

1 Risks

1.1 A number of risks have been identified when developing the proposed Carbon Budget. These are highlighted below:

- 1) Calculations of emission reductions are a best estimate utilising available data and relevant assumptions, therefore all calculations must only be considered as an estimate. Any changes in consumption or emissions data will be monitored and reported on at the appropriate time.
- 2) In some cases, full CO₂e savings of actions listed will not be fully accounted for until the following financial year. Part year savings may need to be considered if there are delays in projects being put into action. This would mean that projected savings would be less than originally calculated and therefore action elsewhere may be required to make up the difference. This can be captured and considered during the update process with appropriate action taken if needed.
- 3) Issues relating to supply chain and contractor availability including competing pressures worldwide for example with certain components used in streetlighting, remain risks that we continue to monitor.
- 4) Many climate change mitigation actions require behaviour change by staff and members across the organisation. To be successful this will require both top down and bottom-up visible action and support across all services. This can be monitored through regular updates to Strategic Leadership Team, service team meetings, the Sustainability Champions, and the newly established Route Map 2030 Steering Group.
- 5) Changes in climate change mitigation and adaptation legislation will need to be monitored and targets adjusted to meet any additional statutory requirements. This will continue to be monitored by the Sustainability & Climate Change team and reported on to the Sustainability Committee. An example of this is the latest target of zero direct emissions from Public Sector buildings by 2038 that is sitting in the current Heat in Buildings Bill consultation.
- 6) There is a political risk associated with not meeting the Council's agreed emissions reduction target. The Carbon Budget process of Aberdeenshire Council is recognised as best practice by public sector organisations and should continue to be the process used for supporting progress towards the Council's reduction target. Reporting on emissions is a mandatory requirement through the Public Bodies Climate Change Duties and therefore allows the Council to monitor and assess its progress on an annual basis. This reporting is monitored by the Sustainability Committee.
- 7) Changes to regulations, introduction of carbon taxes etc. are ways in which there may be a future added cost to not working towards reducing the Council's emissions now. Similarly, not considering impacts of future

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climate predictions for the region when retrofitting and building new could mean dealing with reactive costs instead of investment being in place already.

- 8) Constrained networks and the additional grid capacity including its resilience to extreme weather events is a recognised risk but of greater concern in rural areas where heat pumps are deemed to be a solution.
 - 9) The current update underway on the Carbon Budget Toolkit which can be used for generating a Marginal Abatement Cost (MAC) curve will support the need for the Carbon Budget to continue to become better integrated with the financial budgets. This will provide Members with a clearer link in demonstrating the costs and savings being met through carbon saving initiatives. This will be an important step in assisting the Council to make decisions that allow it to meet its emission reduction targets in the most cost effective way. This requires cross service working to ensure savings are captured correctly and will remain an ongoing process.
 - 10) Access to and awareness of external funding opportunities and the internal resource to create successful bids for these different funding streams will be key in financing climate change mitigation and adaptation. The funds required to meet our Annual Carbon Budgets can not be funded solely by Aberdeenshire Council's Revenue and Capital Budgets.
 - 11) The risk of more frequent extreme weather events can have an impact by delaying/interfering with projects. These impacts have been assessed through the Council's Climate Change Risk Register and will need to be monitored and mitigated against as the Council becomes aware of these events and both prepares and recovers from them.
 - 12) Reaching the required reduction target of 75% by 2030 and net zero by 2045 will require innovation and investment as well as a desire within leadership and across the organisation to continue to progress towards ambitious targets. There is a reputational risk if this is not achieved and therefore progress will continue to be monitored by the Sustainability & Climate Change team and reported on to the Sustainability Committee for appropriate action.
- 1.2 All of these risks and others within the budget will be monitored and managed in order to identify any issues and address these at an early stage.

2 Budget Pressures and Significant Developments

2.1 Significant budget pressures and developments across services and the estate will have implications on the Council's Carbon Budget:

- 1) The anticipated scale of investment required for the Council to reach its targets and how this work will be funded is of increasing risk with overall

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budget pressures across Aberdeenshire Council meaning projects which will reduce emissions may not be considered in order for the Council to reach a balanced budget. Budget reductions across services will also impact resources required for potential projects.

- 2) New schools – more energy efficient but larger community campuses. Extended times of operation have therefore increased energy use. This is in line with expectations of the business case for these builds.
 - 3) The 1140 hours entitlement for childcare has had an impact on emission reduction targets due to increase energy use and waste.
 - 4) Delays to closing assets through the Workstyle and asset rationalisation programme will delay energy savings associate with these programmes.
 - 5) Further new developments, policies, procedures and strategies will need to consider climate change mitigation and adaptation in order to support progress in action across the Council. This will require an overall fundamental shift as an organisation to current practices.
 - 6) Future adoption of development sites which include old technology street lighting will need to be updated to LED when added to the Council's portfolio.
 - 7) In presenting any savings which we anticipate making by reducing energy consumption we will need to account for any increase in the price of energy and baseline against the original and future budget for energy costs. For example, we have made real term savings through bringing in LED for our street lighting network but we are also seeing upward pressure on the cost of the electricity we use.
- 2.2 All of these budget pressures and developments will be monitored in order to identify any issues and address these where possible at an early stage.
- 2.3 A Carbon Budget Risk Register is currently under development and should be completed by May 2024. This will be integrated into the Council's Climate Change Risk Register which was updated in 2023.