

ABERDEEN CITY COUNCIL

COMMITTEE	Net Zero, Environment and Transport
DATE	9 September 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Low Emission Zone Costs and Income
REPORT NUMBER	CR&E/25/207
EXECUTIVE DIRECTOR	Gale Beattie
CHIEF OFFICER	David Dunne
REPORT AUTHOR	Will Hekelaar
TERMS OF REFERENCE	7, 8

1. PURPOSE OF REPORT

- 1.1 To advise Members of the costs and income associated with the operation of the Low Emission Zone during 2024/25, and to recommend that the remaining surplus income is retained to cover future operational and maintenance costs.

2. RECOMMENDATIONS

That the Committee:-

- 2.1 Note the costs and income associated with the Low Emission Zone (LEZ) during the 2024/25 financial year;
- 2.2 Approve the retention of the remaining income for 2024/25 to cover future LEZ operational and maintenance costs;
- 2.3 Agree that a combined report on future years programming for both Bus Lane Enforcement and Low Emission Zone surpluses will be reported to this Committee on an annual basis; and
- 2.4 Note that an annual report on the operation and effectiveness of the LEZ is currently in development and will be submitted to Scottish Ministers by the end of 2025, in accordance with the Transport (Scotland) Act 2019.

3. CURRENT SITUATION

- 3.1 In [October 2023](#), Members of the Net Zero, Environment and Transport Committee approved a [policy](#) for the use of net surplus income arising from enforcement of the Low Emission Zone (LEZ), and instructed the Chief Officer – Strategic Place Planning to submit a report to this Committee in Summer 2025 identifying the costs and income associated with the operation of the LEZ during 2024/25, including a proposed programme for the use of any surplus income.

- 3.2 Enforcement of the LEZ commenced on 1st June 2024. The accrued income from penalty charge notices (PCNs) issued between 1st June 2024 and 31st March 2025 was £1,386,025.08. The Council received a Transport Scotland grant of £89,045.20 for LEZ set-up and staffing costs during 2024/25. Total gross revenue for the year was therefore £1,475,070.28.
- 3.3 Income arising from LEZ PCNs must be used to cover the costs of enforcement, including staffing, administration of PCNs and appeals, postage, maintenance of signs and cameras, etc. A proportion of the income was also required to cover some LEZ implementation and advertising costs once external grant funding had been exhausted. Following the maximisation of available external grant funding, remaining LEZ costs at the end of 2024/25 sat at £245,378. The net accrued surplus for the financial year after all scheme costs were considered was therefore £1.230 million. Excluding accruals for unpaid PCNs, the surplus generated for the year reduces to £669,000.
- 3.4 Any surplus remaining once operational and other costs relating to the establishment and maintenance of the LEZ are covered can be used by the Council for additional projects that meet the LEZ objectives:
- Improve air quality in Aberdeen by reducing harmful emissions from transport and delivering on the Scottish Government's statutory air quality objectives (prescribed under section 87(1) of the Environment Act 1995);
 - Support climate change targets (as set out in Part 1 of the Climate Change (Scotland) Act 2009) by reducing road transport's contribution to emissions;
 - Protect public health and wellbeing;
 - Support local and regional transport strategies by contributing to the development of a vibrant, accessible and safe city centre, where the volume of non-essential traffic is minimised and active and sustainable transport movements are prioritised; and
 - Contribute to ongoing transformational change in Aberdeen, helping promote the city as a desirable place to live, visit and invest in.

The prudent approach is to only commit funds which have been received and not include income from unpaid PCNs. As reported in the March 2025 Budget papers, the LEZ surplus at the end of 2024/25 available for release was £669,000.

- 3.5 In [March 2025](#), Council agreed to spend £200,000 to support the re-establishment of a bicycle rental scheme in Aberdeen to be funded from the LEZ surplus. A tendering exercise for the procurement of a new supplier was launched in July 2025 and is currently underway.
- 3.6 Also in [March 2025](#), the Net Zero, Environment and Transport Committee agreed the release of £50,000 for city centre greening projects, with a further £71,000 agreed for release in [June 2025](#). These allocations were for the following projects:
- Our Union Street Greening / People Project: £61,000;
 - City Centre Greening, Growing and Buzzing: £60,000.

- 3.7 Assuming these projects spend their full allocation, £348,000 surplus income from 2024/25 remains available for allocation.
- 3.8 Although LEZ income exceeded expenditure in 2024/25, PCN numbers are generally declining (Figure 1) and this trend is likely to continue, with recent traffic data suggesting that the volume of vehicles in Aberdeen compliant with the LEZ has increased from 82% in 2023 to 89% in 2025. While income is likely to decline each year, the costs of operating and maintaining the enforcement camera network will be constant, and may increase, and there may come a time when cameras and signage have to be replaced. With this in mind, it is recommended that Aberdeen City Council retains the remaining surplus from the 2024/25 year to cover future LEZ operational and maintenance costs, thus minimising future revenue implications of the LEZ. Moving forward, it is recommended that a combined report on future years programming for both Bus Lane Enforcement and Low Emission Zone surpluses will be reported to this Committee on an annual basis, and any future decision on retention of any surplus to cover costs of operations and maintenance be decided based on the circumstances at that time.

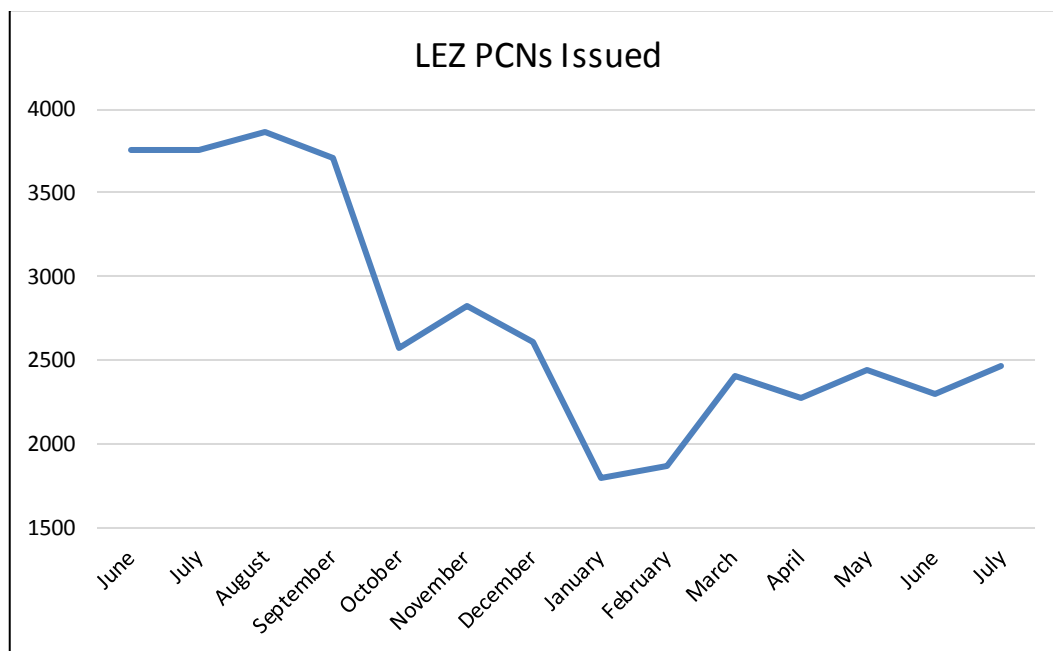


Figure 1: LEZ PCNs issued (Source: Aberdeen City Council, <https://www.aberdeencity.gov.uk/services/roads-transport-and-parking/low-emissions-zone-lez-penalty-charge-notice-statistics>)

- 3.9 In terms of next steps, the Transport (Scotland) Act 2019 requires local authorities operating a LEZ scheme to: prepare an annual report on the operation and effectiveness of the scheme; publish the report in such manner as it considers appropriate; send a copy of the report to the Scottish Ministers; and lay a copy of the report in the Scottish Parliament. Members are asked to note that officers are currently preparing the first such annual report, with a view to submitting to Scottish Ministers by the end of 2025.

4. FINANCIAL IMPLICATIONS

- 4.1 As reported in the March 2025 Budget papers, the LEZ surplus at the end of 2024/25 was £669,000. To date £321,000 of this has been approved for release, leaving £348,000 currently unallocated.
- 4.2 Given that the number of LEZ PCNs are declining, and are forecast to continue to do so in future, there may come a time when LEZ operational costs exceed PCN income. As such it would be financially prudent for the Council to retain the remainder of the surplus from 2024/25 to allow for this eventuality and to lessen the impacts of the LEZ on future Council budgets.

5. LEGAL IMPLICATIONS

- 5.1 The Transport (Scotland) Act 2019 requires any surplus income arising from LEZ enforcement to be used for “*facilitating (directly or indirectly) the achievement of the scheme’s objectives*”. Transport Scotland has confirmed that this encompasses, first and foremost, the operational costs of the scheme and, secondly, the delivery of additional projects that support the achievement of the LEZ objectives. If a local authority cannot identify suitable spend for the surplus, this requires to be repaid to Scottish Ministers to offset previous LEZ grant funding.
- 5.2 Transport Scotland has indicated that it would approve of local authorities retaining PCN income to cover future LEZ operational costs.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 The LEZ, and the projects listed in this report being funded via LEZ revenue, aim to improve air quality in the city centre, which is currently an Air Quality Management Area, and an area of high population exposure.

7. RISK

The assessment of risk contained within the table below is considered to be consistent with the Council’s Risk Appetite Statement.

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 identify appropriate spend for LEZ income could see these funds having to be paid to Scottish Ministers, meaning	Approve the retention of funds as detailed in this report.	L	Yes

	the benefits would not be experienced by the people of Aberdeen.			
Compliance	The Council would not be complying with the requirements of the Transport (Scotland) Act 2019 if it did not identify appropriate spend for LEZ income.	Approve the retention of funds as detailed in this report.	L	Yes
Operational	Should the Council not preserve LEZ income to cover future running costs, there is a risk that operational costs eventually exceed income.	Preserve LEZ income for future operational costs, as recommended in the report.	H	Yes
Financial	Should the Council not preserve LEZ income to cover future running costs, there is a risk that operational costs eventually exceed income.	Preserve LEZ income for future operational costs, as recommended in the report.	L	Yes
Reputational	There are reputational benefits to the Council demonstrating financial prudence, and being transparent about the use of LEZ income and how it is used.	Approve the use of LEZ income as detailed in this report.	L	Yes
Environment / Climate	No risks identified.	N/A	N/A	Yes

8. OUTCOMES

The proposals in this report have no impact on the Council Delivery Plan.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	New Integrated Impact Assessment has been completed.
Data Protection Impact Assessment	Not required.
Other	None.

10. BACKGROUND PAPERS

- 10.1 Low Emission Zone Penalty Charge Notice – Net Surplus Income Policy (COM/23/327) ([Net Zero, Environment and Transport Committee, September 2023](#))
- 10.2 Bus Lane Enforcement Programme Update and Future Planning 2025/26 (CR&E/25/055) ([Net Zero, Environment and Transport Committee, March 2025](#)).
- 10.3 Bus Lane Enforcement and Low Emission Zone Projects 2025/26 (CR&E/25/140) ([Net Zero, Environment and Transport Committee, June 2025](#))

11. APPENDICES

- 11.1 None.

12. REPORT AUTHOR CONTACT DETAILS

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