

Appendix 3

Appendix 3: Insetting background information

Carbon offsetting allows an organisation to compensate for emissions they cannot avoid or reduce by paying for a carbon credit, which funds an equivalent amount of carbon to be reduced or removed elsewhere. Existing certified offsetting schemes usually relate to projects outside of the local authority and/or outside of the UK.

Insetting is when a company targets investment aimed at carbon reduction within its value chain, rather than outside (as with conventional offsetting for corporates). This investment is intended to generate mutual benefits. For example by reducing the energy bills of a supplier, the investor might benefit from cheaper products. There is no formalised, specific certification but best practice guidance is available.

Authority Based Insetting (ABI) is a developing concept that builds on conventional offsetting and insetting. The idea is that the focus is shifted from a single value chain to a local authority boundary. It is intended that ABI would be administered by the local authority. ABI could enable more carbon reduction projects to happen at the local level. Rather than offsetting outside the local authority boundary or UK, ABI could facilitate greater investment in carbon reduction locally by developing a pipeline of investable projects and a robust carbon accounting, verification and reporting mechanism. Oxford City Council has been involved in a project with Anthesis and other local authorities to help develop this concept further.

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