This means that there will be residual emissions that will need to be offset in order for the Council to be able to report it is carbon neutral.
14. Our agreed trajectory requires a 40% reduction in carbon emissions every five years.



15. We report emissions as recommended by the Greenhouse Gas Protocol and show both location-based emissions, which use the average grid emissions that reflect the energy that we are using and market-based emissions, which consider the zero carbon tariff that we have chosen.
16. The emissions we report are made up of the energy use in council buildings (not including council homes as we do not control how residents use the energy); business mileage; fleet emissions, and streetlighting and signs.

17. In past years, we have benefitted from a favourable conversion factor, converting kWh of electricity to carbon emissions. However, 2023/24 saw a greater proportion of natural gas used to generate electricity, so our electricity emissions (using the average grid emissions) are higher than last year.
18. That aside, we are around where we should be at this point.
19. If we continue to reduce emissions in line with our trajectory, by 2040 we will have approximately 1000 tonnes of carbon each year remaining; these are our residual emissions and the amount of carbon that will need to be offset.
20. There are a number of mechanisms by which this can be done, and these are set out in the attached Offsetting Strategy (see Appendix A).
21. Some of these involve using our own land. However, we also need to use our land to meet our statutory biodiversity net gain requirements. We cannot use the same projects for both BNG and carbon offsetting. This is known as “stacking” and is currently not permitted.
22. Therefore, we need to determine the best value for money for the Council. BNG credits are likely to bring in more money for the Council (or save us money in avoided costs if we use our land for BNG for our own developments) than, currently, we would be spending on offset credits if we chose that option instead.
23. However, purchased offset credits, in most cases, will not benefit Darlington at all as they are generally used to fund projects abroad.
24. Our Climate Change Strategy states that we will make every effort to make sure that any offsetting we do benefits Darlington, or at least the region.
25. Cabinet, therefore, needs to determine how it wants to deal with our residual emissions.

Financial Implications

26. The financial implications are not fully known at this stage and will depend on the options for offset the Council wishes to adopt as the need arises, the following paragraphs highlight some of the considerations that will need to be considered. A costed analysis will be undertaken of options before each offset is undertaken
27. If a decision is made to purchase offset credits, we will have to procure a broker to purchase these. Currently, we cannot be exact as costs vary with projects, but we estimate approximately £10-50/tonne, which would equate to £10,000-£50,000 per annum in perpetuity.
28. Other offsetting projects would need to be costed and would need external verification at cost.
29. Potentially, there could be opportunities for us to sell offset credits, which would enable us to create income.

30. Biodiversity Net Gain credits are considerably more expensive; therefore, we need to ensure that land is available for those. As credits cannot be stacked, possibilities for multiple projects on the same land would be required.

Legal Implications

31. All contracts must comply with the Council's Contract Procedure Rules and relevant legislation.

HR Implications

32. The report does not affect the terms and conditions of any staff or change their duties.

Estates and Property Advice

33. Depending on options chosen, this may affect the Council's land holdings or involve a lease, or license or transfer or purchase of land.

Procurement Advice

34. All Procurement activity will be compliant with the Council's contract Procedure Rules and the Public contracts Regulations 2015/The Procurement Act 2023.

Carbon Impact and Climate Change

35. We will reduce our emissions as far as possible. There will, however, be residual emissions that we will need to offset to be able to report that the Council is carbon neutral.

Equalities Considerations

36. Climate change affects everyone, but it has a disproportionate impact on areas of deprivation. Our climate change strategy acknowledges this. The choices the Council makes to offset residual emissions will not impact any group disproportionately.

Consultation

37. We have carried out internal consultation with relevant teams to pull together this strategy.