ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	5 March 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Carbon Budget 2025/26
REPORT NUMBER	CR&E/25/037
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 2025-26, to support the Council Climate Change Plan.

2. RECOMMENDATIONS

That Council:-

2.1 Approve the Council Carbon Budget 2025/26 including carbon target for 2025/26 of 22,567 tonnes of carbon dioxide equivalent (tCO2e) and note the provisional 5 year carbon budget forecast to 2029/30.

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 June 2025.

2.3 Note the indicative Function/ Cluster carbon budget allocation, as attached at Appendix A.

2.4 Instruct the Chief Officer - Strategic Place Planning to liaise with relevant Chief Officers, on any realignment of carbon budget allocations required by changes to legislation, services, operations, targets and plan-making ahead of the 2026 Council Carbon Budget.

2.5 Note the national policy changes emerging over this 5 year period (paragraphs 3.13 - 3.17) relevant to carbon budget data, methodology and achievable savings.

2.6 Instruct the Chief Officer – Capital, following approval of the budget in March, to ensure any new projects being put forward to the capital programme include information on the expected operational carbon impact of the development.

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 best way calculated to: contribute to the delivery of the targets set in or under Part 1 of the 2009 Act. The 2009 Act states that the net-zero emissions target year is 2045.
- 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 Under the Climate Change (Duties of Public Bodies: Reporting Requirements)(Scotland) Order 2015 the Council must include narrative in annual Climate Change Reports on how it will align its spending plans and use of resources to contribute to reducing emissions. In addition, public sector bodies should report the date by which they intend to achieve zero direct emissions and set targets for influence on reducing indirect emissions.

3.3 Audit Scotland, Auditing Climate Change Strategy (December 2024) indicates climate change is an audit priority for both the Auditor General for Scotland and the Accounts Commission, stating climate change considerations need to be central to public bodies' decision-making and financial planning, particularly in relation to longer-term trends.

3.4 Commitment to tackling climate change and biodiversity loss is underlined through the Council Climate and Nature Emergency Declaration (March 2023).

About the carbon budget

3.5 The carbon budget supports delivery of the Council Climate Change Plan. It sets the maximum tonnes of carbon dioxide equivalent (tCO_2e) against a set reporting boundary that the Council can emit in a given period, to keep on track with our own emission reduction targets, set in the Council Climate Change Plan, these are net zero target by 2045; and an interim target of 75% reduction by 2030.

3.6 The carbon budget indicates an emission reduction pathway informed by historic emissions data, annual emission factors, estimated carbon savings from known projects and considers factors that may place pressure on the carbon budget, where information is available.

3.7 Carbon emissions are calculated using UK Government annual greenhouse gas (GHG) reporting conversion factors, applied to data, including utility and fuel consumption. It should be noted the GHG reporting conversion factors for 2025 are not due to be published until around June 2025. These will be used for carbon calculations and monitoring the carbon budget during 2025/26. In 2023, the UK Electricity emission factor increased by 7% (compared to 2022) and remained at similar levels in 2024. Previous to that, there had been a decline in carbon intensity of the grid of nearly 60% since 2015/16. A reduction in the emission factor for grid electricity has not been assumed in calculations for the 2025-26 carbon budget.

3.8 Emissions are classed under the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard as:

Scope 1: direct emissions i.e. from use of gas heating, diesel in fleet.
Scope 2: emissions from electricity and purchased heat and steam.
Scope 3: indirect emissions, from activities related to external processes.

3.9 An annual carbon budget monitoring cycle is in place, this includes:

- Monthly updates to the officer Climate Oversight Group.
- Quarterly updates to Net Zero, Environment & Transport (NZET) Committee, through the Performance Report.
- Annual carbon data reported to NZET Committee, as part of the Council Climate Change Report before submission to Scottish Government.
- Annual carbon budget setting at Council.

Outlook - key factors and assumptions

3.10 Council progress in reducing emissions from a baseline year of 2015/16 to 2023/24 is indicated in Figure 1. Accounting indicates emissions have reduced and while the Council has stayed in budget to date, reduction rates are starting to plateau.

Figure 1: Overall corporate emissions (since 2015/16 baseline)

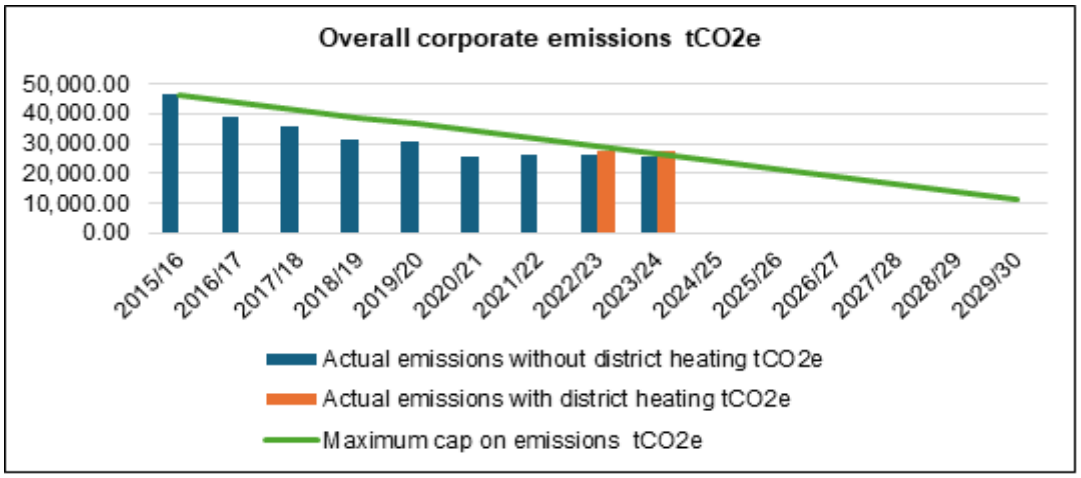
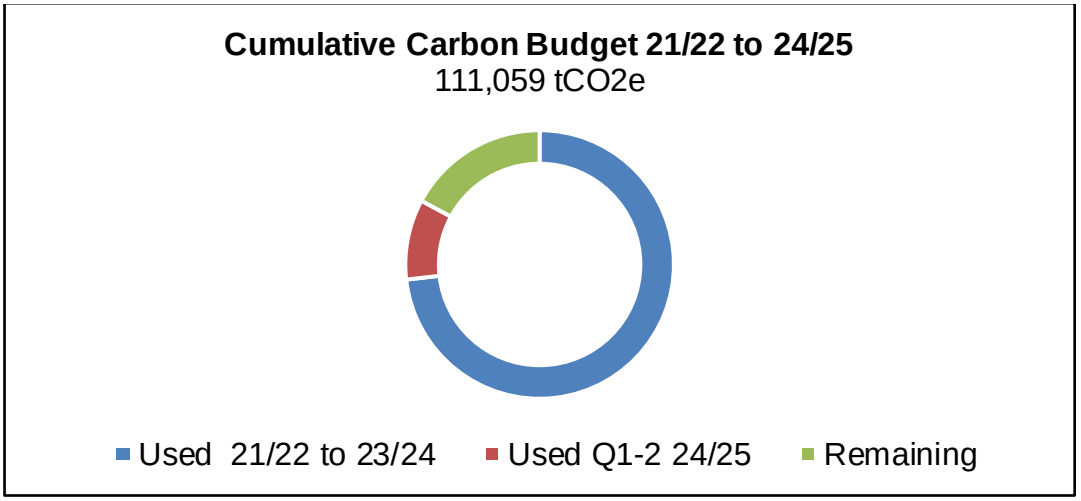


Figure 2: Emissions used 2021/22 to 2024/25



3.11 The cumulative carbon budget for the Council Climate Change Plan 2021-2025 is 111,059 tCO2e. Figure 2 shows the Council used 81,299 tCO2e emissions between 2021-22 and 2023-24, which is 73.2% of the maximum carbon budget for the period. Reductions to date have been supported by investment in a wide range of actions.

3.12 Year end carbon data, for 2024/25 will not be available until May 2025. Between April – September the Council had used 42% of the carbon budget for 2024-25. Final data will be dependent on factors including cold weather heating requirements during October – March and project completion dates.

3.13 Legislative change and additional reporting requirements are emerging within the 5-year carbon budget period which will have an influence on the next Council Climate Change Plan, and bring a number of complexities, uncertainties and challenges.

3.14 Under the Climate Change (Emissions Reduction Target) (Scotland) Act 2024 ("the 2024 Act") the Scottish Government is introducing 5 year carbon budgets and is replacing the previous annual and interim emission targets, with budget targets. This approach reflects recommendations from independent advisors the Climate Change Committee (CCC). As a result of the 2024 Act, Scotland's interim target of a 75% reduction by 2030 is no longer in place, although the target of net zero by 2045 remains.
The carbon budget will set a limit on the amount of greenhouse gases emitted in Scotland over a five-year period. The carbon budget targets will be set through secondary legislation and indications are these will reflect the CCC advice on appropriate levels. At this time Scotland's carbon budget and the period the carbon budget will cover are unknown.

3.15 To date the Council Climate Change Plan and carbon budget aligned with Scotland's previous interim target of a 75% reduction by 2030, as well as the net zero target of 2045. While the national interim target is no longer in place on the basis of advice from the CCC, the Council Climate Change Plan retains the 75% target for 2030, at least until the Council Plan 5 year revision process completes in 2025/26. Therefore, the local interim target remains in place for this year's Council Carbon Budget. Climate duties set a requirement for the public sector to contribute to the delivery of national greenhouse gas emission targets and that will include Scotland's carbon budget. The impact of changes under the 2024 Act on the national levers, such as infrastructure, funding, policy, that can inform local plans, target setting and help drive local action, are uncertain at this time.

3.16 Additional, national policy, guidance and standards, will come forward, in the 5 year period including:

- Statutory Guidance for the public sector on meeting climate duties. Consultation on the draft guidance is anticipated in 2025. Any required changes to methodology for carbon accounting are unknown at this time.
- Scotland's Climate Change Plan update, which will now come forward when regulations for Scotland's carbon budget are in place.

- Proposals for a Social Housing Net Zero Standard in Scotland to replace the second Energy Efficiency Standard for Social Housing (EESSH2); a Heat in Buildings Bill; and Energy Performance Certificate (EPC) reform.

3.17 Scottish Government is proposing phased introduction of mandatory reporting of scope 3 emissions by local authorities. It is anticipated that reporting on 4 (out of the 15) scope 3 categories would be required by 2027. At this time the Council is already reporting data in each of these 4 categories either fully or partially. Further data requirements in these categories may result in a moderate increase in emissions.
Further national work is set to take place in 2025 to develop a standardised methodology for reporting on further scope 3 categories. These include emissions from purchased goods and services; and capital goods, (embodied carbon, capital projects). When methodology and mandatory requirements are in place these categories will result in large scale additions to Council scope 3 emissions and require adjustments to carbon accounting and baseline data.

3.18 To encapsulate evolving technical, infrastructure and legislative requirements the Council Climate Change Plan is due to undergo a refresh in 2025. The refresh will take on board learning gathered from cost effective actions implemented to date; and it will focus on the key priorities for carbon reduction and feasible reduction pathways.

Carbon Budget 2025-26 and 5 year forecast

3.19 The carbon budget for the financial year 2025/26 proposes a maximum cap on carbon emissions of 22,567 tCO2e. This is set out in Figure 3, alongside a forecast of the carbon budget targets to 2029/30, that would be required to reach the Council's 75% emissions reduction, which is set in the current Council Climate Change Plan.

3.20 The cumulative five year carbon budget for 2029-30 is 85,902 tCO2e. That represents a significant level of reduction and challenging pathway.

Figure 3*:* Council Carbon Budget 2025/26

	Baseline	Actual	Maximum	*Forecast*	*Forecast*	*Forecast*	*Forecast*	*5 year*
Year	**15/16**	***23/24***	***25/26***	***26/27***	***27/28***	***28/29***	***29/30***	***cap***
Unit	tCO2e	tCO2e	*tCO2e*	*tCO2e*	*tCO2e*	*tCO2e*	*tCO2e*	*tCO2e*
Buildings energy	33,545	17,776	16,370	14,641	12,626	10,596	8,569	62,802
Fleet	3,775	3,800	2,848	2,372	1,896	1,420	943	9,479
Street lighting	8,150	2,112	1,877	1,822	1,767	1,712	1,657	8,835
Staff travel	469	310	274	234	194	155	117	974
Internal waste	213	313	227	209	157	105	53	751
Water	218	66	62	60	59	57	55	293
Homeworking	-	1,087	909	731	554	376	198	2,768
Total	**46,371**	**25,463**	**22,567**	**20,069**	**17,253**	**14,421**	**11,592**	**85,902**
		Actual						
District heating	-	2,172						

3.21 Improvements to medium to long term forecasting, scenario modelling and work on carbon quantification is due to take place in 2025-26:

a) Through the Scottish Climate Intelligence Service, Local Authority support in 2025 will include around methodology for quantifying carbon savings. This information can help inform relevant processes and assist with maturing work in estimating the carbon impact of new and emerging Council projects and developments.

b) The Council is piloting use of a data platform (ClimateView) to support planning of climate actions against our carbon data and targets. This is being populated (Dec 24 - March 25). When in place, the platform will enable dynamic modelling of decarbonisation scenarios and help identify the long term reduction pathways appropriate and feasible for sectors.
Outputs will be shared with relevant carbon budget leads to support decision making and help target investment decisions for the 5 year budget period.

c) The carbon budget is based on current available information and emissions data can be subject to change following updates to UK GHG reporting conversion factors.

3.22 For the 2025/26 carbon budget, scope 1 and 2 emissions will be monitored separately from the partial scope 3 emissions. The Council has most influence on Scope 1 and 2 emissions, which at this time account for 90% of reported tCO2e. Figure 4 indicates a 5 year linear reduction trajectory to achieve a 75% reduction, however based on historic trends (Figure 5), scope 1 emissions in particular are unlikely to reduce at this pace without increased action and efficiencies.

Figure 4: Emissions by scope 15/16 to 23/24 and linear reduction to 29/30

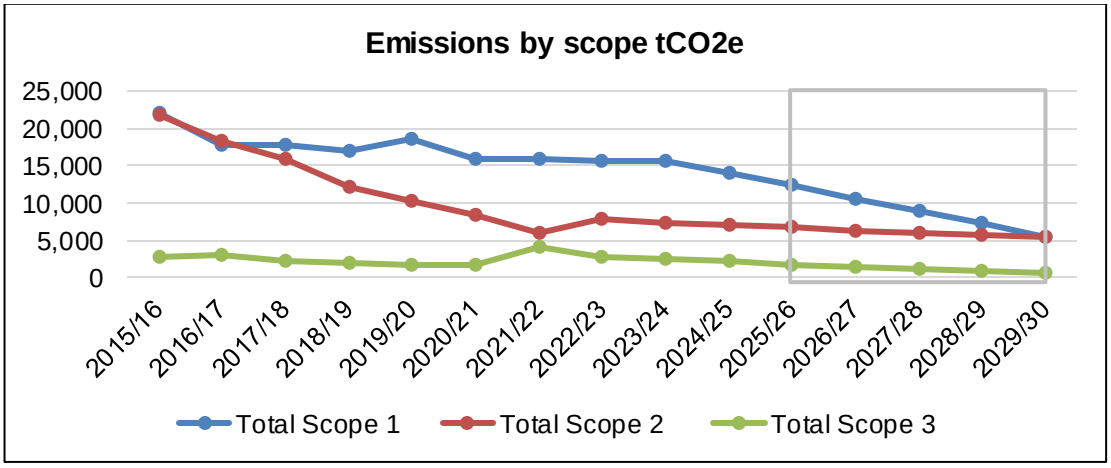


Figure 5: Business as usual projection by scope and savings required to reach 75% reduction

	Actual 15/16	Actual 23/24	Reduction by 23/24	Carbon target 29/30	Est. Savings required 25/26-29/30	Projection 24/25-29/30 based on historic trend
	tCO2e	tCO2e	%	tCO2e	tCO2e	tCO2e
Scope 1	22,020	15,716	29%	5,505	8,509	3,396
Scope 2	21,664	7,341	57%	5,316	1,604	3,570
Scope 3*	2,687	2,513	6%	672	1,444	116
Total	46,371	25,463	-	11,593	11,557	7,082

**Data reflects the partial scope 3 data currently measured*

3.23 For the 2025-26 carbon budget, an estimate of the carbon savings potential of approved capital projects and relevant programmes, such as the Condition and Suitability programme, has been carried out. This data will be refined following planned work on carbon quantification (as outlined in 3.21). Alongside, and where data is known, relevant carbon pressures have been considered. These are primarily from additions to estate.

Figure 6: Budget breakdown for 25/26 and projected savings required

	Baseline Year 15/16	Actual 23/24	Budget cap 24/25	Projected 24/25*	Budget cap 25/26	Projected saving required	Estimated savings potential*
	tCO2e	tCO2e	tCO2e	tCO2e	tCO2e	tCO2e	tCO2e
Buildings	33,545	17,776	17,444	17,177	16,370	807	219
Fleet	3,775	3,800	3,185	3,768	2,848	920	**851
Street Lighting	8,150	2,112	2,432	1,932	1,877	55	86
Staff Travel	456	310	245	313	274	39	11
Internal Waste	213	313	107	270	227	43	1
Home working	0	1,087	638	998	909	89	tbc
Water	218	66	62	65	62	3	0.7
Total	**46,371**	**25,463**	**24,113**	**24,489**	**22,567**	**1,956**	**1,169**
District heating	0	2,172		2,539			175
Total	**46,371**	**27,636**		**27,028**			**1,344**

**based on available data at time of reporting and subject to change*
***actual savings co-dependent on infrastructure/ market availability (25/26)*

3.24 Achieving the estimated carbon savings is dependent on a complex range of internal and external factors including market and infrastructure availability, maturity of technology, project completion dates, supply chain constraints, funding mechanisms, capacity and resources, as such potential savings will be subject to change. In addition, multi-year projects may not achieve operational CO2 savings in the short term.

3.25 Operational efficiencies, avoidance and behaviour change remain important in reducing the gap between operational carbon costs and projected savings. Ongoing awareness actions including continued switch off messaging; delivery of our staff training courses (Meeting our Climate Duties, Taking Action on Climate Change); alongside updates to our carbon budget guidance will take place in this budget period.

3.26 To support emissions management, an indicative allocation of emissions at Function/ Cluster level has taken place, this is based on operational emissions and is set out in Appendix A. Where required by changes to services, operations, plans or by wider changes to legislation and/or methodology, the carbon budget allocations would be reviewed, and where relevant, realigned in dialogue with relevant officer groups.

Implications for sectoral emission reduction

3.27 Priority areas for carbon savings and potential pressures on achievable reductions are indicated in Appendix B. Buildings, fleet and street lighting are the highest source of emissions:

a) Gas, electricity, oil use in Council buildings accounts for 64% of emissions, with gas consumption the main contributor. Cold weather events mean this sector is vulnerable to short term fluctuations in emissions.

- Critical to reductions from buildings is the ongoing transition from fossil fuels to low and zero emission heat and power; building retrofit; the pace of efficiency actions/upgrades; and behaviour change.
- The delivery of local strategies for heat and energy will enable a targeted, co-ordinated and cost effective approach.
- Building (Scotland) Amendment Regulations 2023 require new and extended buildings with consents after 1 April 2024 to use clean energy sources, prohibiting use of fossil fuels. Energy solutions in new builds, including schools, are supporting a clean energy transition, however, where these are additions to estate they will not contribute to carbon savings.
- A summary on emissions from buildings is included in Appendix C.

b) District heating offers lower cost and carbon heat and there are connections to 17 of our public buildings, with the majority of connections to gas powered networks. Heat networks are considered a clean energy solution, though should be decarbonised by 2045. The connection of several buildings to waste heat took place in 2024 which should offer a full year of CO2 savings in 2025/26.

c) By 2023/24 the LED street lighting replacement programme resulted in a reduction of 6,038 tCO2e, against the 15/16 baseline. This area of carbon savings has been essential to balance the overall budget to date. Reductions are forecast, however the programme is now complete.

d) 14% of emissions are from fleet. 2023/24 data reflected a 1% increase against the baseline in fleet emissions primarily from diesel consumption. Current data indicates an emission reduction for 2024/25, although at a slower pace than the indicative target. The majority of diesel fleet are Euro 6 standard and 14% of fleet are low or zero carbon vehicles. With diesel use accounting for 98% of fleet emissions, the transition to alternative powered vehicles will be essential for carbon savings. Challenges to this include market maturity for fleet specialisms, supply chains, cost implications and infrastructure dependencies.

e) Homeworking: (4% of emissions) is a reporting requirement, has been an addition to scope since 2021 and has been subject to wider changes in methodologies. There is less direct influence on reductions.

f) Staff travel: (1% of emissions), mileage from staff owned vehicles used for work purposes (grey fleet) is the main source and emissions are slightly above indicative target. Levels of staff business travel have fluctuated.

g) Internal waste: (around 1% of emissions), this has fluctuated due to changes in waste management. A reduction is forecast due to changes in the UK 2024 emission factors for waste.

Wider influence

3.28 Alongside, the corporate introduction of ClimateView, this platform is being introduced to all local authorities in Scotland, through the Scottish Climate Intelligence Service. The platform is being populated with city wide greenhouse gas data and will support improved tracking of actions contributing to city emission reductions, including those led by or in partnership with the Council. The Capital Programme includes low carbon and renewable infrastructure projects that could contribute significant carbon savings for the city in the medium to long term. The feasibility of extending the carbon budget to areas of wider influence will be examined as part of future budget setting.

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. However, it does examine approved capital commitments in calculating net zero projections.

4.3 It is recognised that the net zero transition by 2045 will have significant long term implications on resources and require ongoing investment. The Council has been active in seeking external funding and examining opportunities for funding mechanisms, where these are available.

4.4 In support of alignment with the financial budget process, work took place in 2024 to incorporate an Environmental Implications section into the Integrated Impact Assessment (IIA) template. IIA has been carried out for the change proposals under the 2025/26 financial budget and this assessment process can help to identify the positive, neutral or negative impact on greenhouse gas emissions and other environmental implications from budget lines, where full details of the change proposals are known.

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 best way calculated to the delivery of the targets set in or under Part 1 of the Act. These targets include net-zero emissions by 2045. The approval of the carbon budget for the financial year 2025-26 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 information included in this report on the carbon budget and forecast position will inform the delivery of the Council emission targets and support decision making around reducing carbon emissions.

6.2 The carbon budget aims to increase accountability and improve monitoring of activity against approved commitments under the Council Climate Change Plan.

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 with climate change duties	Implementation of 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 and 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 of	Monitoring of carbon data. Annual carbon budget setting. Guidance to officers.	M	Yes

	carbon savings.			

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 Estates and Assets Strategy, School Estates Plan, the Fleet Replacement Programme, Delivery 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 2024-25 - COM/24/059
- Climate Change Report 2023-24 - CR&E/24/282
- Fleet Replacement Programme - CR&E/24/306
- Condition & Suitability 3 year Programme - F&C/24/283
- Council Climate Change Plan 2021-25 - COM/21/047

- Medium Term Financial Plan
- UK Government Greenhouse Gas reporting conversion factors
- Greenhouse Gas Protocol Corporate Accounting and Reporting Standard
- Auditing Climate Change, Audit Scotland
- Climate Change Delivery Improvement report, Scottish Government

11. APPENDICES

Appendix A - Carbon budget 2025-26, Function/Cluster allocation
Appendix B - Carbon budget savings and pressures
Appendix C – Summary, carbon emissions buildings

12. REPORT AUTHOR CONTACT DETAILS

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