

A solid orange right-angled triangle pointing downwards and to the right.

Edward Mountain MSP
Convener
Net Zero, Energy and Transport Committee
The Scottish Parliament
Edinburgh
EH99 1SP

1 May 2024

Dear Convener,

I am writing to offer the support of the Scottish Fiscal Commission to the Net Zero, Energy and Transport Committee following the Scottish Government's announcement on the 2030 target for emissions reductions on 18 April.

Our recent report [Fiscal Sustainability Perspectives: Climate Change](#) considered the fiscal implications for the Scottish Government of climate change and policies relating to climate change. The analysis in that report still stands, and in fact, is probably more relevant now that Parliament faces a decision on new multi year carbon budgets and the path to net zero in 2045.

Our report identified the potential level of additional spending the Scottish Government would need to make to reach net zero by 2045. This analysis was based on the Climate Change Committee's (CCC) balanced pathway scenario, which was based on the CCC's recommended 2030 target rather than Scottish Government reaching its target.

Based on the CCC's balance pathway scenario the scale of additional investment required by the Scottish Government is significant, an average of £1.1 billion each year between 2020 and 2050. Achieving more ambitious targets than those set out on the CCC's balanced pathway scenario would require even greater levels of investment. Our report discusses the importance of the interactions between UK and Scottish Government policy and funding being properly considered when targets are designed.

We note the importance of the Scottish Government and Scottish Parliament considering how any new targets could be delivered, both in terms of the proposed policies to reduce emissions and how those policies will be financed. We recognise that to better assess the fiscal risks facing the Scottish Government, we need more detailed information from both the Scottish and UK Governments about their plans, and the associated costs, for tackling all aspects of the climate change challenge. This is particularly true for adaptation to climate change. We note the costs will likely be significant but estimates and plans on adaptation are less complete than for the transition to net zero.

I am happy to discuss any aspect of our report and anything the Commission can do to aid the work of the Committee. For instance, I, or our officials, can meet to discuss how the Scottish Fiscal Commission can support the Committee. We would also be happy to meet the Committee informally as part of a business planning session or give evidence formally on our report.

Yours sincerely



Professor Graeme Roy