

# Climate Change (Emissions Reduction Targets) (Scotland) Bill

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## Financial Memorandum

### Introduction

1. As required under Rule 9.3.2 of the Parliament's Standing Orders, this Financial Memorandum is published to accompany the Climate Change (Emissions Reduction Targets) (Scotland) Bill, introduced in the Scottish Parliament on 5 September 2024.
2. The following other accompanying documents are published separately:
  - Explanatory Notes (SP Bill 51–EN);
  - a Policy Memorandum (SP Bill 51–PM);
  - a Delegated Powers Memorandum (SP Bill 51–DPM);
  - statements on legislative competence made by the Presiding Officer and the Scottish Government (SP Bill 51–LC).
3. This Financial Memorandum has been prepared by the Scottish Government to set out the costs associated with the measures introduced by the Bill. It does not form part of the Bill and has not been endorsed by the Parliament.

### Background

4. The primary objective of the Climate Change (Emission Reduction Targets) (Scotland) Bill ("the Bill") is to amend existing climate change legislation to establish a carbon budget approach to target setting. This will establish a more flexible statutory target framework that is receptive to both the non-linear realities of long-term decarbonisation policy planning and reflects the latest decarbonisation pathway for Scotland.
5. Current legislation sets annual emissions targets along a rigid straight-line pathway which poorly reflects policy and carbon emissions reduction realities. This is highlighted in the projections of the Climate Change Committee ("CCC") which include non-linear pathways to net zero, for example with significant acceleration in the impact of decarbonisation policy during the period leading up to the net zero target in 2045.

This document relates to the Climate Change (Emissions Reduction Targets) (Scotland) Bill (SP Bill 51) as introduced in the Scottish Parliament on 5 September 2024

6. This Bill will establish a framework centred on a five-year carbon budget approach that will better reflect this non-linear progress towards the net zero target. Carbon budget levels will be established through secondary legislation, expected to be developed after anticipated analysis and advice from the CCC in early 2025.

## Costs overview

7. The Bill has no significant cost implications. The provisions of this Bill are limited to the amendment of the framework of emissions reductions targets and the timescale for producing the next Climate Change Plan.

8. Changing the timescale for the next Climate Change Plan has no implications for the cost of producing the plan.

9. Changing the framework of emissions reduction targets does not, by itself, have any financial implications. Costs arise from pursuing emissions reduction policies, and the Bill does not specify what those policies ought to be.

10. The Scottish Government will of course apprise the Parliament of the costs of the policies it does pursue to achieve the emissions reduction targets. The Government is legally required, by [section 35 of the Climate Change \(Scotland\) Act 2009](#), to produce Climate Change Plans setting out their proposals and policies for meeting the emissions reduction targets. Subsection (21) of that section specifically requires each plan to set out an estimate of the costs and benefits associated with the policies set out in the Plan. And to the extent that specific policies and proposals require legislation to be implemented, the costs associated with them will be more particularly described as usual in financial memorandums, in the case of Bills, and in policy notes and impact assessments in the case of subordinate legislation.

## Costs on the Scottish Administration

11. As stated in paragraph 8 above, changing the timescale by which the Scottish Ministers are to produce the next Climate Change Plan does not affect the costs to the Scottish Ministers of producing it.

12. The Bill's changes to the system of emissions reduction targets include consequential changes to the duties on the Scottish Ministers to report to the Parliament. However, the changes affect the content of reports in relatively minor ways, reflecting the move from reporting primarily on emissions reductions in respect of a particular year to reporting primarily on reductions over the lifetime of a multi-year carbon budget. The frequency of reporting will not be materially changed, nor will the collation of data required to report. That is to say, the Scottish Ministers will continue to provide the Scottish Parliament with annual reporting on Greenhouse Gas reduction statistics, policy delivery progress and assessment of progress from the CCC respectively. The technical adjustment proposed by the legislation applies solely to the statutory checkpoints of when such progress is considered against the context of a

statutory target, which will be framed across a multi-year carbon budget, rather than a specific annual target. This is not expected to increase, or decrease, costs for the Scottish Government, with all requirements expected to be met through current resource.

13. The Bill will establish the legislative framework to introduce a carbon budget-based approach and enable the levels of those carbon budgets to be established through secondary legislation. The setting of carbon budgets requires the Scottish Government to request advice from the CCC, which can be requested under either section 2C or section 2D of the 2009 Act. If the advice is requested under section 2C, there will be no additional costs involved, given that Ministers are already required to request this advice on a five-yearly basis. The only implication may be that the cost of producing the report is incurred earlier than the statutory deadline (Ministers' next deadline to request this advice is 2027, and it is anticipated that the first request for advice on carbon budget levels will be in 2024). If this advice is requested under section 2D, there will be an additional cost if the CCC needs to develop new and specific advice to respond to the request. It is expected that the one-off costs of providing the advice for the first carbon budgets under either section 2C or 2D would be approximately £50,000, which is comparable with costs associated with requests of a similar nature under existing legal duties. It is expected that this cost will be met through funding already provided to the CCC by the Scottish Government.

## Costs on local authorities

14. The Bill has no additional cost implications for local authorities because it is limited to the amendment of the national framework of emissions reductions targets and the timescales by which Scottish Ministers must bring forward the next Climate Change Plan.

## Costs on other bodies, individuals and businesses

15. The Bill has no additional cost implications for other bodies, individuals and businesses because it is limited to the amendment of the national framework of emissions reductions targets and timescales for the next Climate Change Plan.

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