

**CAMBRIDGESHIRE HORIZONS**

**Agenda Item No: 12b**

**Quality of Life: Carbon Offset Mechanism Update**

*To:* **Cambridgeshire Horizons Board**

*Date:* **23<sup>rd</sup> March 2010**

*From:* **Chief Executive**

*Purpose:* **To update Board members on progress with work on the Carbon Offset Fund (COF) Project, to accompany a presentation by Element Energy on the vision and priorities for a COF.**

*Recommendation:* **The Board is invited to:**

- **Note progress;**
- **Note governance arrangements and stakeholder engagement;**
- **Comment on the emerging vision, priorities, political and legal frameworks of a COF presented by Element Energy.**

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## 1.0 INTRODUCTION

1.1 On the 24<sup>th</sup> September 2009 the Cambridgeshire Horizons Board agreed to support work on the need for and possible structure of a Carbon Offset Mechanism for Cambridgeshire. An invitation to tender for the work was circulated in December 2009. The full tender brief can be found here:

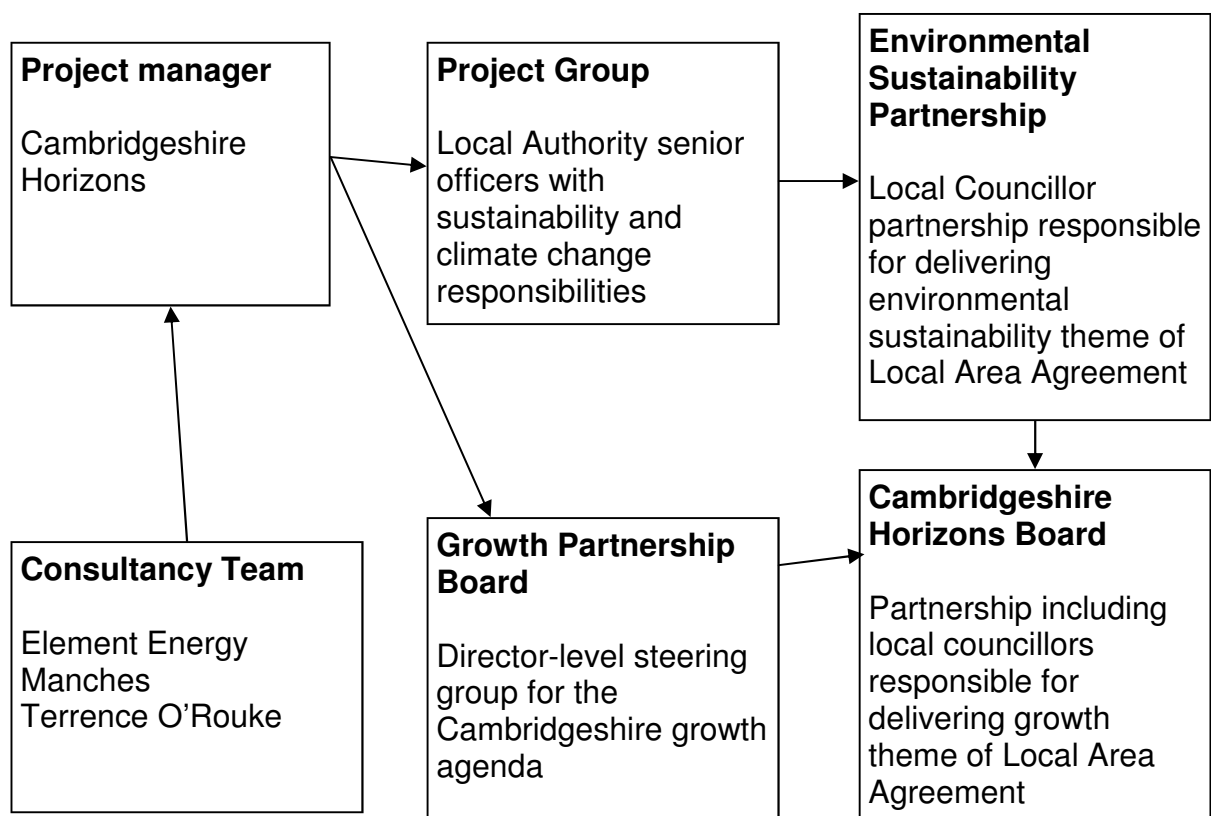
[http://www.cambridgeshirehorizons.co.uk/our\\_challenge/environment\\_sustainability/carbon\\_offset.aspx](http://www.cambridgeshirehorizons.co.uk/our_challenge/environment_sustainability/carbon_offset.aspx)

1.2 On 20<sup>th</sup> January 2010 a consultancy team led by Element Energy was appointed to deliver the initial study examining options, possible benefits, and risks to a carbon offset mechanism for Cambridgeshire.

1.3 This piece of work is one of the steps that can support the Public Sector journey towards carbon neutrality for Cambridgeshire. One of the key outputs of the study will be a delivery plan, showing the next pieces of work required to establish and operate a carbon offset fund for Cambridgeshire, should there be willingness to progress the Carbon Offset Mechanism to the next stage.

## 2.0 Governance Arrangements

2.1 In order for the study to successfully assess options for a carbon offset mechanism, relevant stakeholders across Cambridgeshire will need to be fully involved. To ensure that the evolution of the study is guided both by growth and sustainability-focused partnerships, the suggested governance arrangements are set out in the diagram below.



2.2 The arrows in the diagram above show lines of reporting. The final report will be presented to the Environmental Sustainability Partnership for comments (plus any internal council discussion), before sign off by the Cambridgeshire Horizons Board.

2.3 Wider stakeholder engagement is a key component of the project, and a stakeholder workshop is an integral part of the project brief. It is anticipated that this workshop will be held mid-late May 2010 after a draft report has been provided by the consultancy team at the end of April 2010.

### 3.0 Strategic Direction of the Project

3.1 The Inception Meeting for the project was held on 28<sup>th</sup> January. The strategic direction, methodology and information requirements were discussed by the project group and included:

- A Cambridgeshire Carbon Offset Fund (COF) is an opportunity to generate low carbon infrastructure investment in Cambridgeshire to benefit its communities.
- A clear long term vision for a COF is required.
- The COF design must be sufficiently flexible and scalable to develop and grow over the longer term.
- The relationship between CIL/Variable Tariff; 'Allowable Solutions' and the Carbon Offset Fund must be fully explored and legal and political barriers and opportunities identified but that these are not the only focus for a COF.
- The focus for early COF investments could be supportive of community scale<sup>1</sup> infrastructure for Cambridgeshire.
- The range of infrastructure investments to be considered should include energy efficiency, renewable energy, low carbon transport options and green infrastructure.
- Identify the risks and uncertainties in the national policy context around COF and Allowable Solutions and any other policy areas to show where it will be most effective to influence the national position.

3.2 Since the inception meeting, the consultancy team have been working on the first stage of the brief; identifying a long term vision, short term priorities, political and legal framework for a carbon offset fund and developing options for our consideration.

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<sup>1</sup> e.g Combined Heat and Power Plants with community heating as opposed to 100MW electricity generating CHPs

## **4.0 Timescales for Project Delivery**

4.1 The detailed timescale for this project has not been completely finalised, as there are key dependencies with the governance arrangements outlined in 2.0 above. It will be vital to ensure sufficient stakeholder and member engagement when appropriate. The suggested milestones for the project are currently as follows:

- 3rd March – Presentation by Element Energy to the Growth Partnership Board.
- 23<sup>rd</sup> March – Presentation by Element Energy to the Cambridgeshire Horizons Board.
- End of April – Draft report from consultants.
- May – Stakeholder workshop to share draft report.
- 9<sup>th</sup> June – Strategic steer from Growth Partnership Board on draft report.
- 29<sup>th</sup> June – Environmental Sustainability Partnership to comment on draft report.
- 1<sup>st</sup> July – Presentation of key findings to Cambridgeshire Horizons Board. Sign off report if ready.

## **5.0 Summary**

5.1 Carbon offsetting as a concept has been subject to some mistrust due to a perceived lack of accountability. A Cambridgeshire carbon offset fund would overcome this concern by investing in community-scale projects, clearly demonstrating emissions reduction in the local area. A robust structure and open accountability would be crucial to the success of any such fund. In principle, it could provide investment in low carbon infrastructure where it is most urgently needed, during a time of stretching emissions targets and reduced public funding. Such a fund has the potential to influence national policy on allowable solutions and demonstrate how the transition to low carbon lifestyles could be achieved.

## **6.0 Recommendations**

6.1 As cover sheet.