



The Scottish Parliament  
Pàrlamaid na h-Alba

## Finance and Public Administration Committee

Edward Mountain MSP  
Convener  
Net Zero, Energy and Transport Committee

**1 October 2024**

Dear Edward

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

As you are aware, the Finance and Public Administration Committee (the Committee) is responsible for scrutinising Financial Memorandums (FMs) for Bills.

In light of the Scottish Government's request that the Bill follow an expedited timetable<sup>1</sup>, the Committee ran a short call for views on the FM for the Climate Change (Emissions Reduction Targets) (Scotland) Bill between 12 and 20 September 2024 and received 6 responses, which have been published on the Committee's call for views website<sup>2</sup>.

The FM for the Bill states that "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". Although the submissions generally agree that the Bill has no direct financial implications, local authorities including North Ayrshire, South Lanarkshire and Aberdeenshire highlight costs associated with the wider ambition to achieve net zero, which have not been reflected in the FM. We would also highlight comments from the National Farmer's Union of Scotland, suggesting that "if carbon budgets will move to a 5-yearly system, there must also be a financial commitment for how they will be met".

The FM explains that "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".

The Committee previously set out its expectations in relation to the quality and consistency of FMs during correspondence with the Minister for Parliamentary Business<sup>3</sup>, and which he accepted. In particular, we asked the Scottish Government

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<sup>1</sup> [Cabinet Secretary to Convener on the Climate Change \(Emissions Reduction Targets\) \(Scotland\) Bill timing \(parliament.scot\)](#)

<sup>2</sup> [Published responses for Climate Change \(Emissions Reduction Targets\) \(Scotland\) Bill: Financial Memorandum - Scottish Parliament - Citizen Space](#)

<sup>3</sup> [Letter from the Convener to the Minister for Parliamentary Business of 25 June 2024](#)

to put in place enhanced training and development for Bill Teams and to ensure that the guidance available in the Scottish Public Finance Manual (SPFM) is followed during development of FMs. The SPFM's *Questionnaire for completion by Bill teams in the preparation of financial memoranda*, includes questions such as:

- Have all the provisions in the Bill that might give rise to costs or benefits, however marginal, been identified? [...]
- Have all potential costs or benefits, except those of a genuinely marginal nature, been quantified - including those likely to arise from secondary legislation?

In relation to the FM for the current Bill, it is unclear to what extent these questions have been considered.

As evidenced in the Scottish Fiscal Commission's report on Fiscal Sustainability Perspectives: Climate Change<sup>4</sup>, published on 14 March 2024, the costs of adapting to a changing environment and taking action to meet Scotland's statutory emissions targets to reach net-zero by 2045 will be significant. While we note that costs and benefits will be set out in future Climate Change Plans, the current, narrowly defined FM does not reflect the costs of emissions reduction policies, which are inextricably linked to the aims of the Bill.

We would therefore highlight comments made by Aberdeenshire Council in their submission, that "for something of this scale the standard approach to Financial Memorandum production is not adequate to ensure that the impacts on Local Authorities are being properly addressed".

We ask the Net Zero, Energy and Transport Committee to pursue these issues with the Scottish Government in its scrutiny of the Bill at Stage 1.

Yours sincerely,

**Kenneth Gibson MSP**  
**Convener**  
**Finance and Public Administration Committee**

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<sup>4</sup> [Fiscal Sustainability Perspectives: Climate Change | Scottish Fiscal Commission](#)