



Pre-legislative scrutiny of proposed Climate Targets Bill by the Net Zero, Energy and Transport Committee.

Submission by Stop Climate Chaos Scotland
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Introduction

The Scottish Government has announced it will introduce legislation to amend its approach to setting targets for carbon emission reduction. It intends to move to a system of 5-yearly carbon budgets and away from a system of annual targets. The Scottish Government intends to lodge the Bill in the Scottish Parliament “as soon as possible after [Summer] recess”.

The Net Zero, Energy and Transport (NZET) Committee has agreed to carry out pre-legislative scrutiny in view of the Scottish Government’s stated intention to “expedite” the Bill through the Parliament, and [issued a call for views](#). This is a submission from [Stop Climate Chaos Scotland](#) to help inform this pre-legislative scrutiny process.

Stop Climate Chaos Scotland (SCCS) is a diverse coalition of over 70 civil society organisations campaigning together on climate change in Scotland. We believe that the Scottish Government should take bold action to tackle climate change, with Scotland delivering our fair share of action to limit global temperature rises to 1.5 degrees, championing international climate justice and inspiring others to take action.

In June, SCCS published a briefing on [the proposed legislation to revise the framework for emissions reduction targets](#), on which this submission is based and builds. In particular, this briefing highlighted that any such bill: -

- must not amend the 2045 target date for reaching net zero.
- must ensure that carbon budgets are set in accordance with (or are more stretching than) the Climate Change Committee’s (CCC’s) recommended pathway to net zero by 2045.
- should make provision for long-term, sectoral targets/pathways to 2045.
- should retain [annual](#) accountability mechanisms such as progress reports and statements to Parliament by Ministers.
- should retain international aviation and shipping within Scotland’s emissions reduction framework.
- should not permit any carry forward mechanism.
- should require periodic reviews, by the CCC, of carbon budget levels.
- should require the next Climate Change Plan (CCP) to be produced as soon as possible after the first carbon budget has been set, and set out fully costed proposals, and that this and subsequent plans should have a section comparing the Scottish carbon budgets and progress towards them against the previous interim targets (2030, 2040).
- should retain the just transition and international climate justice principles, as set out in the current legislation, and ensure they are applied to all climate change policy actions. In so doing, the Scottish Government should reconfirm its commitment to UNFCCC principles and international obligations.
- recognises the key international principle that the “polluter pays”.

These issues are outlined and discussed in further detail within our responses to the specific questions posed by the ‘call for views’ (see below). However, **we also offer some introductory, contextual observations which, we believe, are important for the Committee to consider** and to which we subsequently refer.

In addition, it should be noted that, while the questions posed by the ‘call for views’ address some of the ten points listed above, not all these issues are addressed. The Committee will, therefore, when considering the proposed Bill, in the round, also wish to assess the extent to which the other issues are (or are not) [or should/should not] be addressed by the Bill. Thus, in addition to the contextual observations and the formal answers to the questions as posed, **SCCS would ask that the briefing referenced above is also considered as a formal component of this evidence to the Committee.**



Context

The circumstances giving rise to the need for this legislation are deeply unfortunate and, as SCCS and many others would argue, have arisen due to inadequate delivery by the Scottish Government and others. The latest, 2023, [CCC Report to Parliament on Progress in Reducing Emissions in Scotland](#) sets out the current situation very well and highlights that:

- **Current overall policies and plans in Scotland fall far short of what is needed to achieve the legal targets under the Scottish Climate Change Act.** The CCC identifies risks in all devolved policy areas - transport, buildings, agriculture, land use and waste. The CCC did, however, welcome policy actions and proposals related to heating but sought a clearer timeline for the Heat in Buildings Bill.
- **The Scottish Government has delayed its draft Climate Change Plan.** A draft CCP was, previously, expected in November 2023 but has been delayed. Scotland is therefore lacking a comprehensive strategy that outlines the actions and policies required to achieve the 2030 target.
- **Most key indicators of delivery progress are off track**, with tree planting and peatland restoration rates, heat pump installations and community energy, electric van sales and recycling rates significantly so.

It is important, therefore, that the Scottish Government should acknowledge why “we are where we are”. While the recent changes to UK Government policy and the overall fiscal challenges (largely a consequence of UK Government policy) are undoubtedly a part of this explanation, they are not the only reasons. It must therefore be fully recognised that delays to and inadequate delivery of Scottish Government policies have been a major contributory factor. For instance, following the Heat in Buildings strategy, it was three years before the consultation on proposed legislation (which, itself, is yet to be introduced). Similarly, following its announcement three years ago, the route map for a 20% reduction in car-km is yet to be published - and the current commitment is for publication “[by autumn 2024](#)”.

Thus, it is vital that – as well as the measures to be addressed by this Bill - parallel **steps are taken to significantly improve delivery** in devolved areas. For instance, it is imperative that the Scottish Government proceeds, as soon as possible, with its planned Heat in Buildings Bill (as praised by the CCC). In addition, more actions are needed in the areas of transport, buildings, agriculture, land use and waste.

The need for such actions was, in principle, recognised by the Cabinet Secretary in her statement of 18 April 2024, which included a range of policy measures. Unfortunately, [analysis of the measures announced](#) indicates that they lack ambition and much additional effort is needed to get anywhere near to delivering the emission reductions needed.

SCCS believes that **the policy context**, briefly set out above, **which has led to the proposed Climate Targets Bill should be considered by the Committee**, both in this pre-legislative scrutiny and at its subsequent stage 1 consideration. Further, **the Committee should, in addition to scrutinising the actual text of the Bill, also make recommendations relating to the delivery of wider climate change objectives.**

The subsequent sections of this submission follow the format of the Committee’s online questionnaire and our responses to the questions posed therein.

Part One – Carbon budgets

1. Do you agree or disagree with the proposed shift to 5-yearly carbon budgets (in place of [the] current system of annual targets)?

- **Please set out any advantages or disadvantages of a 5 yearly carbon budget approach in Scotland**
- **Please set out any advantages or disadvantages of retaining the current annual target system.**



SCCS does not agree nor disagree with the proposed change. Both 5-yearly carbon budgets and the current annual/interim targets system can provide the necessary framework and/or pathway to meeting the net zero target, as well as the appropriate monitoring, reporting and scrutiny of progress.

Further, SCCS recognises that both 5-yearly carbon budgets and the annual/interim targets system have advantages and disadvantages – and that, while one or the other is necessary, neither is perfect. The key advantage of a 5-yearly carbon budget system will be the ‘smoothing’ of year-to-year variabilities caused by, for example, milder or harsher winters, and it can thus provide a more long-term perspective as well as a focus on strategic/systemic changes. The main disadvantage of a 5-yearly carbon budget system is the potential for a lack of regular monitoring, reporting and scrutiny – and thus for the pressure for action on delivery to be ‘relaxed’ in the first 2 or 3 years of each 5-year period.

Conversely, it is the regular monitoring, reporting and scrutiny provided by the annual targets system that is the key advantage of that system. On the other hand, it is clear that the annual monitoring, reporting and scrutiny under the current annual targets system has not resulted in adequate delivery; thus, indicating that either the scrutiny has been insufficient or that governments (both UK and Scottish) have been able to resist any pressure for action arising from that scrutiny.

Therefore, while SCCS has no firm view on which system is ‘better’, we recognise (subject to the contextual issues, discussed above, including the need for those to be addressed) that “we are where we are” and that the changes proposed are a realistic means to address the legislative dilemma in which the Scottish Government has found itself.

Thus, without expressing any view on which system is ‘better’, SCCS believes that whichever system is adopted, it must:

- **Establish and ensure the necessary framework and/or pathway to meeting the net zero target by 2045 at the latest;**
- **Recognise that early action is especially important in order to address significant and systemic challenges; and**
- **Provide for regular monitoring, reporting and scrutiny of progress (ideally, at least annually) to assess the effectiveness of actions taken and develop recommendations to address any lack of progress.**

If the change to 5-yearly carbon budgets is made, but a means is found to retain annual monitoring, reporting and scrutiny it may be possible to create a system that combines the advantages of both systems. That said, it will be important to review/improve the systems for monitoring, reporting and scrutiny – so that the recent lack of delivery (discussed above) does not re-occur.

2. What are your views on the advantages and disadvantages of carbon budgets / targets being expressed as a percentage reduction or as absolute levels of emissions?

There are few advantages/disadvantages of either approach. In practice, absolute levels of emissions and percentage reduction from the baseline are simply alternatives, with one converted to the other by simple arithmetic (given the known/historic basis of the 1990 baseline), and often presented together. For instance, the most recent publication of [Scottish emissions statistics](#) presented data in both absolute numbers and as percentages.

In theory, it is most likely that, if 5-yearly budgets are adopted, these will be based around a “total tonnage” figure for emissions of CO₂-equivalents, as in the case for the UK and Welsh carbon budgets. However, given the known/historic basis of the 1990 baseline, it will be simple arithmetic to convert such a figure into percentage reduction – either for the 5-year period as a whole or for an “annual equivalent” for each of the five years in the budget period (either on an average basis or on the basis of ‘progressive’ reduction during the five year period).

Accordingly, SCCS has no views on the advantages or disadvantages of these two approaches as, in practice, they are interchangeable and this is an unnecessary debate.



3. The Climate Change Committee (CCC) suggested that the Scottish Government should consider aligning the proposed 5 yearly carbon budgets with the periods that are used for UK carbon budgets (i.e. 2023-27, 2028 – 32, 2033-2037 and 2038-42). What are the advantages and disadvantages of alignment with UK carbon budget periods?

Aligning any 5-yearly carbon budget periods with those used by the UK (and Wales) would make sense especially given the responsibility of the two governments for reserved and devolved matters, which both influence the success or otherwise emissions reduction policies.

The advantages of alignment would mean that, subject to appropriate reporting with sufficient disaggregation of sectoral data, the scrutiny of both the UK and Scottish Governments in terms of delivery against the budgets adopted would be better informed. Non-alignment would, by contrast, mean that UK and Scottish reporting and scrutiny would be “out-of-sync” and both governments would be able to continue to claim (whether with or without foundation) that any failure to deliver reductions were the responsibility of the other.

4. At the end of a carbon budget period, there can be a surplus or deficit of emissions reductions. What do you think the legislation should say about how future surplus or deficits in emission reductions are dealt with?

The Bill should not permit any mechanism to carry forward any ‘surplus’ reductions. A carry forward mechanism (by which over-performance in one budget can be ‘carried forward’ to count towards the next) must not form part of Scotland’s new legislation. While such a mechanism does exist within the UK carbon budget system, the UK Government has recently decided not to use it – and the CCC has advised that such mechanisms are unnecessary. Moreover, given that the Scottish Government’s ambition should be to reach net zero by 2045 **at the latest**, any ‘surplus’ should be a welcome step to hastening the net zero end-point - rather than being used to reduce effort in the subsequent budget period.

However, if budgets are not met and there is a ‘deficit’, while there should not be a carry forward mechanism, the Bill should set out a requirement for the Scottish Ministers to set out how they will make up that deficit – on top of whatever reduction would, be then, already have been set for the subsequent 5-year period. Such a provision should be an amended form of the current [section 36](#) of the 2009 Act, as amended.

5. In early 2025, the Climate Change Committee (CCC) will advise the UK on the level of its Seventh Carbon Budget. This is the legal limit for UK net emissions of greenhouse gases over the years 2038 to 2042. The CCC have suggested that could be used as the basis for advice on appropriate levels for carbon budgets in Scotland. The Cabinet Secretary told the Committee that this ‘might be the point at which we are able to have clarity on the targets, and I would want a plan to be produced very quickly thereafter’.

- **Should the Scottish Government wait for the planned advice on the UK’s seventh carbon budget from the CCC, before setting their carbon budgets?**

Yes, if 5-yearly budget periods are to be aligned (see question 3), this would make sense.

However, in the meantime, there remains the need for continued delivery of actions, including those in the existing CCP/CCPu, the forthcoming action plan on a 20% reduction in car-km, the Heat in Buildings Bill, as well as new actions to improve delivery. While aligning UK and Scottish carbon budgets makes sense, using this to delay actions that are necessary (especially early actions that would ease later challenges) makes no sense. The Committee should, therefore, as part of any recommendations, emerging from this pre-legislative scrutiny, undertake or recommend actions to improve the scrutiny of current and short-term actions relating to the delivery of wider climate change objectives.



- ***Should the Scottish Government propose multiple 5-year carbon budgets in 2025 up to the year 2042?***

Yes, if possible. However, this should be dependent on the availability of CCC advice for all such periods. Thus, the Bill might require the Scottish Ministers to seek such advice and subsequently to set those budgets.

In addition, the bill will need to set out how the 'transitional years' (before the first full 5-year budget) of 2025-27 will be addressed. Finally, some thought should be given to how 2043-45 will be addressed.

- ***How soon after the Scottish Government has received advice from the CCC should it propose their carbon budgets?***

As soon as possible, albeit that time will be needed to assess and decide. If the Scottish Government decides to adopt the CCC's recommendation, this should be relatively speedy (within 2 months?). However, were the Scottish Government decide to set budgets that differ from the CCC advice (either above or below?), this may need more time in order to prepare sufficient explanation – but it should not be too long (especially as government officials would, no doubt, be aware of the likely CCC recommendations ahead of publication).

The Bill might, therefore, set a maximum time limit on this phase – perhaps a requirement for the Scottish Ministers to lay the Order setting budgets within three months of the publication of the CCC advice.

- ***What should the process of parliamentary scrutiny look like for the laying of carbon budgets and plans for meeting budgets?***

Without prior sight of the Bill itself, SCCS is unaware of the proposed mechanism for the 'laying of carbon budgets' but, based on our understanding of proposals, this is likely to be in the form of secondary legislation.

Whatever the formal mechanisms may be, SCCS' priority would be for Parliament to be able to adequately scrutinise the proposed budgets, to take evidence from relevant experts and stakeholders, and make recommendations. In addition to making a recommendation to approve (or otherwise), there might be value in a mechanism to permit Parliament to recommend amendments or conditions for approval (although we are aware that this is unusual for secondary legislation).

Part Two – Climate Change Plan

6. Under the current statutory regime, the legal deadline for laying a draft of the Climate Change Plan (CCP) is November 2024. This Plan was due to apply to the period of 2025-2040. The Scottish Government intends to use the Bill to change the timing for the production of the CCP.

- ***Do you have views on when and how the Scottish Government should publish their plans for meeting the proposed carbon budgets?***
- ***What period should the next Climate Change Plan cover?***
- ***Do you think the current requirements for Climate Change Plans within the existing legislation provide an effective regulatory framework?***
- ***Are there any other aspects of the current legal framework for the creation of Climate Change Plans that you think should be updated?***

Any change from interim/annual targets to carbon budgets will inevitably lead to consequential changes related to the timing of CCP publication and in relation to the requirement for the CCP to set out "how targets are to be met" (that is, an alteration to "setting out how budgets will be met").



Beyond these narrow and consequential matters, SCCS believes that the Bill should not alter any other provisions in the 2009 Act, as amended, in relation to the production of and content of the CCP.

In relation to timing, if it is accepted (as above – see question 3) that the proposed 5-yearly carbon budgets are aligned with the cycle of 5-yearly carbon budgets used by the UK as a whole, it would be logical for CCPs to be developed/reviewed/updated on the same 5 year cycle (albeit that each CCP will need to set out policies to be developed/introduced before the 5 year budget period, as well as have a view on those to continue beyond that period - and set the foundations for the pathway to net zero by 2045. Thus, a CCP would cover a longer period – but the approach should be to produce an updated CCP as soon as possible after (and perhaps no later than six months following) the adoption of any 5-year carbon budget.

[Section 35\(2\) of the 2009 Act, as amended](#), currently requires a CCP to set out policies and proposals “for meeting the emissions reduction targets”. The intention of this provision must be retained under any new framework, with the future CCPs required to set out the policies and proposals for securing emissions levels that are consistent with the budgets that are adopted. The revised Scottish legislation must be, at least, as robust as [section 13 of the Climate Change Act 2008](#), which requires the Secretary of State to adopt policies and proposals which they consider will enable the legally binding carbon reduction targets to be met. Such a provision would permit, were an inadequate plan to be produced, for that plan to be challenged - as was the case [when the UK Government sought to adopt an inadequate Net Zero Strategy](#).

In addition, the consultation, scrutiny and approval processes set out by the 2009 Act should be retained.

Notwithstanding all the above, it is likely that the next draft CCP is unlikely to be published until late 2025 at the earliest. This means that, as in 2021, the Parliament scrutiny period will be in the months running up to the 2026 Scottish elections. **SCCS recommends that the NZET Committee and the Scottish Government should examine how to manage that process.** In particular, all parties would wish to avoid the situation that arose in 2021 when the Parliament’s recommendations were, in effect, “parked”.

Finally, **the time that will pass during the consideration and enactment of this Bill, the setting of the new budgets and the preparation of the new CCP must not be allowed to deflect from the need for continued urgency of delivery between now and the next CCP.** For instance, the Scottish Government must take every opportunity for action - including those matters set out in the current CCP, committed to in previous Programmes for Government and/or in the Ministerial statement of 18 April or Climate Emergency debate on 26 June. Therefore, it is vital that delivery continues - starting with **the Programme for Government, expected in September, which must include the laying of a Heat in Buildings Bill and commitments for rapid action on transport and agriculture.**

Part Three: Monitoring and reporting

7. The Scottish Government has confirmed that their annual reporting on progress towards targets will be retained. The CCC have, however, suggested that if 5-yearly budgets are adopted in Scotland, CCC reporting may move from a system of annual Scottish ‘Progress’ reports to two dedicated reports on Scottish progress every 5 years.

- ***What are your views on whether there should be changes to the existing Scottish Government monitoring and reporting framework?***
- ***What are your views on the potential changes to the level of Scottish reporting provided by the CCC?***

As set out in [our briefing](#), published in June, SCCS believes that the Bill should ensure that annual accountability mechanisms are retained.

This should include a continuation of the CCC’s annual Progress Reports to the Scottish Parliament and similar annual responses by the Scottish Government as to the actions being taken to address



any recommendations. The reports and responses should also include an assessment of the steps taken to ensure that emissions reductions are fair (that is, socially equitable) as well as the co-benefits (including warmer homes, cheaper energy, improved health and a more sustainable economy) secured. A [recent review](#) of cases relating to delivery of climate policies has highlighted the importance of a rigorous and transparent approach to data monitoring, reporting, scrutiny, and the regular assessment of progress.

SCCS therefore does not support any reduction in the frequency of CCC Progress Reports. In our view, this could lead to damaging complacency and the risk of falling even further behind in the necessary journey to net zero - especially during the first 2-3 years of each 5-year cycle.

If, however, any changes to be made to the reporting, one important change would be to require a full explanation of the anticipated and actual amounts of emissions 'captured' using CCUS and NETS. In the previous CCPs, SCCS has been critical and sceptical of the extent and the likely deployment dates of CCUS/NETs - a view that was shared by the former ECCLR Committee who called for a "plan B". With CCUS, so [far from being proven at scale](#), SCCS shares the view of the International Energy Agency (IEA) that "[removing carbon from the atmosphere is costly and uncertain](#)". The IEA report adds that "so far, the history of CCUS has largely been one of unmet expectations. Progress has been slow and deployment relatively flat for years. This lack of progress has led to progressive downward revisions in the role of CCUS in climate mitigation scenarios," including the IEA's own Net Zero Emissions by 2050 Scenario, published in 2023.

Therefore, the hopes and assumptions about CCUS should be recorded transparently in the carbon budgets as well as the climate change plan. Given how elusive and expensive attempts have been to date to develop CCUS, the less we rely on CCUS the better. The carbon budgets, CCP and annual reports should be used to bring this hidden but fundamental detail to the public eye.

8. A Bill, according to the Standing Orders of the Scottish Parliament, must "...be accompanied by a Financial Memorandum which sets out best estimates of the costs, savings, and changes to revenues to which the provisions of the Bill would give rise, and an indication of the margins of uncertainty in such estimates." (Rule 9.3.2).

- **The 2045 target will not be amended. How much do you estimate it would cost to achieve that target?**
- **Are current spending levels on policies to achieve this in line with what is required?**

While SCCS does not have the expertise to estimate in detail the costs of reaching net zero, or indeed the benefits, we are certain that **the costs (both financial and otherwise) of not doing so would be immense** – and many times that of doing so. For instance, [recent research](#) has warned that, globally, average incomes could fall by almost a fifth within the next 26 years compared to a world with no climate change, with the cost of damage six times higher than the price of limiting global warming to 2°C. While estimates of the costs of delivering the policies, such as those produced by the [Scottish Fiscal Commission](#), are valuable, the debate should be more focused on how to generate the revenue to fund necessary policies and the allocation of those resources, including how to raise and allocate the resources in the fairest way possible, rather than simply debating the cost – which, whether deliberate or not, tends to encourage consideration of reducing effort to 'save money'.

In 2022, SCCS commissioned [a report on the use of fiscal measures](#) (covering both the revenue raising aspects and allocation issues) to encourage wider debate. While [our briefing](#) on this report and its recommendations reflect the situation at the time, the overall ideas in the report and the need for more informed debate on fairer revenue-raising and allocation of funds for climate action remain crucial – and ideas to progress this are included in [SCCS' manifesto](#).

Budget

- **How can the Scottish Government use this year's Budget to ensure all portfolio areas are focused on achieving the 2045 target?**
- **Has the inclusion of a Climate Change Assessment of the Budget improved outcomes and progress towards a target?**



- ***What are your views on the presentation of the Climate Change Assessment and are there any changes you would like to see to this?***

As set out above (see question 8), SCCS considers that the fiscal decisions of the UK and Scottish Governments (as set out in annual budgets) are vital to the delivery of climate change policies. We therefore fully support greater debate about and scrutiny of these financial decisions in relation to their role in ensuring emissions reductions and achieving the net zero target. Our [report on the use of fiscal measures](#) (covering both the revenue raising aspects and allocation issues) sought to encourage such debate.

In relation to this year's budget, the Scottish Government could, as a priority: -

- Immediately make an explicit commitment that it will both maximise the use of its existing fiscal levers and identify new and additional sources of finance, using a polluter pays approach, to accelerate emissions reduction in Scotland and to finance Scotland's international climate justice contributions. This would complement the [proposal to consult on options for a carbon land tax](#) (as part of exploring regulatory and fiscal changes that could be made to further incentivise peatland restoration, afforestation, and renewable energy generation). It should also be made as part of responding to the research on fiscal issues, which SCCS understood was commissioned by the Scottish Government in June 2023, and was being conducted by the ClimateXchange.
- Bolster its very welcome policy and financial contributions to international climate justice, including to address climate-induced loss and damage, in the global south. It should build on its current, annual £2m contribution (or [£10m over the lifetime of this Parliament](#)) by making a continued, long-term financial commitment to addressing the loss and damage suffered by low-income, climate-impacted communities.
- Make clear that the implementation of the forthcoming Agriculture and Rural Communities (Scotland) Act 2024 will ensure that agriculture subsidies incentivise emissions reductions and carbon sequestration. This is vital given agriculture's significance as a contributor to Scotland's emissions and the amount of public funds allocated to its support.
- Make clear that funding will be made available to support the necessary transitions in both heating of buildings and transportation – and that revenue for this is raised fairly. Some ideas for the delivery of these measures are set out in SCCS' [fiscal measures report](#) and in [our manifesto](#).

Whatever fiscal policies are set out in a budget, however, it is imperative that the measures proposed are subject to a Climate Change Assessment – and we welcome the steps taken, thus far, by the Scottish Government. However, as demonstrated by [the case of the s.94A assessment](#) of the Scottish Government's Infrastructure Investment Plan (IIP), it is important that such assessments are both detailed and meaningful. In particular, it is vital that the impact of such assessments is transparent – so that it is clear to Parliament and stakeholders what decisions were taken to amend/adjust proposals in the light of the assessment – at present, this is not the case.