

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	4 March 2026
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Carbon Budget 2026/27
REPORT NUMBER	CR&E/26/054
EXECUTIVE DIRECTOR	Gale Beattie
CHIEF OFFICER	David Dunne
REPORT AUTHOR	Alison Leslie
TERMS OF REFERENCE	2

1. PURPOSE OF REPORT

- 1.1 This report seeks approval for the Council Carbon Budget for the financial year 2026/27, to support the Council Climate Change Plan.

2. RECOMMENDATIONS

That Council:-

- 2.1 Approve the Council Carbon Budget 2026/27 including carbon target for 2026/27 of 20,714 tonnes of carbon dioxide equivalent (tCO₂e) and note the provisional 5 year carbon budget forecast to 2030/31 (as detailed in Figure 1).
- 2.2 Instruct the Chief Officer - Strategic Place Planning to update the carbon budget forecast position, where required, following publication of UK Government Greenhouse Gas reporting conversion factors, around June 2026.
- 2.3 Note the indicative allocation of carbon emissions by Function/ Cluster, as shown at Figure 3.
- 2.4 Instruct the Chief Officer - Strategic Place Planning to liaise with relevant Chief Officers, to realign the allocation of carbon emissions where required by changes to services or as a result of final budget decisions made at the Council budget meeting.
- 2.5 Note that Scottish Government has introduced a carbon budget approach and in 2025, set the levels for five-yearly carbon budgets covering 2026-2045, which limit the amount of greenhouse gases that can be emitted in Scotland.
- 2.6 Instruct the Chief Officer – Strategic Place Planning to incorporate the requirements of forthcoming change (as indicated in paragraph 3.27), where applicable, in the refresh of the Council Climate Change Plan.

3. CURRENT SITUATION

- 3.1 Section 44 of the Climate Change (Scotland) Act 2009 (“the 2009 Act”) requires the Council, in its exercising functions, to act:
- In the way best calculated to contribute to the delivery of the targets set in or under Part 1 of the 2009 Act.
 - In the way best calculated to help deliver any programme laid before the Scottish Parliament under section 53 of the 2009 Act; (this is the Scottish National Adaptation Plan); and
 - In a way that it considers is most sustainable.
- 3.2 The duty to contribute to the delivery of national greenhouse gas emission targets encompasses Scotland’s carbon budgets.
- 3.3 Scotland’s carbon budget framework was introduced by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2024. In 2025, the target levels for multi-year carbon budget periods up to the net-zero year of 2045 were set for Scotland. The carbon budgets set limits on Scotland’s greenhouse gas emissions within each carbon budget period, as below:
- First Carbon Budget (2026-2030): 43%
 - Second Carbon Budget (2031-2035): 31%
 - Third Carbon Budget (2036-2040): 20%
 - Fourth Carbon Budget (2041-2045): 6%
- The carbon budgets replace the previous annual and interim emission reduction targets for Scotland.
- 3.4 Under the Climate Change (Duties of Public Bodies: Reporting Requirements)(Scotland) Order 2015 the Council must include narrative in annual statutory climate reporting on how it will align its spending plans and use of resources to contribute to reducing emissions.
- 3.5 Council commitment to tackling climate change and biodiversity loss is stated through the Council Climate and Nature Emergency Declaration (March 2023).

About the carbon budget

- 3.6 The Council Climate Change Plan was approved in 2021. It sets a target of net zero emissions by 2045, from Council assets and operations and covers a reporting boundary of energy and water use in Council buildings, fleet, street lighting, staff travel and internal waste.
- 3.7 The carbon budget sets the maximum tonnes of carbon dioxide equivalent (tCO₂e) that the Council can emit from our own managed assets and operations in a given period. It requires sustained annual carbon reductions to keep on track with the net zero target.
- 3.8 An annual carbon budget monitoring cycle is in place, this includes: annual carbon budget setting at Council; quarterly data updates in the Net Zero, Environment & Transport (NZET) Committee, Performance Report; as well as regular reporting to the internal Climate Oversight Group and relevant Boards.
- 3.9 Annual carbon data is included in the statutory public bodies climate change report submitted to Scottish Government. Data gathered through the Council carbon budget cycle has enhanced population of a number of the sections of the report in 2025.

Current position

- 3.10 Emissions are classed under the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard as; Scope 1 (direct emissions), Scope 2 (from purchased electricity and heat) and Scope 3 (indirect external activities). The Council has greatest influence on Scope 1 and 2 emissions.
- 3.11 By 31 March 2025, Council emissions had reduced by 48% against the 2015/16 baseline year. However, carbon accounting indicates reduction rates have been slowing in recent years. This is particularly from Scope 1 emissions, which cover gas, diesel and oil use in Council buildings and fleet vehicles.

	Actual 15/16	Actual 24/25	Reduction by 24/25
	tCO2e	tCO2e	%
Scope 1	22,020	15,664.8	29%
Scope 2	21,664	8,568.5	60%
Scope 3	2,687	1,737.7	35%

- 3.12 Although the Council was on track with emission reductions at the end of quarter 2, 2025/26, the risk of exceedance on the year end position remains. This is due to factors including recent cold winter weather, additions to estate and temporary waste management changes. Any budget exceedance will be carried to following years increasing the levels of reduction required in future.
- 3.13 The Council uses a fixed baseline year of 2015/16, to track carbon reductions. Information on baseline setting is set out in national and international guidance and has been incorporated into the Council carbon budget setting process. In recent years, additions to data including from homeworking and district heating have increased reported emissions. At this time these additions do not meet the threshold to require a reset of the baseline. This continues to be monitored.
- 3.14 In 2025, the carbon budget guidance was updated for staff. A section on operational carbon impacts was added to the capital projects business case template. Following an internal audit on carbon budgeting, the carbon budget setting process was documented and this information is being consolidated with the guidance to outline the process, approach, roles and responsibilities.

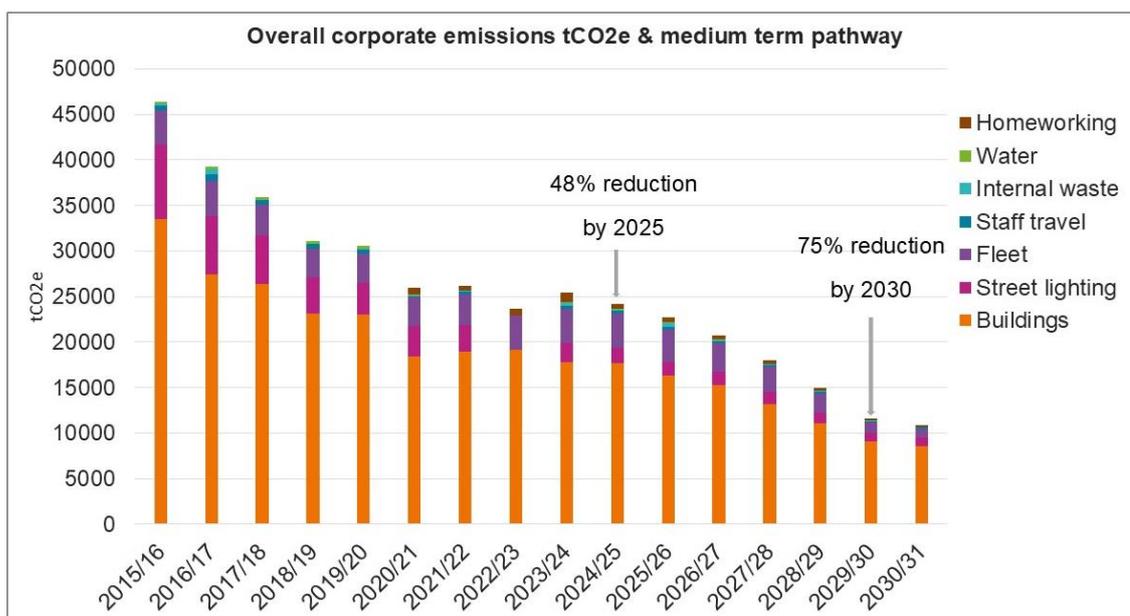
Carbon Budget 2026-27 and 5 year forecast

- 3.15 The Council Climate Change Plan set an interim target of a 75% reduction by 2030. At this time the Council carbon budget remains aligned to this interim target. Any change to the pace of the pathway to net zero by 2045 will be informed by the approach and interventions identified in refresh of the Council Climate Change Plan which is taking place in 2026.
- 3.16 The carbon budget for the financial year 2026/27 proposes a maximum cap on carbon emissions of 20,714 tCO2e. This is set out in Figure 1, alongside a forecast of the carbon budget targets to 2030/31. The projected 5 year emissions cap of 76,120 tCO2e represents a significant level of year to year emission reductions and a challenging pathway.

Figure 1: Council Carbon Budget 2026/27 and medium term projections

	Baseline	Actual	Maximum	Forecast	Forecast	Forecast	Forecast
Year	15/16	24/25	26/27	27/28	28/29	29/30	30/31
Unit	tCO2e						
Buildings energy	33,546	17,650	15,305	13,220	11,073	9,055	8,567
Fleet	3,775	3,722	3,125	2,715	2,094	1,094	961
Street lighting	8,150	1,751	1,404	1,306	1,213	1,027	974
Staff travel	469	368	291	233	175	117	109
Internal waste	213	103	97	82	68	53	50
Water	218	51.5	51	50	49	48	47
Homeworking	-	522	441	360	279	198	189
Total pathway	46,371	24,167	20,714	17,966	14,951	11,592	10,897
Linear pathway		24,113	20,078	17,250	14,421	11,592	10,897
		Actual					
District heating	-	1,804	1,708				

	tCO2e
Estimated emissions cap 2026/27 - 2030/31	76,120



3.17 In setting the annual carbon budget target a review of relevant approved and committed capital projects and programmes is undertaken, including those for; fleet management, condition and suitability, (mechanical and electrical/ external fabric repair workstreams); and projects underway through the Council Climate Change Plan. A summary of the estimated carbon saving potential for 2026/27 is indicated in Figure 2, this information also includes estimates on the potential savings by consumption for several of the emission sources.

Figure 2: Council Carbon Budget - projected savings required 2026/27

	Baseline Year 15/16	Actual 24/25	Projected 25/26 ¹	Budget cap 26/27	Projected saving required 26/27	Estimated saving potential 26/27 ²
	tCO2e	tCO2e	tCO2e	tCO2e	tCO2e	tCO2e
Buildings	33,546	17,650	16,312	15,305	1,007	533
Fleet	3,775	3,722	3,528	3,125	403	317
Street Lighting	8,150	1,751	1,489	1,404	85	55
Staff Travel	469	368	349	291	58	35
Internal Waste	213	103	342	97	245	245
Water	218	51.5	55	51	4	4
Home working	-	522	493	441	52	52
Total	46,371	24,167	22,568	20,714	1,854	1,241
District heating	-	1,804	1,764	1,648	116	99.9
Total	46,371	25,971	24,332			1,341

Breakdown of estimated carbon saving potential 26/27 (approved actions)²	tCO2e
Condition & Suitability - ventilation & lighting upgrades	54.9
Condition & Suitability - boiler replacement, upgrade, energy efficiency measures	51
Low and zero carbon energy installations/ operations ie solar photovoltaic (PV)	62.3
District heating - connections, upgrades	99.9
Energy efficiency equipment office and catering	6.5
Asset optimisation	260
Energy efficiency, reduce energy demand	150.4
Zero/ low carbon fleet transition	299.5
Expanding fleet vehicle low carbon charging infrastructure (relates to above line)	-
Fleet optimisation	17
Energy efficient equipment - landscaping	0.5
Staff travel policy & plan – active, sustainable travel measures, including Car Club	35
Lighting efficiencies	55
Water efficiencies and upgrades	4
Full year energy from waste	245
Total – savings (approved projects)	1,341
Addressing the gap	
Operational efficiencies, avoidance and behaviour change	184
Estimate UK grid decarbonisation ³	329
Council Climate Change Plan refresh, June 2026	tbc
Subject to decisions from the budget setting meeting, there is potential for further carbon savings including from street lighting efficiencies and any reduction in assets	tbc
Total - overall	1,854

Estimated saving potential 2026/27 (by unit)			
Electricity	2,160,998	kWh	Update when UK emission conversion factors are published around June 2026 (as indicated in 3.28).
Gas	1,402,291	kWh	
Diesel	115,046	litres	
Water	16,000	m ³	

¹ Projected tCO2e 25/26 – is based on available data at time of reporting, this will include some provisional data which may be subject to change.

² Estimated carbon savings will be updated if relevant, depending on outcomes of the budget meeting or where there are changes to project details.

³ Estimate based on carbon intensity of electricity.

- 3.18 Achieving the estimated carbon savings is dependent on a complex range of internal and external factors including market and infrastructure availability, maturity of technology, changes to project specifications and completion dates, supply chain constraints, funding mechanisms, capacity and resources.
- 3.19 Operational efficiencies, avoidance and behaviour change remain important in addressing the gap between operational carbon costs and projected carbon savings. Further carbon savings are subject to final budget outcomes and external factors including UK grid decarbonisation.
- 3.20 Emission savings are generated at project end or when technology is fully operational. As such, the estimated carbon saving potential for 2026/27 does not reflect carbon savings from multi-year projects currently in development.
- 3.21 To support emissions management, an indicative break down of operational emissions by Function/ Cluster level is set out in Figure 3. This breakdown may need to be reviewed and realigned where there are changes to services, operations, plans or by wider changes to legislation and/or methodology.

Figure 3: Indicative allocation of carbon emissions 2026/27, by Function/Cluster

Function/ Cluster	Building tCO2e	Fleet tCO2e	Street Lighting tCO2e	Staff travel tCO2e	Internal Waste tCO2e	Water tCO2e	Total tCO2e
Corporate Services	0	32	0	23	1	0	56
Commercial & Procurement	0	0	0	0	0.7	0	
Governance	0	0.6	0	12	0	0	
Digital & Technology	0	31.4	0	4	0.3	0	
Finance	0	0	0	0	0	0	
People & Citizen Services	0	0	0	4	0	0	
Data Insights	0	0	0	3	0	0	
City Regeneration & Environment	1,625	2,997	1,404	51	23	10	6,110
Strategic Place Planning	0	0	0	7	0	0	
City Development & Regeneration	623	27	0	12	1	5	
Operations	1,002	2,961	1,404	21	22	5	
Capital	0	9	0	11	0	0	
Families & Communities	13,644	96	0	142	72	40	13,994
Education & Lifelong learning	9,199	71	0	26	57	37	
Children's Social Work	282	19	0	61	4	0	
Corporate Landlord	4,161	6	0	37	11	3	
Housing*	2	0	0	18	0	0	
Aberdeen H&SCP*	36	0	0	75	1	1	113
Total (allocated)	15,305	3,125	1,404	291	97	51	20,273
Homeworking							441
Total (incl homeworking)							20,714

H&SCP – Health and Social Care Partnership

* Data does not include residential and Council housing premises

- 3.22 The General Fund Revenue Budget and Capital Programme indicates a range of investment contributing to the wider delivery of the Net Zero Aberdeen Routemap and a net zero city by 2045. These include the development of heat networks, renewable energy and sustainable transport infrastructure. Although carbon savings from these actions are not included in the Council carbon budget at this time, the activity is monitored, reported and forms part of wider city climate planning.

- 3.23 The carbon budget data does not include Council housing emissions which are tracked separately and reflected in city wide emissions for the domestic sector.
- 3.24 An ongoing improvement approach is being taken to project monitoring, climate planning and scenario modelling. This includes population of the ClimateView data and modelling platform to help inform the scale and pace of action required in the forthcoming revisions to city and council climate plans.

Implications for emissions by sector

- 3.25 Key Council emission sources include Scope 1 and 2 emissions:
- Buildings (75% of emissions): the main source is gas consumption, with schools the highest emitting property type. Priorities include transitioning to low and zero emission heat and power, alongside building upgrades. Additions to estate are the main pressure on this sector. Cold weather energy demands will cause short term fluctuations in emissions. Over the medium term further changes to legislative requirements for heat in buildings are anticipated.
 - Fleet (14% of emissions): 98% of emissions are from diesel-powered vehicles. The majority of diesel fleet are Euro 6 standard. Priorities are fleet optimisation and further transition to alternatively fuelled vehicles, including electric, hydrogen, or hybrid vehicles. This is subject to market conditions and requires the enabling infrastructure to be in place.
 - Street Lighting (7% of emissions): following the light-emitting diode (LED) replacement programme continued efficiency improvements would contribute to further reductions.
- 3.26 The remainder of Council emissions are classed as Scope 3. This includes homeworking, water, staff travel, internal waste.

External influencing factors

There are a number of external factors that influence carbon budget setting including:

- 3.27 Additional, national policy, guidance and standards, due to come forward:
- Final Statutory Guidance for the public sector on meeting climate duties. This is due to be published in 2026.
 - Scotland's Climate Change Plan is due to be published in 2026. This will set costed proposals and policies to meet Scotland's carbon budgets. Final information on any enabling supply chains, national infrastructure, funding mechanisms and timescales relevant to local climate planning are still to be confirmed at time of reporting.
 - Mandatory requirements and standardised methodology for Local Authority reporting on Scope 3 categories. The Council already report on 4 (out of the 15) Scope 3 categories. Additional categories will result in large scale additions to local authority carbon accounting.
 - The Scottish Climate Intelligence Service, is progressing national work to standardise methodology for quantifying carbon savings; and supporting local authorities with data and tools for local authority area climate planning.
 - The emerging Environmental Standards Scotland (ESS) Strategy (2026-31), which underwent further consultation in December 2025. This indicates ESS

will commence new aspects of scrutiny including on local authority delivery and reporting of statutory climate change duties.

- 3.28 Carbon emissions are calculated using UK Government annual greenhouse gas (GHG) reporting conversion factors, applied to data, including utility and fuel consumption. The UK GHG reporting conversion factors for 2026 will be published around June 2026. When published, any variation in emission conversion factors from the previous year will be documented in the carbon budget setting process and the carbon budget forecast position will be updated based on any identified changes.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.
- 4.2 The carbon budget is not a direct analysis of the carbon impact of financial spend under the General Fund Revenue Budget and Capital Programme. However, it does examine the approved projects under the Capital Programme relevant to net zero.
- 4.3 Integrated Impact Assessment (IIA) is carried out for relevant budget options under the 2026/27 financial budget. The IIA process can help to identify the positive, neutral or negative impact on greenhouse gas emissions.
- 4.4 It is recognised that the net zero transition by 2045 will have significant long term implications on resources and require a blend of ongoing investment. The Council continues to seek external funding and opportunities for funding mechanisms, where these are available.

5. LEGAL IMPLICATIONS

- 5.1 The Council, along with other public bodies, has a statutory duty under the Climate Change (Scotland) Act 2009 to act in the way best calculated to contribute to the delivery of the targets set in or under Part 1 of the 2009 Act. These targets include net-zero emissions by 2045. The approval of the carbon budget for the financial year 2026-27 will support the Council Climate Change Plan and contribute to the delivery of the 2009 Act's emissions reduction targets.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 The carbon budget is a mechanism to support decision making and aims to increase accountability and improve monitoring of activity against approved commitments relating to the Council Climate Change Plan. Information on the carbon budget and medium term forecast seeks to inform the delivery of sustained emission reductions, in-line with Council net zero targets. This has the potential to bring positive environmental impacts.

7. RISK

7.1 The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement. Climate change is integrated in the Council risk hierarchy, including place based climate risk at corporate level; climate and nature compliance at Cluster level; as well as integrated where relevant in wider and Cluster and Operational risks.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	Failure to track, forecast carbon emissions. Risk to Council net zero targets.	Annual carbon budget. Monitoring/ data improvements. Climate change embedded into decision making. Refresh of Council Climate Change Plan.	M	Yes
Compliance	Risk to compliance climate duties	Implement the carbon budget to support target setting, data improvements and monitoring.	L	Yes
Operational	Failure to deliver carbon savings. Inefficient data capture.	Use of up to date emission factors. Improvements to data collation & modelling. Guidance, awareness, training.	M	Yes
Financial	Lack of investment to deliver carbon savings.	Guidance to officers. Refining processes. External funding bids. Governance systems.	M	Yes
Reputational	Failure to meet Council net zero commitments	Carbon budget monitoring cycle. Annual returns to Scottish Government.	M	Yes
Environment/ Climate	Failure to reduce carbon. Non delivery carbon savings.	Monitoring of carbon data. Annual carbon budget setting. Guidance to officers.	M	Yes

8. OUTCOMES

Council Delivery Plan 2024	
	Impact of Report
Aberdeen City Council Policy Statement Working in Partnership for Aberdeen	The proposals within this report support the delivery of the following aspects of the policy statement:- Commit to providing an annual carbon budget alongside the council's annual budget and providing CO2 emission statements as part of the Annual Accounts of the Council.
Local Outcome Improvement Plan 2016-2026	
Prosperous Place Stretch Outcomes	The proposals within this report support the delivery of LOIP Stretch Outcome 13. Addressing climate change by reducing Aberdeen's carbon emissions by at least 61% by 2026 and adapting to the impacts of our changing climate.
Regional and City Strategies	The proposals within this report support Council plans and strategies including the Council Climate Change Plan, the Council Delivery Plan, the Estates and Assets Strategy, the School Estates Plan. Council actions to reduce operational emissions can contribute to city wide emissions reductions including the Net Zero Aberdeen Routemap.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	New Integrated Impact Assessment has been completed
Data Protection Impact Assessment	Not required
Other	No additional impact assessments have been completed for this report.

10. BACKGROUND PAPERS

- Carbon Budget 2025-26 (CR&E/25/037), [Council March 2025](#).
- Climate Change Report 2024-25 (CR&E/25/250), [Net Zero, Environment and Transport Committee, November 2025](#).
- Condition & Suitability 3 year Programme (F&C/25/232), [Finance and Resources Committee, November 2025](#).
- Council Climate Change Plan 2021-25 (COM/21/047), [Council March 2021](#).
- Medium Term Financial Strategy for the Council's General Fund 2025 (CORS/25/239), [Finance and Resources Committee, November 2025](#).

11. APPENDICES

11.1 None

12. REPORT AUTHOR CONTACT DETAILS

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