



Pre-Budget Scrutiny by the Scottish Parliament's Finance and Public Administration Committee

Submission by Stop Climate Chaos Scotland August 2022

Introduction

[Stop Climate Chaos Scotland](#) ("SCCS") is a diverse coalition of over 60 civil society organisations in Scotland who campaign together on climate change. Our members include environment, faith and belief groups, international development organisations, trade and student unions and community groups. We believe that the Scottish Government should take bold action to tackle climate change, with Scotland delivering our fair share of action in response to the Paris Agreement and supporting climate justice around the world.

We welcome the opportunity to submit views to the Committee's [call for evidence in relation to its Pre-Budget Scrutiny](#). It is likely that some of our members, and stakeholders beyond our coalition, will be responding to the detail of this consultation. As such, we do not intend to respond to all questions. Rather, we hope that this short, strategic response, which takes the form of a written contribution focusing on question seven, is of value to the Committee.

Climate context

Global warming of 1°C has already taken place since the pre-industrial period, almost entirely due to human emissions of greenhouse gases. The impacts are already being felt and further emissions make these increasingly worse. The Paris Agreement aims for countries to work to limit warming to well below 2°C and to aim for 1.5°C above pre-industrial levels. The UN's Intergovernmental Panel on Climate Change (IPCC)¹ states that restricting global warming to the 1.5°C level would require a 45% reduction in net human-caused emissions of CO₂ by 2030, global carbon net neutrality by mid-century, and then the removal of billions of tonnes of atmospheric carbon dioxide for the rest of the century. The IPCC also stated that there are fewer than 12 years to make the necessary changes; we must therefore act now.

In August 2021, the IPCC issued the starkest warning yet about human impact on the planet, including more intense heatwaves and more extreme weather events, with some changes now inevitable and irreversible². The UN Secretary General branded the findings a "code red for humanity"³. The science is now overwhelming: without concerted action we're headed towards climate catastrophe; with the poorest communities and future generations suffering the most.

"As First Minister of Scotland, I am declaring that there is a climate emergency.
And Scotland will live up to our responsibility to tackle it."

Rt. Hon. Nicola Sturgeon MSP, 28 April 2019⁴.

In April 2019, the First Minister 'formally' declared a climate emergency⁵. This language was subsequently central to Scottish Government policy and statements – for instance, the (then) Cabinet Secretary's statement in May 2019⁶ and the 2019-20 Programme for Government⁷. It remains a key element of policy with one of the six chapters within the Scottish Government – Scottish Green Party

¹ IPCC Special Report: Global Warming of 1.5°C, October 2018. <https://www.ipcc.ch/sr15/>

² <https://www.ipcc.ch/report/sixth-assessment-report-working-group-i/>

³ <https://www.bbc.co.uk/news/science-environment-58130705>

⁴ <https://www.ukpol.co.uk/nicola-sturgeon-2019-speech-at-snp-conference/>

⁵ <https://www.bbc.co.uk/news/uk-scotland-scotland-politics-48077802>

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<https://www.gov.scot/publications/global-climate-emergency-scotlands-response-climate-change-secretary-rosea-na-cunninghams-statement/>

⁷ <https://www.gov.scot/news/protecting-scotlands-future/>



Shared Policy Programme entitled “Responding to the climate emergency”⁸. The co-operation agreement also creates a Cabinet Sub-Committee on the Climate Emergency “to provide cross-Government leadership and coordination of efforts to tackle climate change”⁹.

In May 2019, the UK Climate Change Committee (CCC) recommended that Scotland could reach a net zero target for greenhouse gases by 2045 (ahead of the UK, which could meet the same target by 2050)¹⁰. The Scottish Government swiftly accepted these recommendations¹¹ and have now legislated to secure net zero emissions by 2045, with an interim target of a 75% reduction by 2030¹².

Meeting these ambitious and welcome targets will not be possible without ensuring that the Scottish Government’s budget, and all the policies and actions it funds including procurement, is aligned to addressing the climate emergency.

“Major changes are required across the Scottish economy, requiring lasting, systemic changes in most sectors.”

Climate Change Committee, December 2021¹³

In the light of this, SCCS warmly welcomes the fact that “addressing the climate crisis” is viewed as one of four key challenges to be met by the Scottish Government’s Resource Spending Review, which outlines the high-level parameters for resource spending to 2026-27¹⁴. We therefore also welcome the Committee’s focus, via question seven of your call for views, to ask: “How should the Scottish Government target spending in its budget to achieve net zero targets?” This will provide the Committee with the opportunity to explore whether the Spending Review has succeeded in meeting the challenge it set itself, as well as to spending commitments and/or changes needed in the upcoming (and future) budgets.

Strategic Scottish Government Climate Policies and funding needs

Scotland’s overall change policy objectives are set out in the unanimously passed Climate Change (Scotland) Act 2009, as amended. This defines the net zero by 2045 targets, as well as interim targets, and requires the Scottish Government to set out its policies and proposals for meeting those targets in the Climate Change Plan (CCP). The latest such plan (known as the Climate Change Plan update (CCPu) was published in March 2021, and the Government is committed to presenting a draft of the next plan to Parliament by November 2023.

The Scottish Parliament has a key role in scrutinising these plans (coordinated in the last Parliament by the ECCLR Committee, and now by the NZET Committee). This work, however, focuses on whether the policies and proposals presented are sufficient to meet emissions’ reduction targets. This inquiry by the Finance Committee could usefully ask: **are the costs of the policies and proposals in the CCPu accurately estimated, and is the funding available to meet those costs?**

Alongside these “domestic” emissions reductions targets and policies, Scotland also has policies that relate to its role in the wider world. First, many of ‘our’ emissions arise from the consumption of goods and services from elsewhere (or activities undertaken elsewhere) – our “carbon footprint”. These are not all included within the formal inventory of Scotland’s emissions and reduction targets. However, they remain an important issue to be addressed if Scotland is to make its fair contribution to the global

⁸ <https://www.gov.scot/publications/scottish-government-and-scottish-green-party-shared-policy-programme/>

⁹ <https://www.gov.scot/publications/scottish-government-and-scottish-green-party-cooperation-agreement/>

¹⁰

<https://www.theccc.org.uk/wp-content/uploads/2019/05/Net-Zero-The-UKs-contribution-to-stopping-global-warming.pdf>

¹¹ <https://www.gov.scot/news/climate-change-action-1/>

¹² <https://www.legislation.gov.uk/asp/2019/15/enacted>

¹³ <https://www.theccc.org.uk/publication/progress-reducing-emissions-in-scotland-2021-report-to-parliament/>

¹⁴ <https://www.gov.scot/publications/investing-scotland-s-future-resource-spending-review/pages/1/>



transition needed to address climate change. This importance is recognised by s.35(18) of the Climate Change (Scotland) Act 2009, as amended, which requires that the Climate Change Plan: *“must also set out the Scottish Ministers' proposals and policies for taking, or supporting, action to reduce emissions of greenhouse gases (whether in Scotland or elsewhere) which are produced by or otherwise associated with the consumption and use of goods and services in Scotland.”*

SCCS considers that, as climate change is a global issue, Scotland has a responsibility to reduce these consumption-based emissions. We therefore welcome s.35(18) of the 2009 Act and look forward to seeing the relevant proposals and policies in the next CCP. We are also calling for the Scottish Government to introduce emissions-based targets in its upcoming Circular Economy Bill. However, in the short-term, this inquiry by the Finance Committee could usefully ask: **are the costs of the policies and proposals in relation to consumption-based emissions, to be presented in the next CCPu, accurately estimated, and is the funding being made available to meet those costs?**

Secondly, as a relatively rich, long developed country in the global north, Scotland has a responsibility to address the impacts of climate change (which we have helped cause) on the most vulnerable communities, especially in the global south. For this reason, SCCS welcomes the Scottish Government's approach to Climate Justice¹⁵, including its Climate Justice Fund (increased in 2021) and £2m contribution to loss and damage, announced at COP26¹⁶. Despite these significant and welcome contributions, however, they do not yet represent a “fair share” for a country of our size and history¹⁷. In addition, with the global ambition of \$100bn/year still not met, the outcomes of COP26 were essentially inadequate¹⁸ and, while the “1.5°C goal may not be dead, it is on life support”¹⁹. One hundred days after COP26, SCCS noted that:

“the legacy of COP26 [for the Scottish Government] can be seen through two prisms: the international view still reverberating positively from Scotland's funding announcement on Loss and Damage at the urging from Global South voices and a country that must do more to meet its own emissions' targets”²⁰.

This underlines the need for Scotland to meet its own emissions' targets (and for this work to be properly funded). However, it also illustrates the importance of the Scottish Government's international climate work – both its own expenditure and its voice on the global stage encouraging others to do more. In the light of this, this inquiry by the Finance Committee could usefully, as well as scrutinising the domestic policies as above, ask: **what plans does the Scottish Government have to increase its Climate Justice expenditure over the coming years, informed by a fair shares analysis, and has this appropriately budgeted for?**

Specific policies and their funding

In addition to the above strategic issues, SCCS would also wish to submit some observations on a number of specific policy areas – and the funding necessary to ensure success.

1. Public/active travel

Transport continues to be Scotland's single biggest source of carbon emissions, having increased for much of the past decade. Road transport accounts for nearly two-thirds of these emissions.²¹ For this reason, SCCS has welcomed the Scottish Government's target to reduce private car mileage by 20%, although there are concerns at the efficacy of the proposed route map. We have also welcomed the Bute House agreement commitment to ensure “that, by 2024-25 at least £320m or 10% of the total

¹⁵ <https://www.gov.scot/policies/international-development/climate-justice-fund/>

¹⁶ <https://www.gov.scot/news/scotland-to-boost-climate-funding/>

¹⁷

<https://www.christianaid.org.uk/sites/default/files/2020-03/UK%20Climate%20Fair%20Share%20-%20Technical%20Backgrounder.pdf>

¹⁸ <https://www.stopclimatechaos.scot/press-release-outcome-from-cop26/>

¹⁹ <https://www.stopclimatechaos.scot/blog-from-tom-ballantine-sccs-chair/>

²⁰ <https://www.stopclimatechaos.scot/100-days-since-cop26/>

²¹ <https://www.transport.gov.scot/media/48199/sct07209535161.pdf>



transport budget will be allocated to active travel²². If year-on-year budget increases are to be a straight-line trajectory towards this target, the 2023-24 budget would need to be £235m. Similarly, the Government has committed to invest over £5 billion in maintaining, improving and decarbonising Scotland's rail network and has policies to promote both bus and train use.

In the light of this, this inquiry by the Finance Committee could usefully ask: **whether the budgets are in place to meet these specific spending commitments and/or whether further spending is required to deliver the changes in transport patterns necessary to secure the emissions' reductions necessary?**

2. Buildings

The Scottish Government's Heat in Buildings Strategy²³ suggests that "a large majority of buildings should achieve a good level of energy efficiency by 2030, equivalent to EPC C for homes, with homes meeting at least this standard by 2033, and that all buildings have zero emissions heating systems by 2045". The current Programme for Government also has a commitment to invest £1.8 billion in this area over this Parliament.

These targets and commitments are welcome; however, it is important that the funding, information, and logistics are in place to ensure this is delivered. Much of the emissions' reductions from building will relate to energy efficiency and/or energy use and the current cost-of-living crisis, driven in part by energy prices, highlight the importance of this issue and the need for swift action.

Operationally, in relation to public buildings, the Scottish Government, its agencies and local government has a range of important responsibilities in relation to schools, libraries, leisure facilities, office buildings, etc. The Committee may wish to consider whether policies and/or funding are appropriate to delivering emissions' reduction from this public estate.

In the light of this, this inquiry by the Finance Committee could usefully ask: **whether the budgets are in place to meet these energy efficiency commitments and/or whether further spending is required to deliver further or faster changes?**

3. Agriculture and land use

Along with transport and buildings, the Climate Change Committee's recent progress report and advice to the Scottish Parliament highlight agriculture as an area where further attention to reducing emissions was needed, stating:

"Given the importance of a smooth transition to Net Zero, particularly those aspects involving action by individual citizens, the Scottish Government should plan on continuing strong emissions reductions in transport and agriculture emissions post-2025, and buildings emissions post-2029, rather than the plateaus seen in the CCPu"²⁴.

The Committee added: *"There is still an urgent need for post-CAP low-carbon agriculture policy. The Scottish Government has consulted on options for future agriculture and land use support through a Bill to replace the current Common Agricultural Policy (CAP), with plans for an Agriculture Bill in 2023.*

With over £700m per year allocated to "agricultural support" over the coming years (alongside further expenditure on forestry and other land management)²⁵, there is a considerable opportunity to use the forthcoming Agriculture Bill to reform policy and ensure this expenditure genuinely delivers public benefit and value for public money, including securing government objectives such as emissions reductions. Such an approach will result in the re-direction of expenditure, rather than additional budgets – ensuring a wider public benefit for this considerable public expenditure.

²² <https://www.gov.scot/publications/scottish-government-scottish-green-party-shared-policy-programme/>

²³ <https://www.gov.scot/publications/heat-buildings-strategy-achieving-net-zero-emissions-scotlands-buildings/>

²⁴

<https://www.theccc.org.uk/wp-content/uploads/2021/12/Progress-reducing-emissions-in-Scotland-2021-Report-to-Parliament-1.pdf>

²⁵ <https://www.gov.scot/publications/investing-scotlands-future-resource-spending-review/pages/5/>



While the Agriculture Bill should create significant changes to expenditure in the medium term, the government should also be laying the groundwork for the future regime, yet the Agriculture Transformation Fund got £5m – this is very limited and hardly facilitates ‘transformation’ unless coupled with changes to other payments. Some support is available to help farmers with carbon audits and there are grants to specific sectors to reduce emissions e.g., from slurry; however, there is a question over whether this is enough, given the scale of the challenge, and whether or not there is any planning for transition to the new schemes.

In the light of this, this inquiry by the Finance Committee could usefully ask: **what plans the Scottish Government has to ensure that expenditure on agriculture, under reformed policies, has emissions’ reductions as a core purpose? In addition, some scrutiny of whether current expenditure sufficiently addresses the issue of emissions and provides sufficient support for the transition ahead might be useful.**

4. Just Transition

In addressing our climate change challenges, it is important to do so in a way that phases out our most polluting activities while supporting those impacted, by creating new, quality job opportunities in green industries. We must rebuild a more resilient, green economy by meeting the (first) Just Transition Commission’s challenge to “*move beyond the rhetoric of just transition*”²⁶.

The Scottish Government has agreed, in principle, to the recommendations of the (first) Just Transition Commission²⁷, and has now established a successor Commission²⁸. It has also set out a National Just Transition Planning Framework²⁹ and is committed to producing a series of sectoral Just Transition Plans, beginning with its Energy Strategy and Just Transition Plan, this autumn³⁰.

Such planning and policy making is commendable. However, to ensure delivery, it is vital that Just Transition principles are placed at the core of Scotland’s economic strategy, and that measures to support such a Just Transition are adequately funded.

Some members of SCCS are part of the Just Transition Partnership, which sees the STUC and a number of trade unions and environmental organisations working together on securing a Just Transition³¹. In July, the JTP welcomed the new – second – Just Transition Commission report and called on the Scottish Government to embrace its recommendations with their “sharp focus on closing the investment gap, delivering a better deal for workers, tackling inequalities at every level and the need for a global just transition”³². Many of these recommendations are ‘win-wins’ in a number of areas as well as reducing emissions; for example, energy proposals that help tackle fuel poverty, and improvements to public transport that would also help in particular those on low incomes in the current devastating cost of living crisis, and both contributing to improved health outcomes.

In particular, the JTP welcomed the call for “a new approach to industrial planning to address the ‘challenges of large-scale decarbonisation, the cost-of-living emergency and the climate emergency [and which] demand a whole system transformation”.

In the light of this, this inquiry by the Finance Committee could usefully ask: **what plans the Scottish Government has to ensure that its budget fully supports its commendable ambition to a Just Transition?**

Looking ahead

²⁶ <https://www.gov.scot/publications/transition-commission-interim-report/>

²⁷ <https://www.gov.scot/publications/transition-fairer-greener-scotland/>

²⁸ <https://www.gov.scot/groups/just-transition-commission/>

²⁹ <https://www.gov.scot/publications/transition-fairer-greener-scotland/pages/5/>

³⁰ <https://consult.gov.scot/justtransition/>

³¹ <https://twitter.com/JtcScotland/status/1547552511363522561?s=20&t=IGwT-6chafn5mr6oMFNUaQ>

³²

<https://stuc.org.uk/media-centre/news/1660/just-transition-government-must-act-on-decarbonisation-recommendations>



Long-term, the challenges of meeting net zero (by 2045 in Scotland, and by 2050 for the UK as a whole) are immense. To meet these, Governments must face two important challenges. First, there is a need to fund the societal changes to reduce emissions to the extent they meet the targets set by domestic legislation and internationally agreed aspirations (“keeping 1.5 °C alive”). Second, Governments (of the rich polluting nations such as Scotland and the UK) are committed to funding other parts of the world to both mitigate climate change and to adapt to its effects. While there are some inadequate pledges to provide this latter funding (albeit that the \$100 billion figure is yet to be reached), this still remains insufficient and, as yet, fails to reflect a fair shares analysis, nor the need for additional funding to address the losses and damage flowing from irreversible climate impacts.

This means that current budgets and plans should be closely scrutinised, as discussed above, for their contribution to meeting climate change objectives. However, longer term, further fiscal measures will be necessary – probably including new or different forms of taxation or revenue-raising, and/or new or differently focused expenditure patterns. The importance of such tax and/or spending policies was recognised in SCCS’ pre-COP26 advocacy strategy:

“SCCS and others consider that more public expenditure on climate change mitigation and adaptation should be funded from higher taxation focused on those emitting most (either directly-related to emissions or indirectly by wealth – as a proxy for emissions). This approach would be consistent with the principles of climate justice and the ‘polluter pays’ principle – as well as with the more general ‘greening’ of taxation and public spending sought by eNGOs”³³.

SCCS is not, as yet, proposing specific changes – other than recognising the long-term need for such changes – and has commissioned research to provide “a robust evidence base for the development of a new SCCS policy position on the use of Scotland’s devolved fiscal levers in support of environmental action in Scotland and globally, while building the coalition’s knowledge on the potential use of currently reserved fiscal levers”³⁴. The first outputs of this research will be available in late September.

In commissioning this work, and seeking to encourage debate on this topic, SCCS is aware of and commends similar analyses of the challenges from, for example, Reform Scotland³⁵ and the Fraser of Allander Institute³⁶, as well as important briefing from the Scottish Parliament Information Centre³⁷ and a framework policy from the Scottish Government³⁸.

In the light of this debate, in addition to this inquiry to undertake Pre-Budget scrutiny, the Finance Committee may wish to consider whether it would wish, in due course, to undertake a wider inquiry into the long-term fiscal changes necessary to meet our climate change ambitions.

Conclusion

SCCS is pleased to submit these views to the Committee’s call for evidence in relation to its Pre-Budget Scrutiny. It is likely that some of our members, and stakeholders beyond our coalition, will be responding to the details of this consultation. As such, this short, strategic response takes the form of a written contribution focusing on question seven.

We hope that this contribution is useful to the Committee and would be pleased to provide any further information and/or seek to provide a spokesperson to provide oral evidence, should you wish.

Stop Climate Chaos Scotland
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³³ <https://www.stopclimatechaos.scot/wp-content/uploads/2021/07/Delivering-climate-justice-at-COP26.pdf>

³⁴ <https://www.stopclimatechaos.scot/invitation-to-tender-research-on-fiscal-levers-for-climate-action/>

³⁵ <https://reformscotland.com/2022/06/taxing-times-why-scotland-needs-new-more-and-better-taxes/>

³⁶ https://fraserofallander.org/wp-content/uploads/2021/03/Scottish-tax-policy-2016_2021-2.pdf

³⁷

<https://sp-bpr-en-prod-cdnep.azureedge.net/published/2022/2/28/1e688d4c-6ba1-4745-9204-55428c5e7f0b/SB%2022-15.pdf>

³⁸

<https://www.gov.scot/publications/framework-tax-2021/#:~:text=Scotland's%20Framework%20for%20Tax%20sets,sequence%20tax%20policy%20and%20delivery.>