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9 October 2024

Dear Edward,

SCOTTISH GOVERNMENT RESPONSE TO THE NET ZERO, ENERGY AND TRANSPORT COMMITTEE'S REPORT ON THE CLIMATE CHANGE (EMISSIONS REDUCTION TARGETS) (SCOTLAND) BILL AT STAGE ONE

I am writing in response to the Net Zero, Energy and Transport Committees Stage 1 Report on the Climate Change (Emissions Reduction Targets) (Scotland) Bill.

I would like to thank the Committee for its detailed consideration of the Bill and I welcome their support for the general principles of the Bill.

I have attached the Scottish Government's response to the points and recommendations made by the Committee in the Stage 1 Report. I look forward to working with the Scottish Parliament and the Committee as we move towards the Stage 1 debate and Stage 2 Committee session.

Yours sincerely,

GILLIAN MARTIN

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1. The Committee accepts that a framework based on carbon budgeting is a better and more flexible system for setting targets for emission reductions than the current approach. We largely welcome the way this is provided for in the Bill. This is subject to our later observations and recommendations in relation to the sequencing, timing and alignment of key milestones within this new process, to maximise opportunities for effective Parliamentary scrutiny, public consultation and policy development.

I thank the Committee for their careful consideration of the Climate Change (Emissions Reduction Targets) (Scotland) Bill (the Bill) and the carbon budget approach, and their reflections throughout the report on how this should be implemented. As you note later in the report, the Government has developed our carbon budget framework following advice provided by the Climate Change Committee (CCC), with reference to views from stakeholders, and with regard to the approaches taken in similar systems across the UK. We are confident that moving to this model will better reflect the realities of long-term decarbonisation, and implement lessons learned since 2019 about our journey towards net zero.

2. We regretfully accept that the Scottish Government were left with no alternative but to amend interim emission reduction targets, especially the 2030 target. We still consider achievement of a 75% reduction of emissions against the 1990 baseline to be a key milestone for stakeholders and, to an extent, the wider public. It provided a focus and, compared to the relative abstraction of carbon budgeting, was a more understandable target. This also applies to the 2040 milestone of a 90% reduction. The Committee recommends that, once carbon budgets are set, the Scottish Government "translates" this into a revised schedule for achieving:

- a 75% reduction in emissions against the 1990 baseline and
- a 90% reduction in emissions against that baseline

so that these milestones remain transparent and available for scrutiny.

While it is regrettable that it is not possible for Scotland to meet our current interim targets, I do not regret the high level of ambition shown by Parliament at the time of setting the 2030 target. I am glad that it has led to a step-change in the Government's response to climate change, with net zero goals now integrated into portfolios across Cabinet, and the 2030 target has been an important signal sent to all sectors of our economy and society on the need for everyone to contribute to the reduction of emissions.

I am glad that the Committee recognises the value of a carbon budget-based approach as a framework for emissions reduction targets. I also recognise the Committee's recommendation that there is value in identifying when we will reach key milestones in our journey.

This legislation enables us to set carbon budgets in terms of the actual number of tonnes of carbon dioxide equivalent prescribed for a given period, or in terms of a percentage reduction compared to the baseline. Once we have advice from the CCC and bring forward regulations to set carbon budgets, we will be able to present further information on what percentage of emissions reduction will be achieved at different stages in our net zero journey. I will consider the Committee's recommendation in doing so, and ensure that we present information a way that provides maximum clarity and certainty for industry, stakeholders and wider society.

I would also note that Ministers will continue to be required to lay in Parliament an annual report on emissions reductions in Scotland. Each year, this report will indicate the percentage by which Scottish emissions are lower than the 1990 baseline. These reports will be complemented by annual monitoring reports on implementation of Climate Change Plans (CCPs) and annual progress reports from the CCC, offering a clear view of progress towards net zero target in 2045.

3. The Bill is an opportunity to take stock on (a) the general principles that should guide effective and robust Parliamentary scrutiny of interim climate targets now to be set following a carbon budgeting approach and (b) more specifically, what should happen in relation to that scrutiny over the rest of this Parliamentary session ending in Spring 2026.

I am confident that Parliament will have ample opportunity for robust scrutiny of the setting of carbon budgets and the ongoing journey towards net zero for the rest of this parliamentary session and beyond. As I have previously highlighted to the DPLR Committee, the updated system proposed under this Bill will involve many key points for Parliament to hold the Government to account on emissions reduction targets: initial consideration and written advice by the independent experts of the CCC; consideration of the Government's carbon budget targets laid under affirmative procedure after that advice; consideration by Parliament and stakeholders of a draft CCP for a minimum of 120 days; formal laying of that Plan once finalised; annual reporting of progress towards the carbon budgets as well as on emissions levels; regular independent CCC reporting on decarbonisation progress; annual monitoring reports on CCPs; and a Government report on the success of each carbon budget at the end of each budget period.

We welcome the opportunity to take stock on Parliament's vital role in scrutinising Scotland's net zero journey – I hope colleagues can also recognise that the Climate

Change (Scotland) Act 2009, as prospectively amended by the Bill as introduced, provides substantial opportunities for scrutiny in our path ahead, as well as embedding the role of expert advice in our system. As I have emphasised throughout this process, we must all take this chance to work together on the climate crisis, sharing ideas and moving at pace to deliver the emissions reduction that stakeholders and the wider community consistently call for.

4. The Committee is first agreed on the need for urgency. This requires a new climate change plan, setting out credible, deliverable, detailed and costed proposals to meet the new carbon budget target, to be in place as soon as reasonably possible before the end of this parliamentary session to allow for sufficient scrutiny.

I absolutely agree with the need for urgency at this important juncture. It is also the Scottish Government's view, as is reflected in the Bill as introduced, that we must receive independent advice from the CCC before bringing forward regulations to set carbon budget levels and finalising our draft CCP.

As set out to the Committee in my letter of 20 September, if the CCC's advice is received early in the Spring and carbon budgets are set following this through the affirmative procedure, I would seek to bring forward a draft Plan prior to Summer recess 2025. In any scenario, I am committed to bring forward the draft CCP as soon as possible after carbon budgets have been set. Depending on the timescales for this secondary legislation, and allowing for the minimum 120 days of Parliamentary scrutiny of the Plan and, after that period, the government's response to this, it is my strong intention to ensure that the Plan is finalised before the end of this Parliamentary session.

This will be the first CCP to be produced since the 2019 Act passed into law. It will, therefore, be the first Plan that is required to include an estimate of the costs and benefits of its policies and proposals. This Plan will include deliverable policies and proposals, with assessments of costs and benefits, setting out how we will reach our carbon budgets over the period to 2040.

5. In order to expedite the next climate change plan we ask the Scottish Government to consider laying a draft of the plan at the same time as it lays regulations setting out carbon budget targets, rather than laying the regulations first and the draft plan only after they are agreed. This would allow Parliament, and wider stakeholders, the opportunity to consider the proposed target in the context of the draft plan, and vice versa, drawing attention to their fundamental connectedness. It would, in our view, enable more informed and deep scrutiny.

The Bill as introduced would require that once carbon budgets have been set via secondary legislation, a CCP is brought forward. This is because, as per the 2009 Act, the CCP must set out policies and proposals for meeting our emissions targets. It will, therefore, only be possible to bring forward a draft statutory CCP once carbon budget levels have been set in legislation. Confirmation of the targets is needed before we can publish a draft Plan to meet them.

However, I note the Committee's concerns around scrutiny of carbon budgets and the ability to scrutinise the policies and proposals to meet those budgets. We expect that the CCC's advice on carbon budget levels will include scenarios for the path to net zero including information at a sector level. That is one of the reasons why we need to wait for this advice before bringing forward regulations. This information will assist with Parliament's deliberation over the most appropriate emissions and policy pathway for Scotland.

That said, I will consider this recommendation further and work with the Committee to identify what information it may be possible to share prior to laying the draft version of our statutory CCP in Parliament and in what format it would be most useful to share it.

6. The requirement under new section A4(5) to provide a statement alongside the regulations should be amended to require this to be done when the regulations are laid, and not "as soon as practicable" afterwards.

I welcome the Committee's recommendation on this matter and I will consider whether there could be an amendment at Stage 2 to tighten the timescales relating to the statement made under section A4(5).

7. In relation to key milestones for Parliamentary scrutiny over the remainder of this session, the Scottish Government must balance the recognised need for urgency in laying a plan against the importance of the Parliament, key delivery partners, and the wider public having a full opportunity to comment on and influence proposals for inclusion in the plan. This includes considering how matters such as recess and dissolution periods may impact on scrutiny. We expect the Scottish Government to be in frequent and open dialogue with the Committee about the timetabling of key documentation over the remainder of this session.

I am happy to reaffirm the Government's commitment to ongoing and meaningful dialogue with the Committee on the timetable for key documentation in relation to emissions reduction targets and the journey to net zero. We recognise the vital importance of the Committee's role in this space, and the wider contributions of stakeholders and communities across Scotland in shaping our climate action.

8. The Committee supports the five-year period proposed for carbon budgets, noting that this is consistent with existing provisions requiring climate change plans to be published every five years. We also support a general position of budgets and plans running broadly concurrently, with the plan finalised in the light of the target set.

I welcome the Committee's support for five-year periods for carbon budgets and agree that alignment between the periods of carbon budgets and CCPs will facilitate consistent progress towards the overarching goal of net zero in 2045.

Section 35(2) of the Climate Change (Scotland) Act 2009 establishes that the CCP must set out policies and proposals required to meet emissions reduction targets during the period of the plan. When this requirement is read with the amendments set out in the Bill, this will require that a draft CCP is produced with reference to the levels of carbon budgets. This is an essential step-by-step process that acknowledges the need to have the right legislative framework in place with which to align our policies.

Our next CCP will cover the period up to 2040, providing a direct alignment between the Plan and the first three carbon budgets. When Parliament scrutinises the draft CCP, once published, colleagues will be able to consider the full picture: our carbon budgets; the sector-level emissions pathways to meet those budgets; the policies and proposals that sit underneath those pathways; and the costs and benefits of those policies.

9. The Committee notes evidence on both the potential benefits and drawbacks of aligning Scottish and UK carbon budget cycles and did not come to a clear consensus. With no discussion on alignment set out in the Policy Memorandum, the Committee ask the Scottish Government to set out its assessment of the evidence for and against aligning with UK carbon budgets, and of whether aligning this way would delay the Scottish Government working on new and improved plans to deliver net zero. We request this before Stage 2.

I am grateful to the Committee for raising this matter and for seeking the Scottish Government's assessment of the benefits and drawbacks of alignment with the UK on carbon budgets. I am happy to offer the Scottish Government's view within this response as it is something that we have been considering further, given the various views expressed during the Committee's evidence.

While the Scottish Government had considered aligning our carbon budget periods with those of the UK, we ultimately concluded that five-yearly carbon budgets beginning in 2026 are preferable for a number of reasons.

Firstly, the next UK carbon budget does not begin until 2028. As you have noted in your letter, we need to move at pace, and it is our position that commencing our first carbon budget in 2028 would not be acceptable. We want to commence our carbon budgets as soon as possible, and 2026 is the soonest that our carbon budget periods could practicably begin.

Secondly, there is a practical logic in having different starting points between Scotland and the UK. This will enable us to take account of the final version of UKG plans and policies when setting out our own approach, and vice versa. We need certainty on the UK approach before we finalise our own CCPs. If our approaches were developed in parallel, there would be risks of changes at the UK level not being properly reflected in Scotland's CCPs undermining the credibility of our Plans. The different starting points also provide the opportunity for CCPs in Scotland to consider possible further action that is needed on reserved issues over and above that which has already been committed to, as well as further ambition under devolved policy action. In the past it has not always been possible to obtain certainty on the content of UK net zero strategies until they are published. In addition, the availability of a final version of the CCP for Scotland when finalising a UK Net Zero Strategy enables the latter to take account of the needs of Scotland.

Thirdly, our proposed carbon budget periods provide a direct alignment between our carbon budgets and our CCPs, with our next CCP covering the period of the first three carbon budgets, and the following CCP due to cover the period up to net zero. The Scottish Government's view is that this alignment is extremely important in providing clarity for our net zero journey, and in demonstrating how each carbon budget will be met through the policies and proposals of the CCP. I note from its recommendation 8 that the Committee shares the view that we should have "a general position of budgets and plans running broadly concurrently, with the plan finalised in the light of the target set".

Finally, I think that we are all agreed upon the need for certainty and clarity for our stakeholders, industry and the wider public at this juncture. The provisions of this Bill will allow for five-yearly carbon budgets for each period between 2026 and 2045. This is the clearest and most straightforward approach, and, therefore, is the approach that we have concluded is the best to take forward.

I do recognise that alignment with the UK may present benefits in terms of providing consistency between different nations of the UK, and that it may enable further alignment of our decarbonisation plans. However, for the reasons set out, the

Scottish Government has ultimately concluded that these benefits are outweighed by the drawbacks, and that collaboration with the UK on our plans and strategies will not be limited by us having different carbon budget periods (and, as noted above, may indeed benefit from having staggered budgets that can feed into one another). While the CCC did recommend UK alignment, they did note when giving evidence that this was only a slight preference and that either approach can work. I also note that this is the approach taken in Wales, whose next carbon budget will also begin in 2026.

I am aware that there has been suggestion that we might have a shorter budget prior to 2028 in order that our carbon budget approach could be implemented via an initial budget from 2026 until 2027, with alignment with the UK from 2028. This approach would involve us taking forward a two-year budget to begin with, followed by three five-year budgets, followed by a three-year budget up to our net zero target year of 2045. In addition to the reasons mentioned above for preferring alignment to CCP cycles and being slightly offset from UK budgets, I do not feel that this will provide clarity to our stakeholders, and would be concerned about moving away from the CCC's recommendation that five-yearly carbon budgets are most suitable (which I note that the Committee has also expressed support for). Furthermore, it will be extremely difficult for Ministers to provide certainty on meeting a 2026-2027 carbon budget when this budget won't be set until 2025 and the draft Plan finalised in late 2025/early 2026. This would be impracticable from a planning perspective, as we cannot currently predict what that 2026-2027 budget might be, and it takes time for our policies and proposals to have a measurable impact in terms of emissions reduction.

10. The Committee welcomes the Scottish Government's offer to consider the inclusion of a deadline for laying the regulations to set carbon budgets on the face of the Bill. We recommend that the Bill be amended to specify a maximum period which can elapse between receipt of the advice of the CCC on carbon budget levels and the laying of regulations to set those budgets. There could be some flexibility built in to allow this to be varied by regulation where the Scottish Government can satisfy the Parliament that this is necessary in response to unprecedented or unexpected events.

I welcome the Committee's recommendation and I am considering whether to bring forward an amendment on this issue at Stage 2. Any deadline must be set at a realistic timescale for the development of secondary legislation and, as highlighted in the recommendation, must be based on a period beginning with receipt of the advice from the CCC and provide a realistic timescale for the development of secondary legislation before it is laid in Parliament.

11. The Committee recommends that future draft and final climate change

plans must include:

- **More detailed information on the cost of each policy and proposal. We recommend that advice on costings in climate change plans should be sought from the Scottish Fiscal Commission;**
- **More data on the actual emissions reduction to be achieved by individual policies so this can be checked against the carbon budgets;**
- **More accessible information which can engage the non-expert;**
- **More information about the specific responsibilities and actions of different spheres of government.**

The Bill does not propose wider changes to the provisions for the CCP contained in section 35 and section 35A of the Act, which already contains 28 provisions governing the content of CCPs and which currently specifies that the Plan must set out the costs and benefits associated with the policies (section 35 (21)). This includes providing a monetary figure for costs of policies contained within the Plan. We would welcome a review of costings from the Scottish Fiscal Commission, who will have the opportunity for input as part of the scrutiny period of the draft CCP.

In line with this approach, the CCP will offer analysis on emissions reduction, alongside costings, within the Plan. However, it may often make sense to group costings as they may be part of a wider set of sectoral or cross-cutting initiatives. It may also sometimes be necessary to group emissions reduction policies with enabling measures to give greater context to the approach. In either case, we are committed to providing the necessary detail to allow appropriate scrutiny of the Plan.

Publication of the CCP will also follow Scottish Government best practice on accessibility, to ensure the plan is accessible to everyone in Scotland. This will follow the practice of the recently published Scottish National Adaptation Plan, including products such as Easy Read. This will ensure that all individuals have an opportunity to read and engage with the plan as part of the consultation period.

The CCP will provide detail of policies broken down by chapters covering the sectors and an appraisal of implementation of the specified policies. Within this framework, I will consider how best the Plan can communicate more specific information about responsibilities of different spheres of Government.

12. The Committee asks the Scottish Government to outline what proposals for public engagement and participation it has developed so far in relation to preparation of the next draft climate change plan.

I welcome opportunities for continuing engagement on Climate Change, as outlined in our Public Engagement Strategy (PES), including in relation to the development of the next CCP. This includes formal advice received from the CCC, and continued

engagement with groups such as the Climate Change Plan Advisory Group as well as eNGOs.

The scrutiny period for the next CCP remains unchanged by the Bill, ensuring that Parliament and wider society has a minimum of 120 days of scrutiny on the draft CCP. This will be accompanied by a public consultation and engagement with stakeholders will continue in advance of consultation.

As we move forward, we know that becoming a net zero nation will require all aspects of Scottish society to embrace significant changes in order for us to meet our ambitious targets. Our PES for Climate Change sets out our vision: for all of Scotland to understand the challenges we face and embrace their role in our transition to a net zero and climate ready Scotland.

We are committed to enabling the public to participate in climate policy development. We will work with our Climate Policy Engagement Network, bringing together a range of third sector, community and academic organisations and individuals to support the design of our engagement approach and provide insights on the next draft climate change plan. We have also established a national network of Community Climate Action Hubs through which we can work to engage the public across Scotland on the plan.

Recently, we have delivered projects to support the design and delivery of public engagement across Scotland on draft Just Transition Plans, Scotland's third National Adaptation Plan and the CCP. We expect this engagement to continue to inform the draft CCP as it is developed.

13. The Committee welcomes the commitment to maintain annual reporting of data on emissions reduction and progress of the policies and proposals in the climate change plan. We have been presented with several proposals as to how these could be improved and made more impactful. We recommend the Scottish Government develop a set of key performance indicators, based on advice of the Climate Change Committee and in consultation with stakeholders, to allow for more accessible and meaningful monitoring of progress.

The Bill maintains the current rhythm of annual reporting on greenhouse gas emissions and on the CCP. Reports on the CCP will remain unchanged, with Ministers required each year to lay before the Scottish Parliament a report on each substantive chapter of the most recent CCP (as per section 35B of the 2009 Act) and these report against milestones and indicators contained in our CCP monitoring framework. However, I note the Committee's points and will consider opportunities to improve the monitoring framework for the next CCP as we develop the draft Plan..

14. The Committee considers it a limitation of the Bill that it only permits one section 36 report to be published, and at the end of each five-year carbon budget period. The Bill should enable a trigger for an earlier report to Parliament, similar to a section 36 report, where projections in annual reports show that meeting the carbon budget target is unlikely. For section 36 reports to be meaningful, they must include details of the policy amendments, and associated anticipated emission reductions, which will be made as a result of the projection of missing the budget target.

This Bill requires that Ministers must ensure that carbon budgets are met. The Scottish Government's position is that if it became apparent during a carbon budget period that a budget is going to be missed, it would already be incumbent on Ministers to bring forward additional measures to ensure that the budget is met.

Indeed, the annual progress reports for the CCP are an existing statutory requirement and enable performance against indicators and milestones to be monitored annually and for further action to be taken if required.

In other words, we cannot wait until the end of a carbon budget period to bring forward action should it become apparent that we are off track. If it became clear at any point during the budget period that further action was needed to bring us back on track to meeting our carbon budget, we would already be required to bring forward that action.

That said, I do understand the Committee's view that there should be a specified trigger point for a report to Parliament should it become clear that we are off track in meeting a carbon budget. As noted in my letter to the Committee on 20 September, linking such a trigger to our annual emissions statistics (as per the section 36 report), would be a poor indicator of progress towards a current budget given that Ministers would not be able to give an accurate assessment of progress towards a budget until the fourth or fifth year of the budget period. For example, Ministers would only receive data regarding the first 3 years of our first carbon budget (running from 2026-2030) in 2030, by which point any measures taken to address any expected shortfall would have little to no impact on the overall emissions for that specific period.

It would, therefore, be my view that such a requirement should be linked to statutory process relating to annual progress reports on the CCP (section 35B of the 2009 Act). These reports provide an up-to-date indication of progress on our CCP, which will include policies and proposals for meeting our carbon budgets. As noted by Audit Scotland and the Edinburgh Climate Change Institute when giving evidence to the Committee, we need to move the focus onto progress towards our policies and

ensure that we are delivering against them (as noted by Dr Cornilius Chikwama, “it is the plan that will be critical in ensuring that we stay within budget”).

15. The proposals made in evidence on dynamic reporting of progress towards emissions reduction goals, associated with the key performance indicators, could also support a constant monitoring of progress and corrective actions to stay on course. We recommend the Scottish Government consider this proposal.

The Scottish Government agrees in principle that more dynamic reporting can usefully augment the annual greenhouse gas statistics and our existing annual monitoring report as a way of measuring progress, but this is subject to the availability of meaningful and timely indicators.

At present, as is the case across the UK, our statutory emissions reporting is linked to the official Greenhouse Gas statistics, given that these offer the best available and most reliable data on emissions progress. These reports are coupled with our annual reports on the CCP, offering an up-to-date account of our progress in each sector of the Plan. We are continuing to build our capacity in this area, and we welcome the views expressed at Committee on this subject. We will continue to engage with stakeholders and ensure that the Government is using the best available data to track our progress to net zero.

16. Having the benefit of independent advice from the Climate Change Committee by way of their detailed annual reports on progress in Scotland is a crucial element of the current scrutiny architecture for net zero. The Committee notes that the Bill does not change the current position on the provision of annual CCC Scotland progress reports. The Committee recognises that the CCC must continue to have the resources and access to information it needs in order to continue to carry out this valued role.

I agree with the Committee’s comments on the CCC and the Scottish Government will continue to recognise the role of the CCC in the scrutiny architecture assessing Scotland’s progress towards net zero. As the Committee has noted, the Bill will not make any changes to the provisions on receiving annual Scotland progress reports from the CCC, which will remain an important pillar of the reporting and monitoring of emissions reductions in Scotland.

The advice received from the CCC next year will be a fundamental consideration in the development of the carbon budget levels established in the secondary legislation that will follow this Bill. The Scottish Government will continue to work closely with the CCC and our co-sponsors in the UK Government and other devolved

administrations to ensure that it has the resources and information so it can provide expert advice to support Scotland towards the net zero target in 2045.

17. The timetable for this Bill, on an important and technical, if narrow, issue has been challenging. The Committee would have liked to have seen more evidence in the Policy Memorandum that the Scottish Government had considered alternatives to the expedited timetable the Parliament worked to, including whether the Bill could simply have been introduced earlier.

Our reasoning for the expedited timetable for this Bill has been rehearsed, both in statements and in evidence provided by myself and Mairi McAllan. I refer the Committee to my letter of 09 September 2024¹ which outlines the reasons we must pursue this expedited timeline. As this letter sets out, the Government has no choice but to seek to change our targets and amend the deadline for the CCP. As recommended by the CCC, we are bringing forward a carbon budget approach, which requires primary legislation.

18. The Committee acknowledges that advice to the First Minister on UK general election "purdah" from the Scottish Government Permanent Secretary is open to interpretation as to whether "progressing" proposed legislation that has already been announced in the Scottish Parliament includes introducing it. It is not helpful that there is this ambiguity and we will be writing to the Scottish Parliament Constitution, Europe and External Relations Committee asking if it could consider this matter.

Consideration of the interpretation of advice on the pre-election guidance is a matter for the Permanent Secretary.

19. The limited detail in the policy memorandum will require that any secondary legislation concerning net zero is accompanied by detailed impact assessments.

I note the Committee's comments on the policy memorandum, the purpose of which is to set out the reasons why this Bill has been brought forward. I acknowledge that climate change will have significant impacts on the groups covered by impact assessments. Policies to reduce emissions can mitigate these impacts but also have differential impacts on different groups and parts of our society. The Scottish Government remains committed to ensuring that the goal of net zero in 2045 is achieved while respecting the principles of a just transition – this legislation does not

¹ [Stage 1 report on the Climate Change \(Emissions Reduction Targets\) \(Scotland\) Bill | Scottish Parliament](#)

change that – and impact assessments will be prepared for CCPs in line with legislative requirements and Scottish Government policies.

As noted in the report, the provisions of the Bill are limited to replacing our current emissions reduction targets framework with a carbon budgets approach and they will not change the overarching goal of achieving net zero emissions in 2045 as established in the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019.

The levels of the carbon budgets will be set through secondary legislation following the receipt of advice from the CCC and Parliamentary process.

As such, assessment of the impacts associated with the Bill was based on the limited reach of its provisions with recognition that the potential impacts of levels of carbon budgets should be considered when secondary legislation is prepared and/or in the development of the next Climate Change Plan. The Bill as introduced does not amend the target setting criteria, as established in section 2B of the Climate Change (Scotland) Act 2009, which outlines a range of criteria that ministers must have regard to when setting emissions reduction targets. These criteria include consideration of economic, financial and social circumstances.

20. The Committee notes the views of the Finance and Public Administration Committee and recognises the extensive work it had done on consideration of Financial Memoranda. As it states, information on the costs of policies and proposals will be included in the draft climate change plan. We have already recommended this should be detailed, in particular to allow for comparison with the financial budget and we expect an appropriate level of financial detail to be set out in the draft plan preceding it so that this can be properly interrogated via the scrutiny process.

As outlined above, the provisions for the CCP in the Climate Change (Scotland) Act 2009 already specify that the Plan must set out the costs and benefits associated with the policies (section 35 (21)). This includes providing a monetary figure for costs of policies contained within the plan.

I have set out earlier in this letter the intended approach to providing information on costings as part of the draft Plan, allowing Parliament adequate detail to scrutinise as part of the minimum 120 day consultation process.

21. The Committee agrees to the general principles of the Bill at Stage 1. It is deeply regrettable that the catalyst for the Bill's introduction was recognition that a key statutory milestone on the journey to net zero was no longer

achievable. However we accept that the opportunity should also be taken to move to a multi-year carbon-budgeting process, which most stakeholders have agreed is a more effective way of measuring progress. It was also regrettable that the Bill could not have been introduced earlier, allowing more time for scrutiny.

As outlined in my responses above, it is a shared regret that the 2030 target for Scotland is now out of reach, and while I maintain the ambition shown by Parliament in 2019 provided a welcome culture change on our climate aspirations we must all recognise that ambition must be tempered with credibility and support on implementation of emission reduction policies if we are to face this crisis head on.

I reiterate my appreciation for the Committee's work on an expedited basis for this Bill, and echo their thanks to all who contributed to the evidence sessions at this pace. It is vital that we press on with reforming our emissions targets system so that we can continue to move focus onto delivery. We must carry this momentum from the narrowly defined and targeted updates brought in by this Bill and make real progress on our shared goal of net zero by 2045.

In that spirit, it is most welcome that the Committee shares the Government's view that multi-year carbon budgets are an opportunity – they are more reflective of the realities of decarbonisation, and a more reliable measure of progress on our journey ahead. I am also grateful for the Committee's general assessment of support for the principles of the Bill, and look forward to engaging with members first at the upcoming Stage 1 Debate and further as the Bill proceeds.