

CLIMATE CHANGE (EMISSIONS REDUCTION TARGETS) (SCOTLAND) BILL

POLICY MEMORANDUM

INTRODUCTION

1. As required under Rule 9.3.3 of the Parliament’s Standing Orders, this Policy 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 Financial Memorandum (SP Bill 51–FM);
 - 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 Policy Memorandum has been prepared by the Scottish Government to set out the Government’s policy behind the Bill. It does not form part of the Bill and has not been endorsed by the Parliament.

POLICY OBJECTIVES OF THE BILL

Background

4. The purpose of the Climate Change (Emissions Reduction Targets) (Scotland) Bill (“the Bill”) is to amend the Climate Change (Scotland) Act 2009 (“the 2009 Act”), in the wake of the Climate Change Committee’s (“CCC”) advice that Scotland’s interim emissions reduction target for 2030 is beyond what can be achieved. This built upon repeated advice from the CCC that meeting the 2030 target set by Parliament would be extremely challenging.
5. The 2009 Act set a framework for annual and interim emissions reduction targets in Scotland. The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 (“the 2019 Act”) amended the 2009 Act to modify the annual and interim target levels, modified the method for calculating annual targets via a straight-line trajectory between interim targets and included a new target of net zero emissions by 2045.
6. The Bill will seek to repeal that annual and interim emissions reduction target framework and establish a carbon budget approach to target setting, with budgets set through secondary

legislation using the latest advice from the CCC once available to replace the concept of statutory annual and interim targets. It will also make provision for a new Climate Change Plan (“CCP”) to be published that reflects the carbon budgets. The existing statutory target of net zero emissions by 2045 will not be changed, nor will the commitment to the Scottish Government’s just transition principles as set out in the 2009 Act.

Carbon budgets

7. As noted by the CCC in a letter to the Scottish Government in May 2024¹, annual emissions targets are highly vulnerable to year-to-year fluctuations in emissions, for example, particularly cold winters or unexpected events such as a global pandemic. Multi-year carbon budgets can, therefore, provide a more reliable framework to monitor sustained progress in emissions reduction, with volatility smoothed out over the budget period. Carbon budgets are an established model for assessment of emissions reductions used by the governments of other nations including Japan, France, Wales and the UK.

8. The 2009 Act set annual targets along a straight-line pathway between the decadal interim targets, which does not accurately reflect the realities of emissions reduction and climate policymaking. This position is reflected by the CCC, who have advised that carbon budgets are the most appropriate indicator of underlying progress in emissions reduction.

9. The Scottish Government is seeking to establish five-yearly carbon budgets, based on the CCC’s recommendation that this length of budget is the most suitable. This is because five-yearly budgets provide a reasonable balance between a period which is sufficiently long to provide a more reliable signal of sustained progress, while also being sufficiently short to retain the necessary sense of urgency and allow plans to be adjusted as more information about reducing greenhouse gas emissions becomes available.² The Scottish Government will seek to introduce carbon budgets that are more reflective of the realities of long-term decarbonisation policy planning. These will be based on the latest advice on the most appropriate decarbonisation pathway for Scotland, including advice from the CCC (expected in spring 2025).

10. A carbon budget will set a limit on the amount of greenhouse gases emitted in Scotland over a five-year period, measured in 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. The “baseline” is defined at section 11 of the 2009 Act as meaning the aggregate amount of net Scottish emissions for carbon dioxide for 1990 and net Scottish emissions of each of the other greenhouse gases for the year that is the baseline for that gas (for example, 1995 is the baseline year for hydrofluorocarbons). At the end of each budget period, an assessment will be made regarding whether or not the budget has been met.

11. In alignment with the approach taken in the 2009 Act, carbon budgets will continue to include emissions from international aviation and shipping. There will also be no provision to “carry over” emissions from one carbon budget to another. This is to ensure that all greenhouse gas emissions attributable to Scotland are taken into account when determining whether a carbon

¹ [Letter: Design and implement carbon budgets in Scotland - Climate Change Committee \(theccc.org.uk\)](#)

² [Letter: Design and implement carbon budgets in Scotland - Climate Change Committee \(theccc.org.uk\)](#)

budget has been met, and ensures that overperformance on one budget cannot result in a reduction of ambition for another.

Climate Change Plan timing

12. As the current emissions reduction targets up to 2030 cannot currently be met credibly, and as such it is not possible to bring forward a CCP for the meeting of those targets within the timescales set out in the 2009 Act, the Bill will amend the current deadline to bring forward the next CCP (presently 22 November 2024 for a draft plan and 22 March 2025 for a finalised plan) in order to align with the timescale for carbon budgets. This alignment will provide a direct relationship between the five-year periods of the carbon budgets and CCP so that policies and actions are informed by the emissions reductions targets set through each carbon budget.

13. The CCC have indicated that they will provide advice on carbon budgets levels in spring 2025. The Bill will require that the CCP is brought forward as soon as practicable after the carbon budget levels are set through secondary legislation.

Annual reporting

14. In order to maintain transparency with respect to emissions reduction progress, the Bill will maintain 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).

15. Ministers will also still be required to lay in Parliament an annual report on emissions reduction. This will indicate the percentage by which Scottish emissions are lower than the baseline. At the end of each carbon budget period, these reports will also include an indication of whether Scotland's carbon budget target for that period has been met.

ALTERNATIVE APPROACHES

16. The CCC have advised that Scotland's interim emissions reduction target for 2030 is beyond what can be achieved. This builds upon repeated advice from the CCC that meeting the 2030 target set by Parliament would be extremely challenging. While Ministers have considered all of the options available to rapidly reduce emissions, it has become clear that there is not a credible policy pathway to meet Scotland's emissions targets over the coming years. That is because the policies that would be required to reach these targets would not be in keeping with our just transition principles or would require immediate action in areas that may not have been within the legislative competence of this Parliament. The only option available to Ministers is to seek to change the emissions reduction target framework in Part 1 of the 2009 Act.

17. To address the unfeasible emissions pathway, Ministers are seeking to repeal the current framework of annual and interim emissions targets and replace this with carbon budgets. The CCC have advised that carbon budgets are a more suitable framework for emissions reduction targets. The provisions of the Bill will establish the framework for a carbon budget-based approach, with the levels for the carbon budget periods being set through secondary legislation following advice from the CCC.

18. Alternative approaches that have been considered include changing annual target levels, or removing annual targets and maintaining interim targets. To simply change the annual targets would not address the aforementioned issue that linear annual targets are not reflective of decarbonisation policymaking. To remove annual targets but maintain interim targets may go some way to allow for year-on-year fluctuations in emissions, but would mean that emissions incurred in the years between each interim target would be excluded from the emissions target framework. Ministers have therefore concurred with the CCC that a shift to a carbon budget-based approach will provide the most reliable framework to account for variability of emissions and assess decarbonisation progress towards the net zero target in 2045.

19. Given the fact that current emissions targets up to 2030 are out of reach, in part due to wider progress to date on decarbonisation across society and the economy and decisions of the last UK Government, it has not been possible for Ministers to bring forward a sufficient and legally compliant CCP within the timescales set out in the Act. Without bringing forward primary legislation to adjust relevant aspects of the Act, Ministers will continue to be unable to bring forward a CCP. The only option available to Ministers is therefore to bring forward primary legislation with provisions to amend the target framework and deadline for the CCP.

20. This Bill therefore also adjusts the timetable for the CCP such that it will be brought forward as soon as practicable once carbon budgets have been set. This adjustment must be made through primary legislation since the current timetable for CCPs has been established in the 2019 Act, with no mechanism to adjust this through secondary legislation. In order that the emissions reduction target framework also aligns with the proposals and policies established in the CCPs, five-yearly carbon budgets would align with the five-year terms of the CCPs.

CONSULTATION

21. Given the limited provisions of this Bill and the expedited timescales under which this has been prepared, it has not been possible for the Scottish Government to conduct a formal consultation. Informal consultation and engagement have been undertaken with other political parties, the CCC and environmental organisations. Throughout this engagement there has been a general consensus with the principle of moving to carbon budgets, but with a strong message that this Bill should not be accompanied with a deceleration of climate action.

EFFECTS ON EQUAL OPPORTUNITIES, HUMAN RIGHTS, ISLAND COMMUNITIES, LOCAL GOVERNMENT, SUSTAINABLE DEVELOPMENT ETC.

22. The provisions of the Bill will replace the existing framework of annual emissions reduction targets with a five-yearly carbon budget approach and change the CCP timeline to align with the five-yearly carbon budget periods. The Bill will require that Ministers continue to publish annual reports on emissions reductions progress, with an expanded report assessing whether a carbon budget has been met being required at the end of each budget period. As these provisions are limited to amending the procedures around the setting of emissions reduction targets, and do not extend beyond the existing framework established in the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, it is not expected that there will be significant direct impacts beyond changes to Scottish Government practice.

23. As established in the Climate Change (Scotland) Act 2009, future Climate Change Plans will set out individual proposals and policies relating to decarbonisation and emissions reduction. Impact assessments should continue to be conducted on those proposals and policies as appropriate.

Equal opportunities

24. As the Bill is procedural and does not set out policies or actions delivering emissions reduction or decarbonisation, the screening process for the Equalities Impact Assessment (EQIA), Children's Rights and Wellbeing Impact Assessment (CRWIA) and Fairer Scotland assessment did not identify any direct impact on the groups covered by those assessments.

Human rights

25. The Bill is limited to changing the emissions target framework; it does not set out policies or actions that will deliver towards the emissions reductions targets. Therefore, the screening process for this assessment did not identify direct effects on human rights from the proposals included in the Bill.

Statement of compatibility under section 23(1) of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024

26. The Cabinet Secretary for Net Zero and Energy has made a statement in writing that, in her view, the provisions of the Bill are compatible with the UNCRC requirements.

Island communities

27. The Bill is limited to changing the emissions target framework at the national level; it does not set out policies or actions that will deliver towards the emissions reductions targets or specific targets for island communities. Therefore, the screening process for this assessment did not identify direct effects on island communities from the proposals included in the Bill.

Local government

28. The Bill is limited to changing the emissions target framework at the national level; it does not set out policies or actions that will deliver towards the emissions reductions targets. Therefore, the screening process for this assessment did not identify direct effects on local authorities from the proposals included in the Bill.

Sustainable development

29. This is a procedural bill limited to changing the emissions target framework; it does not set out policies or actions that will deliver towards the emissions reductions targets. Engagement with the relevant consultation authorities during the Strategic Environmental Impact Assessment did not identify direct effects on the environment, including the historic environment of Scotland, from the proposals included in the Bill, particularly acknowledging that the overall target and direction of travel towards net zero by 2045 remains unchanged.

CROWN CONSENT

30. It is the Scottish Government's view that the Bill as introduced does not require Crown consent. Crown consent is required, and must be signified during a Bill's passage, where the Bill impacts the Royal prerogative, the hereditary revenues of the Crown or the personal property or interests of the Sovereign, the Prince and Steward of Scotland or the Duke of Cornwall. The Scottish Government's view is that this Bill does none of those things.

31. For the source of the requirement for Crown consent, see [paragraph 7 of schedule 3 of the Scotland Act 1998](#), and [rule 9.11 of the Parliament's Standing Orders](#). For further information about the considerations that go into determining whether Crown consent is required for a Bill see [Erskine May](#), the guide to procedure in the UK Parliament.

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

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