

Finance and Public Administration Committee

10th Meeting, 2021 (Session 6), Tuesday 15
March 2022

Environmental Fiscal Measures for Scotland: learning from case studies and research to create a potential strategic approach

Purpose

1. In its pre-budget report on Scotland's Public Finances in 2022-23 and the impact of Covid-19¹, published on 5 November 2021, the Finance and Public Administration Committee noted its intention to return to the issue of examining the finances behind net zero targets.
2. To help inform this work, the Committee will take evidence from Callum Blackburn, an independent consultant, on his research in relation to Environmental Fiscal Measures for Scotland.

Background to the research and report

3. The report is the result of research commissioned by the Environment, Climate Change and Land Reform Committee in Session 5, on environmental taxes, levies and charges, including what powers Scotland has in this area. The report aims to support consideration of environmental fiscal measures in Scotland to propose what a strategic approach to environmental fiscal reform could look like.
4. The report has been published by SPICe—
<https://digitalpublications.parliament.scot/ResearchBriefings/Report/2022/2/28/1e688d4c-6ba1-4745-9204-55428c5e7f0b>
5. The 'headline' conclusions can be found at page 90 of the report including that—
 - “There appears to be no ‘silver bullets’ available, however, moving towards an overarching simplified carbon tax, that could be applied universally across the economy, could be the most efficient, fair and effective tax measure in relation to supporting progress to net zero.”

¹ [Pre-Budget Scrutiny 2022-23: Scotland's Public Finances in 2022-23 and the Impact of COVID-19 \(azureedge.net\)](https://www.azureedge.net)

- “In the absence of powers to vary taxation, such as VAT rates, changes to local taxation and charges could have a significant role in helping the Scottish Government meet its net zero and ecological restoration targets and commitments.”

Related work of other committees

6. The Net Zero, Energy and Transport Committee received an informal briefing on this research earlier this month. That Committee is currently carrying out an inquiry into ‘the role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland’.
7. The House of Commons Public Accounts Committee has recently published its report on ‘Achieving Net Zero: Follow Up’² on the UK Government’s strategy to achieve net zero by 2050 and how this transition to a green economy will be funded. The Committee concludes that the UK Government has no clear plan for how the transition to net zero will be funded, saying it is “without answers to key questions” on costs or funding its targets. The report refers to the UK Government’s actions on net zero only.

Next steps

8. The Committee recently received an informal briefing from the Fraser of Allander Institute (FAI) regarding research commissioned by the Scottish Government aimed at improving the climate change information included in the Scottish Budget. The FAI will publish its final report in June 2022, following consultation with this Committee and the Net Zero, Energy and Transport Committee, which is leading on this work.
9. The Committee will be invited to consider next steps at a future meeting.

**Committee Clerks
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² [Achieving Net Zero: Follow up \(parliament.uk\)](https://www.parliament.uk/publications/2022/01/achieving-net-zero-follow-up/)