

Response to the Scottish Parliament's call for views on the Climate Change Targets Bill

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Part One – Carbon budgets

1. Do you agree or disagree with the proposed shift to 5-yearly carbon budgets (in place of 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

Environmental Standards Scotland (ESS) agrees with the proposed shift to five-yearly statutory carbon budgets. However, there must not be any delay or reduced commitment to the fundamental need for sustained and meaningful action as early as possible to mitigate climate change. Annual emissions targets are susceptible to short-term fluctuations such as variability in seasonal weather (for example, colder winters). These should not be as prominent in five-yearly budgets, allowing greater focus on longer trends in emissions reductions. However, progress needs to be measured and monitored more frequently than every five years. Both Wales and Northern Ireland use five-yearly budget cycles and progress reports are delivered at least twice within each five-year cycle, which is also recommended by the Climate Change Committee (CCC) for Scotland. ESS recommends a minimum of two progress reports from the CCC within each five-year cycle. This will be key to maintaining accountability and enabling scrutiny, while serving as an indicator of progress.

The five-yearly budgets must be underpinned by robust climate change plans. We discuss the essential characteristics of these plans in response to question 6 below. The national budgets and climate change plans should inform regional and local climate action, monitoring plans and enable businesses to develop appropriate strategies over time.

The disadvantage of the five-yearly approach is the increased risk that any weaknesses in the plans to deliver carbon budgets may only be realised every five years unless there is effective monitoring and review in place. Without this, the longer budget cycle could mask a lack of progress and could set Scotland further back from climate targets than the current system of annual targets. In a letter to the Cabinet Secretary for Net Zero and Energy, the Interim Chair of the CCC recommends that 'a regular cadence of at least two dedicated reports on Scottish progress per budget period, coupled with this more frequent assessment through the annual UK-wide reports, would provide an appropriate level of scrutiny'. ESS agrees that the dual combination of relatively frequent Scotland-specific progress reports paired with more frequent annual UK-wide reports should help to maintain progress and swiftly address any shortcomings at a Scottish and UK level.

Annual targets enabled regular scrutiny of progress in emissions reductions. However, any short-term fluctuations in emissions are more pronounced due to the shorter timeframe. A further disadvantage is the limited success rate of achieving the targets within the annual timeframe. A shift in the cycle length alone will not deliver the necessary progress against climate change targets required to meet net zero by 2045. Therefore, it must be accompanied by a shift in the approach, planning, and monitoring across governance levels to ensure delivery.

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?

Whichever approach is taken to expression of carbon budgets and targets, it is important that there is consistency in the baseline data used, and transferability across all UK climate targets. This allows more direct comparisons to be made and progress across a longer timeframe to be assessed. It should be noted that the UK's Nationally Determined Contributions (NDCs) and Scotland's indicative NDCs (iNDCs) submitted to the United Nations Framework Convention on Climate Change (UNFCCC) as part of the Paris Agreement are expressed as a percentage reduction of emissions in communication and reports. To maintain consistency and aid

comparability, the continued use of percentages may be beneficial. Absolute values are necessary for reporting purposes and accuracy but may limit accessibility.

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?

An advantage of Scotland aligning with the UK's five-year budget cycles would be the potential for better alignment and comparison of monitoring and progress across the countries within the UK. This should enable more integrated scrutiny across UK countries, and demonstrate the contribution made by individual countries of the UK to the UK goal of reaching net zero by 2050.

However, the primary disadvantage to aligning with the 2028-2032 cycle is the gap it would create between the current budget (ending in 2024) and next carbon budget (2028). This may also affect associated monitoring and potentially progress of emissions reductions between 2025 and 2028. For this reason, if Scotland decides to align with the UK carbon budget's 2028-2032 cycle, ESS strongly recommends that the Scottish Government prepares an interim climate change target and budget for the period 2025-2028, and an associated interim Climate Change Plan. It is essential that there is not a multi-year gap in climate change budgets and plans in Scotland.

While it may be positive to align with the UK five-yearly carbon budget cycles, consideration should be given to how this will interact with other Scottish Government plans and their reporting cycles, such as:

- Climate Change Risk Assessment 2027-2032
- Scottish National Adaptation Plan 2024-2029
- Infrastructure Investment Plan 2021-2026

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 current requirements under section 36 of the Climate Change (Scotland) Act 2009, require that where an annual target is missed, a report must be produced setting out proposals and policies to compensate for the excess emissions in future years. A similar mechanism must be maintained and enforced in the new five-year carbon budget cycle and should be triggered if the five-year budget is not met. It is important to deliver section 36 reporting when targets are missed. ESS recently accepted a representation regarding delayed reporting under section 36.

It should be considered whether a report should also be triggered during the five-year period if a CCC progress report indicates a lack of sufficient progress towards meeting the five-year goal. This report could provide clear actions to be taken to attempt to recover the necessary reduction within the five-year period and enable early identification of issues.

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

- How soon after the Scottish Government has received advice from the CCC should it propose their carbon budgets?
- What should the process of parliamentary scrutiny look like for the laying of carbon budgets and plans for meeting budgets?

Yes, the Scottish Government should wait for the planned advice on the UK's seventh carbon budget from the CCC before deciding the next carbon budgets for Scotland. The budgets will include 'updated pathways for each of the devolved administrations, reflecting nation-specific data and assumptions where possible'. This information should enable the best evidence-based advice to be incorporated which should strengthen the carbon budget. However, this should not result in significant further delay once this advice has been issued.

Planning the carbon budgets in line with greenhouse gas projections up to 2042 should ensure that there is sufficient progress during each five-year period to meet cycle targets and Scotland's 2045 net zero target. The period of 2042-2045 may provide some contingency time to deliver final actions to meet Scotland's net zero target. However, it is essential that significant progress is made as soon as possible, as further delays may impact on Scotland's capacity to achieve this target and to reduce emissions sufficiently to mitigate climate change. The five-yearly cycles should include appropriate review and revisions where carbon budgets are not met.

ESS recommends that the Scottish Government proposes their carbon budgets as soon as possible after incorporating the information provided by the CCC. Delaying this action risks a delay in progress and could result in stagnation in reducing emissions. ESS would welcome a commitment from the Scottish Government regarding the timeframe to respond to the advice for each carbon budget.

It is important that there is appropriate independent scrutiny of carbon budgets and actions detailing how they will be met. This scrutiny should seek to robustly assure the Scottish Parliament of the efficacy of the carbon budgets and plans proposed.

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?

A new Climate Change Plan is needed at the earliest reasonable date. If it is decided that the Climate Change Plan aligns with the cycles of the UK carbon budget, then the Scottish Government should prepare an interim Climate Change Plan to cover the period of 2025-2028, that can sit alongside an interim carbon budget.

The delivery of an interim carbon budget and interim Climate Change Plan will enable the production and implementation of aligned regional and local plans. This will ensure action across all governance levels is working towards emissions reductions.

ESS recommends that the Scottish Government ensures that any delays to interim or full five-yearly plans do not result in decreased time for scrutiny. The next Climate Change Plan must allow sufficient time for scrutiny of the draft and incorporate feedback before finalisation. The previous Climate Change Plan update was released in draft in December 2020 and finalised without amendments in March 2021 due to the limited amount of time until the Scottish Parliament election in May 2021. ESS recommends that the next draft is published with sufficient time for any issues to be resolved before the end of the current Scottish Parliament.

The next Climate Change Plan should cover a period that will sufficiently allow for industry, organisations and businesses to incorporate and deliver actions within this time period. If the next Climate Change Plan is to cover a significant period of time, such as 2025-2040 (or 2028-2043), ESS recommends that plans are adaptable and regularly reviewed. If the Climate Change Plan is to align with 2028-2032 five-year cycle of the carbon budget, then they should cover the period of 2028-2042 for consistency.

Previous work by ESS concluded that the Scottish Government's most recent Climate Change Plan did not meet all of the requirements of section 35(5) of the Climate Change (Scotland) Act 2009, to provide quantified emissions reductions for individual proposals and policies (['Consideration of the effectiveness of the Scottish Government's Climate Change Plan'](#), IESS.23.020).

The CCC's recent report on 'Progress in reducing emissions in Scotland 2023' recommended that increased transparency is necessary regarding the Scottish Government's pathways to net zero and how the 'Climate Change Plan will be achieved by planned policies. This should involve publishing more details on the assumptions that underpin these pathways and how the abatement set out the upcoming Scottish Climate Change Plan will be achieved by planned policies, setting out the quantified abatement expected by each policy'.

The effectiveness of the Scottish Government's monitoring and delivery of proposals and policies is also a potential concern to ESS. For the legislation to be effective, it is essential that appropriate focus is given to its implementation and delivery. It is important that a new legal framework is developed and implemented swiftly, with sufficient scrutiny.

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?

It is essential that there is appropriate monitoring, progress and scrutiny across climate change targets and budgets.

As noted in response to earlier questions, the effectiveness of the Scottish Government's monitoring, reporting and delivery of proposals and policies requires improvement within this next plan. Monitoring should be implemented across governance levels (national to local).

It is important that the required reports are delivered promptly, and that section 36 of the Climate Change (Scotland) Act 2009 is appropriately adapted to ensure a report is produced if targets are (or, are at threat of) being missed.

Progress needs to be measured and monitored more frequently than every five years. Reporting twice within a five-year cycle would be in line with other UK countries (Wales, Northern Ireland), so may be sufficient, but should be a minimum. If the first of the two reports finds considerable issues with progress, it should be considered by the CCC/Scottish Government whether more frequent reports are necessary until the end of the five-year cycle.

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?

No response. Not within our remit.

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?

No response. Not within our remit.