Dear Roseanna

**ECCLR Committee response to the draft updated climate change plan (CCPu)**

The Committee welcomes the updated climate change plan (CCPu) in response to the net zero targets set out in the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019.

The Committee’s report on the draft CCPu is attached. This sets out the approach to parliamentary scrutiny – engaging four committees – and reflects the evidence heard by the ECCLR Committee, building on its scrutiny of the current climate change plan (RPP3), the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 and the Committee’s recent work on green recovery. Across this work there has been a consistent call for rapid transformational change, a just transition and a focus on implementation.

The Committee appreciates that these are challenging targets and the plan has been prepared in challenging times. While the Committee also notes that this is an updated plan, it has been prepared in response to the new emissions reduction targets and the Committee has considered it within the context of the climate emergency and the need for rapid transformational change. The Committee notes that the plan is also being prepared in the run up to COP26 in November, when international emissions targets will be reviewed.

Much of the evidence received indicated a significant level of support to the scale of the proposed emissions reductions and the overall ambition set out in the CCPu. The strengthened focus on cross sectoral working and the inclusion of the ‘coordinated approach’ section was welcomed.

However, the Committee also heard that detail on how to reach that ambition is considered to be substantially lacking and concerns have been raised over the credibility and achievability of the CCPu. The Committee makes a number of recommendations, including in relation to the ambition of the plan, the balance of effort, key assumptions, behaviour change, key sectors and governance.
The Committee highlights the key messages for the Scottish Government at the start of the report, which is appended to this letter.

The Committee would welcome an opportunity to discuss its report and recommendations with you. In responding to the Committee’s report and in finalising the CCPu, the Committee would welcome detail as to if and how each recommendation has been reflected in the final CCPu.

The Committee will also highlight this report and the Scottish Government’s response to it in its Session 5 legacy report.

Yours sincerely,

Gillian Martin MSP
Convener
Environment, Climate Change and Land Reform Committee

CC:
Gordon Lindhurst MSP, Convener, Economy, Energy and Fair Work Committee
James Dornan MSP, Convener, Local Government and Communities Committee
Edward Mountain MSP, Convener, Rural Economy and Connectivity Committee
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Key messages

‘Climate change [is] the biggest threat modern humans have ever faced’

Sir David Attenborough, UN security council, 23 February 2021

‘The message is that, frankly, the scale of the changes that would be needed in the emissions pathways has no precedent in human history. There is no precedent for the rate of emissions reductions and the changes in social and technical systems that would be required – they really are extremely demanding’

Professor Jim Skea, Co-Chair IPCC Working Group III, Intergovernmental Panel on Climate Change, 23 October 2018

1. In 2018, as part of its consideration of the Climate Change (Emissions Reduction Targets) (Scotland) Bill, the Committee considered both the scale of the changes needed and the urgency of action required to tackle the climate emergency. The Scottish Government’s Climate Change Plan update (CCPu), published in December 2020, is designed to set a foundation for increased action across society in response to the far-reaching targets set in the Climate Change (Emissions Reduction Targets) (Scotland) Bill 2019 – now Act. The Committee welcomes the ambition at the heart of the draft CCPu and considers it critical that for this ambition to be realised, the Scottish Government must consider and action the suite of recommendations across the four parliamentary committees scrutinising this updated plan.

2. In particular, the Committee considers the Scottish Government must:

- Provide greater clarity on the modelling, evidential base and assumptions that underpin how the emission envelopes were determined, and the associated policy decisions chosen, throughout.

- Demonstrate how the policies and proposals deliver the envelopes presented for each sector. Understanding the relative emissions abatement significance of the policies and proposals is key to supporting the implementation of the plan, by enabling potential risks and deficiencies to be identified and corrected.

- Provide greater clarity on the timescales associated with policy and proposal commitments in the plan to develop, consult, research or explore particular measures and ensure that these reflect the urgent nature of the climate emergency and the immediate opportunities to progress a green recovery. Clarity must also be provided on the findings arising from these processes, how findings will be communicated, and where and when the next steps will be set out to ensure the policies and proposals translate into concrete steps for emissions reductions.

- Clarify the rationale for the emission envelopes described for agriculture and industry (these sectors have been protected from the attribution of additional abatement outside that allocated by the TIMES framework) in the context of balancing concerns about carbon leakage with the imperative to ensure that these sectors are well positioned for the net-zero opportunities of the future and do not end up disadvantaged.
• Review the credibility of the schedule and associated level of abatement attributed to Negative Emission Technologies (NETs) – and given the uncertainties associated with this, set out a plan B for how equivalent abatement could be achieved.

• Support the ongoing development of the plan to align with the principles of the Monitoring Framework described and support the application of the policy tracker. The Committee expects that the policy tracker will outline progress against each policy and proposal, set out findings and next steps. The CCPu should form the basis of more detailed sector implementation plans (with detail of the emissions abatement attributed to policies and proposals that align with the sector envelopes, policies and proposals that are SMART, and provide clarity around delivery levers, delivery partners and financing). It is crucial that Climate Change Plans reflect much more developed implementation detail than is contained in the draft CCPu.

• Provide greater detail about how the policies and proposals across all sectors reflect the opportunities and implications associated with just transition and green recovery and where particularly significant regional considerations exist.

• Clearly recognise that land is a finite resource. The final CCPu must take a more integrated approach to cutting emissions across agriculture and land use, land-use change and forestry (LULUCF) recognising that both depend on the management of a single resource and that these sectors are expected to become more closely aligned in policy and practice.

• Align the 4th CCP with the Paris stock takes, starting in 2024 and lay the draft 4th CCP in Parliament no later than the end of 2023 to ensure that there is sufficient time to complete the extended consultation process with stakeholders and the Parliament on the draft plan, take the views into account and then finalise and publish the 4th CCP by the end of 2024.
Introduction

3. This report highlights the key findings and recommendations of the Environment, Climate Change and Land Reform (ECCLR) Committee in relation to the draft updated Climate Change Plan (CCPu). The report draws on the work of the Committee over the current parliamentary session, including the Committee’s inquiries and reports on the third Climate Change Plan (CCP), the Climate Change (Emissions Reduction Targets) (Scotland) Bill 2019 – now Act - and the Committee’s green recovery inquiry. It sits alongside the reports of the Economy, Energy and Fair Work Committee, the Local Government and Communities Committee and the Rural Economy and Connectivity Committee. Considered together, this suite of reports provides the complete report to the Parliament on the draft CCPu.

Background

The legislative framework

4. The Climate Change (Scotland) Act 2009 requires the Scottish Government to produce a plan setting out proposals and policies for meeting future greenhouse gas (GHG) emissions reduction targets. Known as the Climate Change Plan (CCP), it is published every five years and generally covers a 15-year timespan. The most recent CCP was published on 28 February 2018, and covers the period to 2032.

5. The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 amends the Climate Change (Scotland) Act 2009. It makes provision for setting targets for the reduction of GHG emissions and for advice, plans and reports in relation to those targets, with the objective of Scotland contributing appropriately to the world’s efforts to deliver on the Paris Agreement reached at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change. It significantly increases Scotland’s GHG emissions reduction target (against a 1990 baseline) to net-zero emissions by 2045, with interim targets for reductions of: 56% by 2020; 75% by 2030; and 90% by 2040.

6. Following adoption of the new targets, the Scottish Government undertook to revise the 2018 CCP within six months of the Act. However, in April 2020 the Cabinet Secretary for Environment, Climate Change and Land Reform noted that the intended laying date for the updated CCP (CCPu) was no longer practical for a number of reasons including the shock to the economy and the need to focus resources on immediate responses to the Covid-19 emergency. On 29 April 2020, the Cabinet Secretary also noted the Climate Change Plan update was to be repurposed “to inform thinking on the green recovery.” The Scottish Government published the CCPu – Securing a Green Recovery on a Path to Net Zero: Climate Change Plan 2018–2032 - update – on 16 December 2020.

7. On 12 January 2021, SPICe published two briefing papers that provide information and analysis of the draft CCPu and associated issues:

- Draft Climate Change Plan Update – Background Information and Key Issues
- Draft Climate Change Plan Update – Key Sectors.
Approach to Parliamentary Scrutiny

Previous and related parliamentary scrutiny

8. The Committee has been significantly engaged in climate change scrutiny over the current parliamentary session. In all of its work the need for urgent and transformational change in response to the climate emergency and to meet the net zero emissions reduction targets has been stressed.

9. In 2017 the Committee considered a draft of the third CCP, collaboratively with three other parliamentary committees – all of which reported in March 2017. The final CCP was published by the Scottish Government in February 2018. The Committee considered the Climate Change (Emissions Reduction Targets) (Scotland) Bill between May 2018 and June 2019, reporting at Stage 1 in March 2019 and at Stage 2 in June 2019. Most recently the Committee conducted an inquiry into green recovery from June to November 2020 and this established a strong foundation of evidence ahead of scrutinising the CCPu. The Committee heard from community groups and individuals across Scotland via its public engagement programme and received over 100 responses to its call for views. The Committee held evidence sessions with experts and stakeholders across September and October 2020 to explore the parameters of a green recovery. The Committee’s report was published on 8 November 2020. The Committee made a number of detailed recommendations in that report and concluded that there is a significant implementation gap – where solutions have already been identified but not applied. The Committee recommended that the Scottish Government set out a detailed Green Recovery routemap, of which the CCP and CCPu would form part. The response from the Scottish Government was received on 2 February 2021. This broadly welcomed the Committee’s report but did not address many of the specific recommendations and the Committee is seeking a further detailed response.

Parliamentary scrutiny of the draft CCPu

10. Building on the experience of collaborative scrutiny of the second and third CCP, four parliamentary committees agreed a joint approach to reviewing the draft CCPu, scrutinising the parts of the CCPu aligned to their remits. The CCPu also includes an overview section that details the Scottish Government’s approach to green recovery. As this crosses all remits, each Committee explored the extent to which the CCPu effectively delivers a green recovery:

- **Environment, Climate Change and Land Reform Committee**: Overview, development of updated CCP, climate change governance, (including monitoring and evaluation), water, resource use, land use (including peatlands and land use by the public sector), marine/blue carbon, waste and behaviour change, and anything not covered by other committees.

- **Economy, Energy and Fair Work Committee**: Electricity generation, reducing energy demand, renewable energy (renewable electricity and renewable heat), interconnection and grid issues, and industry.

- **Local Government and Communities Committee**: Planning and housing, buildings and fuel poverty.

- **Rural Economy and Connectivity Committee**: Rural affairs, agriculture, forestry, and transport.
**Key questions addressed by each Committee**

11. With scrutiny in the context of a just transition, the four committees sought views on five key questions:

1. progress to date in cutting emissions within the sector/sectors of interest and implementing the proposals and policies set out in RPP1 – 3.

2. the scale of reductions proposed within the sectors and appropriateness and effectiveness of the proposals and policies within the CCP for meeting the annual emissions targets and contributing towards the 75% reduction in GHG emissions by 2030 and net-zero by 2045 targets.

3. the appropriateness of the timescales over which the proposals and policies are expected to take effect.

4. the extent to which the proposals and policies reflect considerations about behaviour change and opportunities to secure wider benefits (e.g. environmental, financial and health) from specific interventions in particular sectors.

5. The extent to which the updated CCP delivers a green recovery.

**Evidence received**

12. A joint call for views was issued on the 16 December 2020, with a closing date of 12 January 2021. 156 responses were received across the four committees and the ECCLR Committee received approximately 47 responses from a diverse range of stakeholders and individuals. The submissions can be accessed here. The ECCLR Committee took evidence across four committee meetings from:

- **Scottish Government officials** on 19 January 2021 on the overview of the draft plan, development and structure of the plan, climate change governance (including monitoring and evaluation), resource use, the water industry, public sector, peatlands and land use.

- **Stakeholders** on 26 January 2021 on development and structure of the draft climate change plan, overall ambition of the plan, behavioural change and climate change governance (including monitoring and evaluation issues) and took evidence from stakeholders on 2 February 2021 on resource use, the water industry, public sector, peatlands and land use; and heard from the Climate Change Committee (CCC), the independent advisory body to government.

- The Committee completed taking evidence on 15 February 2021, from the Cabinet Secretary for Environment, Climate Change and Land Reform, on the overview of the updated Climate Change Plan and evidence received/heard.

13. Following the evidence session with Scottish Government officials on 19 January the Committee wrote to the Scottish Government with a series of questions (21 January) and the Scottish Government responded on 1 February. The Scottish Government also wrote to the Committee on 5 February to highlight major changes to the technical inventory accounting methods for peatlands.

14. The Committee thanks all of those who provided written and oral evidence to this inquiry and to previous related inquires.
Draft Climate Change Plan update (CCPu) - Overview

Progress to date in cutting emissions

15. The Committee explored the progress to date in cutting emissions within the sectors of interest and progress in the implementation of the proposals and policies set out in previous Climate Change Plans (1st – 3rd Reports on Policies and Proposals - RPP).

16. Scotland has halved greenhouse gas emissions in the last 30 years. These gains have come primarily from decarbonising the electricity sector and closing much of Scotland’s heavy industry, with some gains in the waste, manufacturing and residential sectors. Emissions in the transport and agricultural sector have shifted little and remain a challenge.

17. Land use, land-use change and forestry (LULUCF) has historically been a carbon sink, however a change to the methodology (due to the inclusion of emissions from peatland) will result in an increase in the baseline of LULUCF emissions. As a result, LULUCF will shift from being a net sink to a net source of emissions. In combination with a reduction in the emissions sink associated with forestry, LULUCF emissions are forecast to rise by over 280% over the period between 2020 and 2032. However, new estimates for peatland emissions were published after the publication of the draft CCPu. These new estimates reflected a further increase in emissions from peatlands, and it remains unclear how this will affect the emissions envelope.

18. To achieve the targets set out in the 2019 Climate Change Act, and to account for the additional emissions from the LULUCF sector, the Committee notes that emissions levels will have to more than half again over the period to 2032, the period covered by the CCPu.

The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019

19. The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 (the Act) placed several significant new requirements on the Scottish Government when producing its next CCP. The Act requires that the CCP set out, among many other requirements: Scottish Ministers’ proposals and policies regarding the exploitation of fossil fuels including onshore unconventional oil and gas reserves; the development of district heating for new developments, where feasible; the public procurement of electric vehicles; improved access to electric vehicle charging stations for those living in tenements; and proposals and policies regarding public procurement of ultra-low emission vehicles.

20. The Act requires the CCP to set out the Scottish Ministers’ proposals and policies regarding the establishment of a whole farm approach to emissions accounting on Scottish farms, and the reduction of Scottish whole farm greenhouse gas emissions through the use of: research; knowledge transfer and advice, land management accreditation, including organic farming, nutrient resource budgeting; circular economy initiatives; energy generation and efficiency, any land use strategy prepared under section 57 of the Act; agroecology; carbon sequestration, and; agroforestry.

21. The Act also requires that the CCP sets out:

- Scottish Ministers’ proposals and policies regarding the consideration of the potential for the capture and long-term storage of carbon when designating marine protected areas under section 67 of the Marine (Scotland) Act 2010;
- proposals and policies for taking, or supporting, action to reduce emissions of greenhouse gases (whether in Scotland or elsewhere) which are produced by or
otherwise associated with the consumption and use of goods and services in Scotland;

• proposals and policies for supporting, including by the sharing of expertise and technology, action in developing countries to reduce emissions of greenhouse gases and adapt to the effects of climate change;

• with reference to the just transition principles - how the proposals and policies set out in the plan are expected to affect different sectors of the Scottish economy and different regions in Scotland, including how they are expected to affect employment in those sectors and regions, and not specifically, but arguably yes and set out the Scottish Ministers' proposals and policies for supporting the workforce, employers and communities in those sectors and regions;

• how it has regard to the climate justice principle;

• how the implementation of the plan is expected to contribute to the achievement of sustainable development, including the achievement of the United Nations sustainable development goals;

• an assessment of the progress towards implementing proposals and policies set out in the immediately preceding plan;

• an estimate of the costs and benefits associated with the policies set out in the plan.

22. While the Committee recognises that the CCPu is an update to the 2018 CCP, and therefore is not legally bound to incorporate the requirements as set out in the 2019 Act, the Committee expected the Scottish Government would seek to reflect those provisions, as far as it was possible to do so. The Committee is concerned that the draft CCPu does not include a number of those actions identified in the 2019 Act.

Ambition of the CCPu

23. In the Committee’s 2017 report on the CCP it highlighted concerns in relation to the development of the carbon envelopes for each sector. It stated that this had been inconsistent, and that agriculture and transport, the sectors which have made least progress in cutting emissions, were not being asked to make the significant leaps anticipated by the CCC and stakeholders. In its 2017 report the Committee stated that the emission reductions expected of each sector should be equally challenging and recommended that the Scottish Government revise the carbon envelopes for transport and agriculture to show greater ambition.

24. In considering the draft CCPu the Committee again asked if the scale of reductions proposed within the sectors was appropriate and asked if the proposals and policies within the CCPu are effective in meeting the annual emissions targets and contributing towards the 75% reduction in GHG emissions by 2030 and net-zero by 2045 targets.

25. Much of the evidence received by the Committee indicated a significant level of support for the scale of the proposed emissions reductions and the overall ambition set out in the draft CCPu. The Committee heard the CCPu contains a strong recognition of the scale of the transformation that is needed and how we might go about achieving it. The strengthened focus on cross sectoral working and the inclusion of the ‘coordinated approach’
section (e.g. covering Whole Systems Energy, Land Use and Nature-Based Solutions, Circular Economy) was welcomed. However, the detail on how to reach that ambition is considered by most to be substantially lacking and concerns over the credibility and achievability of the CCPu were highlighted. In particular, the Committee consistently heard that the CCPu:

- lacks clarity around how the modelling, evidence base and assumptions have been used to inform policy judgements throughout;

- lacks transparency around how emission reduction envelopes were determined and how targets will actually be met;

- relies on proposals to explore options, review policy, produce more research and engage with stakeholders, or develop subsequent ‘roadmaps’, strategies, or action plans (the content of which is unknown at present), rather than offering specific, measurable, time bound, and funded policies and proposals. This results in considerable uncertainties in assessing the ambition of emissions reductions associated with each policy and proposal;

- lacks sufficient policy detail, clarity on timescales and on where the largest challenges are across sectors;

- does not set out how much abatement each policy and proposal is responsible for achieving (or provide an indication of the relative importance of one policy over another), making it impossible to assess whether the policies and proposals are adequate to deliver the sectoral envelopes, meet the ambition and show what reductions in emissions will result;

- in many areas does not describe the detail of how emissions reductions will be delivered e.g. through Scottish or UK policies; or notes that it relies on action in a number of reserved policy areas, without detailing how it plans to engage with the UK Government;

- relies too heavily on Negative Emission Technologies (NETs), with a lack of a contingency (Plan B);

- as an iterative approach raises questions as to whether the monitoring, evaluation, policy implementation cycle is sufficient, whether data collection is sufficient, and whether it’s sufficiently resourced, and;

- implementation timescales do not reflect the urgent nature of the climate emergency and the immediate opportunities to progress a green recovery.

26. The Committee heard there is a lack of evidence of a credible policy framework, comprising regulation, incentives, resource, delivery programmes and enabling policy, to achieve the targets. The Committee also heard that some sectors continue to lag in ambition and detail on how to achieve the ambition is too often lacking – notably in agriculture. Chris Stark, Chief Executive of the CCC, noted that the CCPu “is on the fringes of credibility”; as is the 2030 target, stating the CCPu process “struggled to meet the exam question Parliament has set for it for 2030”. He also noted that the projected reductions in emissions in the buildings sector (68%) go further than in the CCC’s scenarios, whereas other sectors e.g. agriculture are much weaker. He said it was unclear whether the policies in the main
part of the CCPu will amount to the emission reductions and it was unclear where the deficiencies might be. He said there is a gap between what is promised in the numbers and the modelling exercise and what is promised in the policies.

27. The Committee explored questions around ambition with the Scottish Government. Providing evidence to the Committee, the Cabinet Secretary confirmed her confidence in the CCPu, stating that it provides a credible pathway to 2032 and is a strong signal of intent. However, she also stressed that the emissions reduction target of 75% by 2030 is not based on advice from the CCC on what was achievable but is based on the targets set out in the 2019 Act.

28. The Committee explored the emissions assessments and assumptions. In response to written questions from the Committee, the Scottish Government stated that it had not been feasible to conduct emissions assessments of every policy and proposal given the uncertain context in which the draft CCPu was developed and confirmed that in many cases this is not yet possible as significant development and consultation is required before the necessary detail is finalised. In giving evidence to the Committee the Cabinet Secretary confirmed this, stating that in some areas (such as waste and forestry) outcomes are easier to calculate than others and across every sector there is a range of certainty. She indicated that there are many areas of significant uncertainty, impacted by changes in the science and technology. The Cabinet Secretary also highlighted uncertainties around sectors such as transport in relation to where emissions reduction might best be effected.

29. When questioned on the concerns expressed in relation to the comprehensiveness and detail of the policies and proposals the Cabinet Secretary stated that the CCPu was not a ‘complete’ climate change plan and the CCPu was not intended to be encyclopaedic in reflecting all of the policies and proposals that would deliver emissions reductions.

30. The Committee sought to understand how technological advances and issues in relation to the pace of development would be monitored and reported on in order to inform planning and decision-making. This was unclear. The Committee also sought to understand the emissions effect of the whole capital investment programme. This was also unclear.

31. While the Committee welcomes the level of ambition set out in the draft CCPu, it shares many of the concerns expressed in evidence, including in relation to the approach to modelling, the assumptions and the level of detail contained in the CCPu. It is unclear to the Committee whether the policies and proposals will amount to the required emission reductions and it is unclear where the deficiencies might be. The Committee notes the assessment of the CCC that there is a gap between what is promised in the numbers and the modelling exercise and what is promised in the policies. The Committee is concerned that without detail on the policies and proposals and on the sectoral delivery and implementation strategies it is hard to determine the pathways to the ambition and it is hard to be confident that the CCPu is sufficient to deliver the required emissions reductions at pace.

32. In its report on the draft CCP in 2017 the Committee commented on the specificity of policies and proposals and on implementation. At that time the Committee stated it did not consider that the suite of policies and proposals in the draft CCP were capable of SMART analysis and proposed that the Scottish Government include further specific and consistent information across all policies and proposals in the final CCP to ensure there is clarity in the pathways to delivery. The Committee recommended that each policy and delivery route contain detail, supported by evidence or data, to show precisely how it will be achieved. The Committee repeats those concerns and recommendations in relation to the draft CCPu.
33. In terms of ambition, serious concerns were also expressed over the expectations for Negative Emissions Technologies (NETs), both in terms of timescales for delivery (commencing in 2029) and in terms of the viability of sequestering nearly 25% of gross emissions by 2032, without a back-up plan.

34. The Committee, and many other voices, have repeatedly called for urgency of action and the need for rapid transformational change – in its scrutiny of the CCP in 2017, in its scrutiny of the Climate Change Bill in 2018-2019, and in its recent report on a green recovery, where the Committee consistently called for frontloading of action and expenditure. The CCP was published in 2018, the Scottish Government declared a climate emergency in 2019 and the revised targets were set out in statute in 2019. While the ambition in the draft CCP is to be welcomed, action across all sectors is urgently required.

35. While the Committee welcomes the level of ambition set out in the draft CCP, it shares many of the concerns it heard around the lack of evidence and detail set out in several aspects of the CCP. This includes the lack of information to support how the chosen sector emission envelopes have been derived, a lack of information setting out how the policies and proposals will amount to the required emission reductions and a lack of detail to highlight how the policies and proposals are to be implemented. The Committee considers that there needs to be a greater focus on implementation.

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<th>Ambition – The Committee recommends the Scottish Government ensures that the final CCP:</th>
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<td>36. sets out more detail about how the abatement associated with the policies aligns with the emission envelopes to ensure that there is clarity in relation to the emission significance of each policy and proposal. Where that information is not available, sets out where judgements have been made and clarifies the evidence base and the criteria underpinning policy judgements.</td>
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<td>37. provides clarity in delivery and implementation, setting out clearly: where responsibilities lie, what commitments are in place and specific timescales for delivery – as the Committee recommended previously, policies and proposals need to be SMART - specific, quantified and time-bound.</td>
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<td>38. incorporates the contingency planning (Plan B) conducted to account for uncertainties across sectoral areas, in particular those associated with achieving the abatement and schedule in respect of NETs.</td>
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**TIMES Model and Balance of Effort**

39. The Scottish Government used the TIMES Model to identify the balance of effort across the sectors. This model underpinned the 2018 CCP and differs from the model used by the CCC. In scrutinising and reporting on the draft CCP in 2017 the Committee broadly welcomed the principle of a “whole system” approach but considered the TIMES Model and the development of the carbon envelopes were not sufficiently structured, formalised or consistent to deliver this. In its 2017 report the Committee said:

‘There is a lack of clarity and transparency in the draft Plan surrounding the information that was fed into and produced by the TIMES Model which has meant that the Committee has been constrained in its ability to fully scrutinise and express
confidence in the policies and proposals which have been advocated. In particular, the development of the carbon envelopes for each sector has been inconsistent, and agriculture and transport, the sectors which have made least progress in cutting emissions, are not being asked to make the significant leaps anticipated by the CCC and stakeholders. The emission reductions expected of each sector should be equally challenging. The Committee recommends the Scottish Government revise the carbon envelopes for transport and agriculture to show greater ambition.’

40. In considering the draft CCP in 2017 the Committee was unclear on the extent to which abatement potential influenced the inclusion of policies and suggested that a formalised and consistent approach to these issues should be included in the final CCP. The Committee also stated that it was unclear whether assumptions such as the development and implementation of carbon capture and storage are supported by alternatives, should the assumptions which have been made prove to be unfounded, and recommended that the final CCP should set out an alternative “Plan B”.

41. Many of the issues highlighted and concerns expressed by the Committee in its 2017 report in relation to the scrutiny of the approach to modelling to inform the draft CCP are reflected in the evidence it received on the draft CCPu. However, in developing the emissions envelopes for the CCPu the Committee understands that all sectors were encompassed by the TIMES Model. The Committee considers this to be a welcome improvement to the modelling approach.

42. Annex C of the draft CCPu states that the envelopes produced by the TIMES Model did not meet the statutory emissions reduction targets. Therefore, the necessary additional effort was allocated to sectors, outwith TIMES, on a pro-rata basis. Two exceptions were made to this:

- no additional emissions were allocated to the Industry sector, said to be “consistent with the approach to avoid carbon leakage”; and
- the additional emissions reductions which would have been allocated pro rata to the Agriculture sector were instead assigned to Land Use, Land-Use Change and Forestry (LULUCF).

43. The Committee heard significant concerns about the modelling approach underpinning the draft CCPu, the evidence base used to determine the balance of effort and how this was apportioned across sectors. Academics, and the CCC, highlighted that while the additional pro-rata abatement effort for agriculture has been allocated to the LULUCF sector the additional need for land from increased abatement effort in LULUCF has implications for the farming sector and for agricultural land. They suggested that this needs to be considered in the round, alongside a system of rewards for farmers for other land uses, and dietary change to ensure viability of farm businesses and to avoid offshoring consumption emissions.

44. Some stakeholders raised concerns that by protecting agriculture from having to make bigger changes, there is a risk of ossification of the sector, and suggested that the post-Brexit structures to support agriculture must create incentives and enable the required changes.

45. There was some recognition of the rationale for the industry exception, linked to the risks of carbon leakage. However, the Committee notes that this consideration is informed by provisions associated with the UK and EU Emission Trading Scheme rather than more
detailed Scottish specific evidence that sets out the risks of carbon leakage in a Scottish context. The Committee also heard about the risks of Scotland’s industry potentially losing out to other locations if industry elsewhere decarbonises earlier or at a greater pace. Some suggested that this approach risked a “deferred collapse situation” for both the industry and agriculture sectors. The Committee heard that jobs are likely to be lost in some industries, regardless of whether there is a just transition and we need to plan for that.

46. The Committee explored the evidence to support the decision not to attribute additional abatement effort to agriculture and the risk that shielding the sector from any change in output, will result in harder choices and more disruption in the future and will lead to a less viable sector. The Cabinet Secretary indicated that decisions were based on ClimateXChange research carried out by the SRUC on technically feasible measures. She said any requirement to reduce emissions more quickly is liable to harm domestic production and risk significant damage across the sector, resulting in losing a critical mass of activity in remote and vulnerable areas. She also stated that reduced domestic production would result in carbon leakage and there would be a risk of an overall increase in global emissions. In both cases she confirmed that these decisions were made in line with the Scottish Government commitments to a just transition and to avoiding job losses.

47. The Committee notes that the reporting of emissions in agriculture and LULUCF is separate under United Nations Framework Convention on Climate Change (UNFCCC), therefore historically has been separate and that the 2019 Act requires separate reporting. However, as carbon management is expected to become more closely aligned in policy and practice the Committee was interested to understand if it is appropriate to continue to consider the agriculture and LULUCF sectors as separate and distinct. The Committee is of the view that while emissions reductions may require to be separately monitored and reported on, they should be integrated in the development of policy and in proposals for action. The Committee considers that this integration would better reflect some of the existing practical actions of farmers, foresters and land managers and would send a clear signal that the agricultural sector can make positive land management changes to sequester carbon and needs to diversify away from purely agricultural practices. The Committee considers that there needs to be a cultural shift away from the division between farming, forestry, and other land management as separate sectors.

48. The Committee sought to understand the impacts on agriculture of the LULUCF sector having to decarbonise further and faster and the potential knock-on effect on other sectors as there is a finite amount of land. The Committee would welcome further detail on this critical issue.

49. The Committee wrote to the Scottish Government seeking to clarify what degree of certainty there is that the sectoral envelopes are achievable, given the envelopes produced by the TIMES Model did not meet the targets and the CCC reported that none of their five scenarios through their Sixth Carbon Budget (December 2020) met Scotland’s 2030 target (75% reduction). The Committee also explored this with the Cabinet Secretary.

50. The Committee heard about the challenges and opportunities for decarbonising industry in Scotland and Chris Stark noted that ‘there is still a kind of feeling around that this is a problem to be managed rather than an opportunity for Scottish industry.’ The Committee heard about the importance of Scotland grabbing the opportunity to decarbonise industry through carbon capture with Chris Stark noting that:

‘There are risks if we do not do that in Scotland and act too slowly. Another area might decarbonise faster, so jobs might move elsewhere and there will be a difficult-to-
manage impact on places such as Aberdeen, where there is a high concentration of jobs in the oil and gas sector. The biggest concern for me is that there will be competitive job creation outside Scotland entirely, so employment will be entirely lost to another country or part of the UK.’

51. The Committee is concerned that the impact of the approach to determining the emission envelopes for agriculture and industry may undermine the need to ensure that they are well positioned for the net-zero opportunities of the future and do not end up disadvantaged. The Committee also considers that a more integrated approach to cutting emissions across agriculture and LULUCF is needed given the sectors are expected to become more closely aligned in policy and practice.

### Balance of Effort – The Committee recommends the Scottish Government:

52. sets out the evidence used to support the decision not to attribute additional abatement effort beyond that allocated in the TIMES framework to industry and to agriculture.

53. reflects on whether the industry emissions envelope indicates the right balance between protecting the industrial sector from greater emission reductions in order to avoid carbon leakage with the need to position Scotland’s industrial sector at the forefront of a UK-wide low carbon industrial transition. This is important in order not to lose out on the economic and social opportunities that this presents.

54. reflects on the concerns expressed in relation to the implications of seeking to shield the agriculture sector from any additional effort and the potential that harder choices and more disruption in the future may lead to a less viable sector in the long-run, and sets out how Scotland’s land-based sectors will instead lead the way in low-carbon land management and capture the benefits that innovation may bring.

55. sets out clearly in the CCPu how the decision to attribute additional emissions reductions to LULUCF, instead of agriculture, will impact agriculture itself in terms of land availability and the need for land use change in the context of land as a finite resource.

56. takes a more integrated approach to cutting emissions across agriculture and LULUCF, given the sectors are expected to become more closely aligned in policy and practice.

### Key Assumptions

57. The Committee asked if the timescales over which the proposals and policies are expected to take effect are appropriate and explored key assumptions in the draft CCPu.

58. The Committee heard concerns regarding the projected emissions reduction between 2018-2020 and the baseline figures used to determine emissions reductions. The most recent emissions statistics show that Scotland produced 41.6 MtCO2e in 2018, and the draft Plan uses this as the baseline for 2020 emissions. However there are some notable differences within the sectors, with unprecedented reductions assumed from 2018 to 2020; for example:
59. The draft CCPu highlights that transport emissions are expected to drop by 41% between 2020 and 2028 and are then static through to 2032. Similarly, emissions in the buildings sector are forecast to drop by 68% by 2029 and are then static through to 2032. Information on the basis of these assumptions is not included in the CCPu.

60. The Committee heard that there was some confusion over the proposed timescales for decarbonising certain sectors; e.g. it is not clear why buildings, transport and waste emissions plateau part way through the CCPu period when momentum will need to be maintained, and further significant reductions will be necessary beyond 2032. Chris Stark noted that assumptions in relation to the projected emissions reduction between 2018 – 2020 appeared “heroic”, and that the plateau in transport and buildings emissions towards the end of the decade were an “oddity”. The Committee explored the emission statistics with the Scottish Government to understand if it is realistic to expect such significant reductions in emissions between 2018 and 2020 and what contingency plans are in place if these are not achieved. Correspondence from the Scottish Government stated that the 2020 figures in the CCPu are not estimates or projections for the actual emissions which occurred during 2020. Estimates for these will not be available until 2022.

61. The Committee explored why emissions in buildings, transport and waste plateau part way through the CCPu period when momentum will need to be maintained, and further significant reductions will be necessary beyond 2032 with the Cabinet Secretary. The Committee also asked how the decision to maintain these flat emissions profiles was made, and what assumptions and judgements were taken into account. The Committee was particularly concerned about the implications of this plateau in emissions reduction for meeting the 2045 target. In response the Cabinet Secretary recognised a ‘lumpiness’ across the sectors and said the CCPu was trying to reflect a balance of effort across the sectors over the longer term and prevent envelopes going down and then up as a result of carbon capture and storage. When pressed on the reasons for plateauing she stated that it was not a simple exercise, a degree of judgement is required, and the Scottish Government had tried to focus on what will deliver earliest and fastest. She suggested from now until 2030 was ‘a game of two halves’.

62. Concerns were also expressed in evidence over NETs, with significant questions on the credibility of the NETs assumptions and the timescale for delivering a functioning NETs sector. While most have been broadly supportive of the approach to pursuing carbon capture and storage there were concerns at the scale and timescales referenced in the draft CCPu and the implications and consideration associated with sourcing the biomass required. Chris Stark described the assumptions on negative emissions as ‘pretty bold’, Tom Shields described it as ‘a credible plan, albeit a very ambitious one’ and Andy Kerr suggested it was not realistic to think that the technology will operate for the first time in 2029 at significant scale with nearly a quarter of all gross emissions being sequestered by negative emissions technology by 2032. The Committee raised these concerns with the Cabinet Secretary who stated that the Scottish Government will be going back to the CCC to explore the uncertainties in relation to NETs and emphasised the need for urgent focus on this from both the Scottish and UK Governments, saying ‘it is absolutely critical that we develop all options for reducing emissions’.

63. The Committee also questioned the planning assumptions in relation to the peatland emissions added to the LULUCF sector emissions envelope as it was unclear how the
additional 6.5MtCO2e was determined. The CCPu states that the large increase in emissions (-5.4 MtCO2e in 2018 to 0.6 MtCO2e in 2020 (anticipated emissions)) is due to the addition of 6.5 MtCO2e in peatland emissions to the greenhouse gas inventory. However, the CCC anticipated that peatland emissions would add 6-10 MtCO2e. The addition of 6.5 MtCO2e included in the draft CCPu is at the lower end of this range.

64. A new Scottish Government report, published on 5 February 2021, outlined the outcome of analysis to determine the size of the adjustment for peatlands, which BEIS concluded and published the results of on 2 February 2021. The final figures will be published in June 2021, but this report offers greater clarity. The UK Government’s final approach to implementing the new peatland emissions is expected to add +7.7 MtCO2e to the Scottish GHG inventory at 2018. The Scottish Government has confirmed that this figure differs from the planning assumption used in CCPu (which was +6.5 MtCO2e). The Committee understands that the Scottish Government is now commencing a review of the impact of this on meeting the emissions reduction targets. The Scottish Government has confirmed that this review will take some time to complete due to the technical nature of issues around the inventory, and the fact that the Scottish Government is awaiting the updated projections of future LULUCF emissions from BEIS. The Committee is unclear where this leaves the anticipated LULUCF emissions envelope over the period 2020-2032 as set out in Annex C of the draft CCPu and how this may affect the effort required in the LULUCF (and other) sectors to achieve required emissions reductions by 2032. The Committee questions if the LULUCF (and other) policies and proposals described are sufficient to compensate and seeks further information on the contingency planning done by the Scottish Government for the LULUCF chapter, and across the CCPu, given that there was evident uncertainty around the figures ahead of the publication of this data.

65. Given the changes to the LULUCF inventory the Committee questions if all further effort to mitigate these emissions will fall within that sector, or if they could be spread pro-rata across other sectors as they were following the TIMES modelling for the CCPu. The Committee is concerned about the impact on agriculture if further effort is placed on the LULUCF sector. The Committee is also interested to understand the impact of this on the timing for finalisation of the CCPu.

66. The Committee has concerns about the implications of several of the assumptions reflected in the draft CCPu. These include the projected scale of reductions in emissions between 2018 and 2020 for several sectors, the estimate for emissions from peatlands that is reflected in the CCPu and the assumptions supporting the schedule and abatement potential attributed to NETs. The Committee also seeks clarity on the implications of the changes to the GHG inventory and the necessary revision to the CCPu.

Key Assumptions – The Committee recommends the Scottish Government:

67. outlines the evidence used to justify the projected emissions reductions between 2018 and 2020 and details what contingency plans are in place if the anticipated reductions are not achieved, including further frontloading.

68. outlines how the new information on peatlands emissions data will affect the effort required in LULUCF, or in other sectors, to achieve the required emissions reductions by 2032.
69. demonstrates what contingency planning is underway to account for the uncertainty around the baseline figures used for the LULUCF pathway to take account of the potential for further LULUCF revisions over time and to ensure that achieving the required emissions trajectory and targets is not jeopardised.

70. explains why emissions in buildings, transport and waste plateau part way through the CCPu period when momentum will need to be maintained, and further significant reductions will be necessary beyond 2032. The Scottish Government should specifically address the basis of the decision to maintain these flat emissions profiles and what assumptions and judgements were taken into account, and set out the implications for the 2045 target of this plateau in emissions reduction.

Just Transition

71. The need for a just transition has been at the heart of the Committee’s scrutiny this session – from consideration of the Climate Change Plan in 2017, through the Climate Change Bill, and is embedded in the Committee’s work on green recovery.

72. The Committee heard that the need and opportunities for a just transition were reflected and embedded in the draft CCPu at a high level but it did not include a detailed analysis of the impact of those policies, as is necessary, and as called for by the Just Transition Commission. The Committee heard that the CCPu does not meet two out of three requirements: to analyse and provide a clear assessment of the impacts on people and employment, and; to give an explanation of the policies that the Government will enact to manage those impacts so that there is a just transition. The Committee heard that the alignment of the CCPu with a just transition was better progressed in some areas such as buildings, the skills plan and the engagement plan - with an intention to develop tailored plans to support a just transition through skills and to engage people in that process. The Committee heard that this approach has also been taken to food and food waste and these were considered to be positive steps. However, the Committee also heard that this had not been applied across the board in other sectors and there was a lack of consideration of the range of geographical considerations of a just transition within the CCPu.

73. When questioned on the lack of assessment in relation to a just transition the Cabinet Secretary stressed that the CCPu was an update to the CCP. The Committee asked the Cabinet Secretary if there is a risk to the just transition if it is not affordable to everyone. The Committee is conscious that a just transition is not simply about industrial redevelopment and considers that the CCPu must address all aspects of a just transition. The Committee would welcome further information on the action the Scottish Government is taking to ensure that low carbon goods and services are available to everyone, and that the wealthy reduce their fair share of emissions.

74. The Committee welcomes the draft CCPu’s reflection and embedding of just transition at a high level but considers that more work is required in the final CCPu to better reflect a more detailed analysis of the impact of policies in supporting a just transition and the coherent integration of a just transition across the sectors.
Just Transition – The Committee recommends that the Scottish Government:

75. sets out how the CCPu refers to each of the detailed recommendations set out by the Just Transition Commission in its green recovery report.

76. undertakes a full analysis and provides a clear assessment of the impacts of the policies and proposals within the CCPu on people and employment, setting out a clear explanation of how the impacts will be managed to ensure a just transition.

77. provides greater detail on the geographical considerations of a just transition in the CCPu.

78. embeds just transition considerations more thoroughly across all sectors in the CCPu.

79. ensures all sector emission reduction plans and pathways are complemented with an associated jobs and skills/training plan that collectively supports delivery of a just transition and green recovery agenda.

80. provides further information on the action that the Scottish Government is taking to ensure that low carbon goods and services are available to everyone, and that the wealthy reduce their fair share of emissions.

Green recovery

81. On 6 May 2020, the UK Climate Change Committee (CCC) provided advice to the Scottish Government on building a resilient recovery from the COVID-19 crisis. This was in response to a formal request from the Scottish Government for advice on a ‘green recovery for Scotland’. “The CCC recommends that the Scottish Government, in partnership with Westminster, prioritises actions according to six principles for a resilient recovery:

1. use climate investments to support the economic recovery and jobs
2. lead a shift towards positive long-term behaviours
3. tackle the wider ‘resilience deficit’ on climate change
4. embed fairness as a core principle
5. ensure the recovery does not ‘lock-in’ greenhouse gas emissions or increased climate risk
6. strengthen incentives to reduce emissions when considering fiscal changes

82. The ECCLR Committee’s green recovery inquiry report made a number of recommendations relevant to the draft CCPu. These include:

- the need for strong and bold leadership to be embedded and demonstrated across the public sector.
- the importance of frontloading low carbon and green recovery action and investment.
- the importance of a clear, long-term policy framework that provides investor confidence and supports a green recovery.
- the need for policies and actions set out in the Climate Change Plan to be costed and details of how they are to be funded set out.
83. The CCPu includes a chapter on green recovery and in responding to the Committee’s inquiry report the Scottish Government suggested that the CCPu is the routemap to a green recovery. In its call for views on the draft CCPu, the Committee asked to what extent the CCPu delivers a green recovery.

84. Evidence suggests it is difficult to determine whether the CCPu maximises the potential for a green recovery. The £100m Green Jobs Fund, £60m Youth Guarantee and £25m National Transition Fund were welcomed, however it is unclear what sectors these funds will help, and whether they will focus on sectors disproportionately affected by the pandemic. The Committee heard that there is much greater scope for securing and creating additional jobs through delivering nature-based solutions.

85. Chris Stark suggested that while the Scottish Ministers have responded to the principles the CCC set out and to their recommendations this does not go far enough and the response needs to be framed to the economic crisis we are facing as we come out of the pandemic to ensure that we achieve a green recovery. He suggested that a climate investment strategy, rather than a straightforward economic recovery plan, with more of a focus on capex and capital investment was required.

86. The Committee’s previous work on green recovery highlighted the need for policy coherence, and the inclusion of a new chapter on a ‘coordinated approach’ has been welcomed, however delivery will be key. The Committee considers that the CCPu would form part of the routemap to a green recovery but an overall plan for green recovery, that encompasses the CCPu is still required.

87. The Committee welcomes the chapter on Green Recovery as the CCPu makes an important contribution to a green recovery and should form part of the overall routemap to Scotland’s green recovery. However, the Committee considers that the CCPu could set out more clearly how and where it supports the immediate opportunities associated with a green recovery. The Committee also welcomes the chapter on a coordinated approach, which it considers should help support policy coherence.

Green recovery – The Committee recommends that the Scottish Government:

88. provides greater clarity in delivery and implementation of the CCPu, for example making policies SMART, setting out clearly where responsibilities lie and how commitments will be funded, in order to maximise the green recovery opportunities associated with early action.

89. sets out a routemap across all sectors that aligns with supporting a just transition and shows where there are skills gaps and where career transition needs to be supported. This routemap should set out specific, time bound and measurable criteria and targets to allow for ongoing scrutiny and monitoring.

90. incorporates the recommendations contained within the Committee’s report on green recovery to the sectoral plans for housing, transport, energy etc into the final CCPu.
**Behaviour Change**

91. The Committee sought to understand the extent to which the proposals and policies in the draft CCPu reflect considerations about behaviour change and opportunities to secure wider benefits (e.g. environmental, financial and health) from specific interventions in particular sectors.

92. The draft Public Engagement Strategy sets out three strategic objectives relating to behaviour change; "policy design" and "normalising action on climate change", as well as a new "public-facing website, netzeronation.scot". The Scottish Government stated that its approach to public engagement focuses on: helping people feel connected to the transition to net zero to encourage meaningful engagement with people’s values, interests, and concerns to facilitate a society-wide response to the climate emergency.

93. The Committee heard a wide range of evidence on the importance of engendering positive change across society, this included broad messages: systemic change has to be planned for, with a clear public understanding of the reasons for this, and; behaviour change happens more quickly when societal tipping points are reached, leading to positive feedback effects and behaviour shifting away from the old norm. Evidence highlighted that the current pandemic has shown we can act boldly and at pace and stressed that these opportunities need to be seized. In relation to behaviour change and the CCPu the Committee heard:

- the draft Public Engagement Strategy is helpful, but in some ways it is too focussed on climate. It may be that engaging people on the health or air quality impacts of positive behaviour has better results. There is a need for a more detailed and clearer view on what factors influence motivation;

- in the transport section, the draft CCPu is not bold enough about all non-road transport and aviation in particular;

- there is a need to make private car use less attractive. Whilst the aim of reducing journey kilometres in private transport by 20% was welcomed, achieving this without punitive measures could prove difficult. The risk of a new “culture war” emerging between motorists and walking/cycling needs addressed and mitigated;

- there is no reference to dietary change, and no measures to address this. The issue of dietary change is considered to be strongly linked to the LULUCF and agriculture sectors;

- better information and data in relation to carbon emissions of private transport and red meat and dairy consumption can help to embed positive behaviour;

- the CCC does not yet recommend “punitive” action e.g. in relation to a carbon tax on meat or dairy, or forcing the removal of gas boilers – supplying the right information is key;

- land availability for land use change and nature-based solutions within the LULUCF sector are considered to depend on changes within the agriculture sector. There is a need to consider agriculture and land use in the round, and dietary change is part of this, and;
• whilst systemic change e.g. investment in active travel and public transport can support shifting norms, there is also a need to make private car use and flying less attractive.

94. In its Land Use: Policies for a Net Zero UK report the CCC recommended a reduction in consumption of meat and dairy by 20%. The CCC notes that this would “imply a shift towards healthy eating guidelines”, would free up land for other uses, and would mean a reduction in cattle and sheep numbers of approximately 10% across the UK, compared with a 20% reduction having already occurred over the past two decades. The absence of consideration of diet and dietary change in the draft CCPu was highlighted by many. The CCC’s expectation is that farmers who diversify some land into other land uses to support carbon sequestration should be paid for that to ensure continued viability of farming businesses and farmers should be encouraged to think of carbon as a crop. Chris Stark highlighted that many of the changes the CCC is recommending are cost saving, with good outcomes for both farmers and the climate, rather than changes from reduction in demand.

95. The Committee heard that there is a need for policies which encourage changes in domestic demand and the ultimate aim would be for people to buy Scottish meat when they do buy meat, thereby ensuring that any reduced production associated with land use change would not be replaced by like-for-like imports and associated emissions. The Committee considers that this links to the recommendation about better integration of LULUCF and agriculture policies. The Committee also considers that we need a better conversation on carbon emissions and dietary change, and how farmers, crofters and other land managers are at the heart of this process.

96. The Committee explored the Scottish Government’s thinking on how potentially contentious issues such as changing diet or travel behaviours should be approached to ensure that there is a degree of consensus building, and to avoid conflict over “poor behaviour”. In evidence the Cabinet Secretary said that dietary change was an issue of consumer behaviour and public health and reducing consumer demand needs to be treated differently with different messages, with engagement of the health portfolio. She suggested that the health portfolio was currently preoccupied with the Covid pandemic. The Cabinet Secretary also stressed the need for governments to grapple with some ‘tricky conversations’, for example associated with the role of carrots and sticks to influence demand management to deploy differing approaches in different areas.

97. The Committee also asked if there was a need to introduce more punitive or mandatory measures in order to meet the targets, particularly in relation to transport and diet. In response the Cabinet Secretary was clear that “we need to continue to take people with us”. She stressed that commitment to the means was needed alongside commitment to the ends and politicians needed to be prepared to have difficult conversations, including around the management of demand and how we can remove obstacles to doing the right thing.

98. The Committee notes that systemic change e.g. investment in active travel and public transport can support shifting norms, making private car use and flying less attractive is also considered by many stakeholders to be necessary. The draft CCPu makes reference to managing the increased demand for air travel rather than specifically reducing it; as Rachel Howell noted to the Committee in evidence – ‘the plan recognises the Climate Change Committee’s recommendation about managing demand in aviation, but the Scottish Government’s response is to say that it intends to reduce “the environmental effects of aviation growth”…. The Scottish Government has heard the recommendation from the CCC, but it has responded by saying that it will not manage demand. Why not?’ The Committee is
interested to understand why the CCPu does not address this and what levers are needed to make this happen.

99. Although behaviour change has been considered and included in the draft CCPu the Committee considers that its application in policies and proposals is omitted or inconsistent and this should be addressed in the final CCPu. The Committee also remains concerned that convincing, incentivising and encouraging people to change their behaviours will be challenging when only one third of investment under the new infrastructure investment plan is on low carbon infrastructure.

100. The Committee is not convinced that a website, which people may or may not visit, is the right response to the climate emergency where everyone has a responsibility to reduce their emissions. The Committee would welcome further information on how this website will be promoted, if a public awareness campaign is planned to support it and what further action is planned.

101. The Committee considers that changing behaviours will be critical to delivering the policies and proposals in the CCPu and meeting the emissions reduction targets. The Committee recognises that behaviour change has been included in the draft CCPu but its application in policies and proposals is omitted or inconsistent. The Committee encourages the Scottish Government to address this in finalising the CCPu.

<table>
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<tr>
<th>Behaviour Change – The Committee recommends the Scottish Government:</th>
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<tr>
<td>102. sets out how it intends to tackle potentially contentious issues such as changing diet or travel behaviours to ensure that there is a degree of consensus-building, including the levers that are required to make this happen.</td>
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<tr>
<td>103. sets out policies and proposals in the CCPu on how it plans to promote efforts to reduce private car use and flying.</td>
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<tr>
<td>104. sets out the action it plans to take to ensure behavioural shifts are affordable for everyone – specifically that low carbon goods and services are available to everyone, and that the wealthy reduce their fair share of emissions – to ensure that a just transition can be achieved.</td>
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<td>105. commits to explore and engage with stakeholders, including farmers and crofters, on the implications of dietary change and include measures to address the challenges of dietary change in the CCPu.</td>
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<td>106. reviews the infrastructure investment plan to ensure it prioritises low carbon infrastructure and investment, and that it aligns with the CCPu.</td>
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<td>107. reviews any research and evidence linked to the CCC recommendation to reduce meat and dairy consumption by 20% in order to understand the potential implications of this proposal in a Scottish context.</td>
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Sectors

Waste and the circular economy

109. The Committee notes some discrepancies in the draft CCPu in relation to projected emissions reductions for this sector. The waste and circular economy section (page 120) states that emissions in the sector are currently around 1.9 Mt CO\textsubscript{2}e per year, and the aim is to reduce these emissions to 1.2 Mt by 2025, and 0.8 Mt by 2030. However, the tables in Annex C setting out sectoral envelopes show the projected emissions to be 0.9 Mt by 2025, dropping to 0.7 Mt thereafter and until 2032.

110. Evidence on the waste and circular economy sector raised concerns about the lack of projected emissions in the waste sector envelope from 2026 onwards, and therefore the importance of rapidly developing a post-2025 routemap. The need to give as much visibility as possible to local authorities and the waste management industry of the direction of travel was highlighted, to enable early investment in required infrastructure and systems change.

111. The importance of tackling consumption emissions by tackling the embedded carbon in materials and products was highlighted, with around 80\% of Scotland’s carbon footprint relating to the goods, materials and services we use, many imported. Zero Waste Scotland stated that the need to reduce consumption was not getting enough profile.

112. The Committee also heard that there is a need for more policies further up the waste hierarchy as there is a lack of policies to create skills or incentives in reuse and repair. Friends of the Earth Scotland suggested this was a missed opportunity in relation to the green recovery, stating that for every 10,000 tonnes of waste, 296 jobs could be created in repair/reuse compared to 1 in incineration. Scottish Environmental Services Association (SESA) said there were opportunities to support domestic reprocessing and remanufacturing. The Committee is unclear on the level of ambition to cut consumption emissions related to imported goods and services, and questions whether governance around consumption emissions in Scotland is sufficient to drive the necessary transition to low carbon lifestyles whilst avoiding exporting emissions to other countries.

113. There are concerns that the ban on landfilling biodegradable municipal waste (BMW) from 2025 will divert waste to incineration, resulting in limited emissions reductions and ‘lock-in’ to incineration which could undermine future incentives to reduce waste and maximise recycling. The Committee understands that modelling underlying the draft CCPu assumes that Scotland will achieve the BMW landfill ban by sending all residual BMW to incineration, whilst assuming that we have met other 2025 waste targets on demand reduction and recycling. This is likely to mean some ‘transfer’ of emissions from the waste to the electricity envelope in Energy from Waste (EfW) plants. SESA said a review of infrastructure was needed to encourage coordination between local authorities, and that all EfW plants need to capture heat, with many currently electricity only. The draft CCPu commits to consider measures to ensure new EfW plants are more efficient and ‘future-proofed’ for Carbon Capture and Storage (CCS). The Committee considers there is a need for a review of, and more national coordination of, the planning of incineration capacity to avoid any future ‘lock-in’.

114. The Committee discussed these concerns with the Cabinet Secretary and heard that in relation to coordination of infrastructure needs, work is under way to provide a centrally supported procurement solution to help local authorities to secure residual waste treatment solutions to comply with the 2025 ban. The Cabinet Secretary also said that expected reductions in residual waste should be taken into account when procuring that capacity, to

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avoid local authorities procuring more capacity than they will need, and managing the crossover point as effectively as possible.

115. In terms of driving change, public procurement is a key opportunity, but the Committee heard that the emphasis of public procurement is currently still on cost. The draft CCPu commits to mobilising the £12.6 billion spent via public procurement to support net zero ambitions and states that the Climate and Procurement Forum will coordinate effort. It is not clear how this will be achieved in practice.

116. The draft CCPu also commits to embedding circular economy principles across sectors, prioritising areas considered to have the most opportunities: construction; agriculture/food and drink; energy and renewables; procurement; skills and education; and plastics. But the Committee heard from Zero Waste Scotland that more needs to be done in the CCPu to embed circular economy principles across sectors e.g. via sector strategies. Andy Kerr also suggested the CCPu could be improved by developing the linkages between land use and negative emissions technologies, and between the circular economy, land use and the bio-economy for example. The Committee asked the Scottish Government how this work was being progressed. In response the Scottish Government stated that “Action to develop work plans and associated policies for each of these areas is ongoing and will be made available in due course.” The Committee questions why there are no tangible commitments in the draft CCPu, for example to deliver circular economy strategies for priority sectors, as early action is critical to embedding circular economy principles across all sectors.

117. The draft CCPu also references the need for more far-reaching fiscal incentives but offers no specific action beyond reviewing international practice. The Committee would welcome further detail on plans to report on the potential of ‘far-reaching fiscal measures’, particularly in supporting behaviour change.

118. The Committee also heard that a Circular Economy Bill – postponed due to the pandemic – could drive some of these areas forward and could provide opportunities to set out ambitions and pursue systems changes. A number of stakeholders called for a re-commitment to a Circular Economy Bill, including the Climate Change Committee, to set out a framework for a transition to a circular economy. The Committee questioned the Cabinet Secretary on this and considers that the pathway and actions to deliver the sectoral envelope, including plans for legislation should be included in the final CCPu.

119. The Committee notes that strategic advice to the Scottish Government in relation to the circular economy and green recovery has raised the need for more focus on reducing consumption emissions. Zero Waste Scotland’s Decoupling Advisory Group concluded that using resources sustainably in a wellbeing economy means rapidly reducing consumption of goods and materials in Scotland. Zero Waste Scotland recommended setting targets to reduce consumption emissions. The Advisory Group on Economic Recovery said that there is a case for a more explicit focus on consumption-based emissions, which could be in the form of targets or a greater role for consumption-based measures in decision-making. The Committee considers that any future proposals to re-introduce a Circular Economy Bill should consider how governance around consumption emissions could drive change.

120. In discussion with the Committee the Cabinet Secretary said Scottish Government officials are undertaking an analysis to map out the potential implications of the UK Internal Market Act 2020 across devolved policy areas, but the Government’s initial assessment is that it could significantly undermine the effectiveness of the deposit return scheme (DRS) in Scotland. The Committee is concerned about the potential for the UK Internal Market Act to
delay the introduction of DRS in Scotland and requests that the Scottish Government keep the Committee updated on this matter.

121. In relation to producer responsibility, the Committee notes that as part of scrutiny of the draft Climate Change Plan in 2017, the Scottish Government made commitments to explore how existing producer responsibility schemes could be reformed and to develop new schemes for tyres, mattresses and furniture. The Committee understands that work to reform packaging producer responsibility is progressing at a UK-wide level but considers that more information is needed on the timescales this reform is working to, ambitions for what it should deliver, and how Extended Producer responsibility (EPR) is being developed beyond packaging schemes to address other problematic waste streams. The Committee understands an EPR scheme may be introduced in UK regulations using shared powers in the UK Environment Bill and requests that the Scottish Parliament is involved in the development of any such regulations from an early stage to allow for appropriate scrutiny.

122. The Committee also notes that shared powers are introduced in the UK Environment Bill to regulate to set resource-efficiency standards for products, with the aim to enable market changes towards products that can be more easily recycled, last longer and can be re-used and repaired more easily. The Scottish Government set out in its Legislative Consent Memorandum on the Bill that it was content for the UK Government to introduce legislation in this area because it may be an area in which the Scottish Government wish UK-wide standards to be established. The Committee considers that the final CCPu should make reference to any plans that have been developed in this area given this is a significant area of regulation in relation to the circular economy.

123. When questioned about the commitments in the CCPu in relation to waste and the circular economy the Cabinet Secretary stressed that “This is not an encyclopaedic plan with no expectation that every single aspect could be included… that is not possible”.

124. The Committee is concerned about the lack of projected emissions in the waste sector envelope from 2026 onwards and highlights the importance of rapidly developing a post-2025 routemap. The Committee is not convinced that without the addition of further policies and proposals in the CCPu, Scotland will achieve a fundamental shift in how we use and re-use materials and be on track to embedding a truly circular economy by 2032. In its green recovery report the Committee made a number of recommendations in relation to waste and the circular economy that it expected to see reflected in the CCPu. These are included in the Committee’s recommendations for the sector.

<table>
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<tr>
<th>Waste and the circular economy – The Committee recommends the Scottish Government:</th>
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<tr>
<td>125. prioritises the development of a post-2025 waste and circular economy routemap early in the next parliamentary session to give clarity about further opportunities for emissions reductions from 2026-2032.</td>
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<tr>
<td>126. includes more detailed actions in the waste sector of the CCPu aimed at moving up the waste hierarchy, such as specific support measures for reuse, repair and demand reduction actions.</td>
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<td>127. includes tangible commitments in the CCPu to deliver circular economy strategies for the priority sectors identified in the plan.</td>
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128. includes a re-commitment to a Circular Economy Bill in the CCPu to set out a framework for a transition to a circular economy and to low carbon lifestyles, considering how primary legislation could be used to enhance governance arrangements around consumption emissions, support remanufacturing, design-stage action and efficient use of natural resources, and set out ambitions for the reduction of consumption emissions beyond the existing monitoring requirements.

129. reviews and coordinates the planning and procurement of incineration capacity to avoid ‘lock-in’ to incineration that could be a consequence of the 2025 target to ban the landfilling of biodegradable municipal waste, including consideration of the strategic planning of incineration and Energy from Waste capacity in the development of NPF4, and consideration of what fiscal incentives may be required from 2025 to avoid over-reliance on incineration.

130. includes more detail in the CCPu on the timescales that reform of packaging producer responsibility is working to and what the ambitions are for the outcomes of reform, and provides information on how Enhanced Producer Responsibility is being developed beyond packaging schemes, to address other problematic waste streams.

131. includes information on how the Scottish Government intends to progress regulation of resource use and efficiency using powers in the UK Environment Bill, given this is a significant area of regulation that was previously largely governed through centralised EU Regulations.

132. as part of the green recovery route-map, brings forward the next iteration of Scotland’s Economic Strategy as a matter of urgency, and ensures that it is built on the concept of a net zero, circular and wellbeing economy, addressing resource use efficiency, reprocessing and achieving maximum value from resources, and focused on achieving a green recovery – as recommended in the Committee’s report on a green recovery.

133. sets a timeframe for, and prioritises a review of, the Circular Economy Strategy and considers how the Strategy can best be embedded or otherwise complement Scotland’s Economic Strategy – as recommended in the Committee’s report on a green recovery.

134. significantly extends and expands the Zero Waste Scotland Circular Economy Investment Fund (currently at £18m over 7 years) and the corresponding advice provided through the Circular Economy Business Support Service to help SMEs to identify and progress circular business models or technologies – and includes the relevant measures in the CCPu – as recommended in the Committee’s report on a green recovery.

135. ensures measures to support investment in circular economy skills and training are included in the upskilling and reskilling plan and that this aligns with the relevant measures in the CCPu – as recommended in the Committee’s report on a green recovery.
Land Use, Land-Use Change and Forestry

136. In its 2017 report on the draft Climate Change Plan, the Committee recommended that the final CCP should disaggregate the land use emission pathway to provide information by land use type for example forestry and peatland. The Committee understands that the reporting of emissions for LULUCF under UNFCCC is done as one sector. However, given that one of the key recommendations of this Committee for the CCPs is for the Scottish Government to clearly set out the relative emissions abatement significance of the policies and proposals, the Committee considers that an indication of the abatement potential for each of these sectors within LULUCF should also be set out separately for the purpose of domestic scrutiny. This recommendation was not reflected in the final CCP or the draft CCPu.

Strategic land use

137. The Committee heard that there is a lack of evidence of strategic management of land use change in the draft CCPu. Andrew Midgley of RSPB Scotland highlighted that the Land Use Strategy is not sufficiently embedded in government policy and a coherent rural policy is crucial for the both agriculture and land use sectors, given that much of land use change is delivered by farmers. The Committee heard that farmers and crofters are “treading water” waiting on decisions about new rural policies - so a lack of clarity in this area will hold up land use change for forestry and peatland restoration as well as for agriculture.

138. Regional land use partnerships (RLUPs) are considered to be a key tool for delivery and much of the evidence noted disappointment at what is perceived to be a regression in the commitment to RLUPs. There is considerable concern about the slow progress in this area and the effect of further piloting RLUPs in delaying action in putting partnerships in place across Scotland to inform critical and significant decisions about rural and land use policies. The Committee heard that all partnerships should be rolled out at once to ensure all areas of Scotland see the same benefits and are part of the policy development process.

139. The Committee explored this with the Scottish Government which stated that further piloting of RLUPs are required because recommendations from the Scottish Land Commission proposed that RLUPs should be rolled out across larger areas than those that were piloted in 2013-2015. The Committee also questioned the Cabinet Secretary on this as it wished to understand what added value will come from additional pilots and if the Scottish Government is committed to this approach, how it will ensure that areas of Scotland not covered by pilots will not fall behind. The Cabinet Secretary stated that a one size fits all approach was not likely to be appropriate, different approaches required to be tested, a general approach would be about making decisions centrally, the older RLUPs did not involve thinking on current climate scenarios and the pilots are an attempt to make decision making more effective. She stated that a decision in relation to the partnerships had been made and that would not be reversed.

140. Given that RLUPs are considered to be a key tool for delivery, the Committee considers that there has been slow progress in this area. The Committee is concerned that further piloting RLUPs will delay action in putting partnerships in place across Scotland, which is vital to inform critical and significant decisions about rural and land use policies in the short-to-medium term, and the risk is that many areas may be left behind. The Committee considers that urgent action is required, agrees with the Cabinet Secretary that a ‘one size fits all’ approach is not appropriate but urges the Scottish Government to act boldly and roll out RLUPS across Scotland as a matter of priority. The Committee notes that the support to
and resourcing of RLUPs to develop frameworks is required by the 2019 Act to be included in the CCP and expects the final CCPu to reflect this.

141. The Committee heard that the development of rural policy is not only important for the agriculture sector but it is also crucial for delivering emissions reductions in the LULUCF sectors. The Committee would welcome further detail on how the Cabinet Secretary is working across portfolios to ensure that this key delivery mechanism supports nature-based solutions in the LULUCF sector. The Committee would also welcome further information on the tools and resources that partnerships will be equipped with to ensure that they can play a role in strategic land use decisions and policy development.

142. The Committee considers that strategic and managed land use change is crucial to the delivery of climate objectives in a way that is coherent with other needs and land uses. The Committee is concerned at the pace of progress with RLUPs and with the lack of detail on wider mechanisms for strategic land use change, including on future rural policies, and considers that RLUPS should be rolled out across Scotland as a matter of priority. The Committee encourages the Scottish Government to include further detail, policies and proposals in the final CCPu to ensure that land use change is managed, multiple objectives are achieved, and delivery is monitored.

Strategic land use – The Committee recommends that the Scottish Government:

143. brings forward a clear plan for rural Scotland as the development of rural policy is not only important for the agriculture sector but is also crucial for delivering emissions reductions in the LULUCF sectors.

144. commits to establishing Regional Land Use Partnerships as regional delivery mechanisms for new land use policy across Scotland and sets out specific and detailed plans for an urgent roll-out of RLUPs in the CCPu, including the tools and resources that will be available to them, how it will ensure inclusive participation and timescales for the roll-out. The Committee considers that this is necessary to ensure that no part of Scotland and no community falls behind.

145. includes further detail, policies and proposals in the CCPu to ensure that land use change is managed, multiple objectives are achieved, and delivery is monitored.

146. ensures that the current update of the Land Use Strategy includes the full range of mechanisms to be used to ensure land use change is managed, multiple objectives are achieved, and sets out how the delivery of these is to be monitored.

The Committee made a number of recommendations in its green recovery report that relate to the land use sector. Those that are most relevant to the CCPu are set out below.

The Committee recommends that the Scottish Government:

147. brings forward detailed plans for future land management support, which demonstrate the principle of conditionality in support, and allocate a credible level of resources towards reaching net-zero targets and reversing biodiversity loss, to build resilience in the sector and deliver a green recovery – and include the relevant policies and proposals in the CCPu.
148. provides additional resources to enhance advisory services to support a green recovery and transition to net-zero, including the provision of free advice for farmers, crofters and other land managers – and includes the relevant policies and proposals in the CCPu.

149. sets out new policies and support mechanisms for agriculture, forestry and other land uses, consistent with a green recovery and net zero ambition – and includes the relevant policies and proposals in the CCPu.

Nature-based solutions

150. The draft CCPu places a greater emphasis on nature-based solutions than the 2018 CCP did. It states that the Scottish Government is committed to deploying nature-based solutions at scale and in a sustainable and managed way and that nature-based solutions will form a key part of the coordinated approach to climate change, biodiversity, infrastructure, planning, land use, marine and economic strategies.

151. The Committee welcomes the continued commitment to the peatland target and to the announcement of appropriate funds to deliver the target. However, historically, the Scottish Government has had greater success in reaching tree planting targets than reaching peatland restoration targets. Challenges, such as a lack of multi-year funding, contractor capacity, and a short window in the year when restoration can be carried out, have been highlighted. Stakeholders have also highlighted that Scotland has one million hectares of peat that is degraded in some form, and that it will need to go further.

152. The Committee heard how some of the barriers that contractors face could be overcome through better integration with other restoration work, for example where peatland restoration is included in landscape scale ecological restoration proposals. This would mean that work can be managed throughout the year as part of a wider project (e.g. tree planting, river restoration, fencing, deer management). Deer management was highlighted as a key mechanism that was missing from the draft CCPu. When the Committee raised this with the Cabinet Secretary she again stated that the CCPu is not meant to be encyclopaedic and a response to the report of the Deer Management Working Group was imminent. However, given the wealth of recommendations in that report, and the recognition from the group that deer management is a key enabling policy for climate mitigation, the Committee expected that deer management policy would form part of the CCPu.

153. The Committee also heard that the CCPu is not maximising the potential for green job creation, particularly in terms of delivering nature-based solutions. In particular the potential for maintaining existing jobs and reskilling these for more environmental management and the potential for job creation across rural Scotland was highlighted. In relation to the barriers to peatland restoration noted above, stakeholders also highlighted that these could be overcome in the context of a green recovery, providing training and jobs in this area. Evidence also stressed the opportunity to link the skills and training agenda with working towards nature-based solutions alongside the potential to create a Scottish nature service. RSPB Scotland provided an indication of the potential for job creation in delivering nature-based solutions as part of their written evidence. In total they estimated over 8,500 FTE jobs could be created in: restoring Scotland’s peatlands; restoring and expanding native woodlands; tackling deer management; linking up wild places by delivering a Scottish Nature Network, and; supporting climate and nature-friendly farming. Given the focus on integrated land use in the draft CCPu the Committee considers that there is significant scope to include more landscape scale nature-based solutions in the final CCPu.
154. The draft CCPu states that it will explore restoration of degraded peat in the public estate and on designated sites, “including through statutory mandate”. However, it is unclear what this means in practice. The Committee would welcome clarification as to whether the Scottish Government intends to bring forward new powers to do this or if the powers already exist.

155. The Committee also explored the issues of horticultural peat and peat extraction. In its 2017 report, the Committee recommended that the Scottish Government explore the actions within its power to prevent fertilisers containing peat from being sold and used in Scotland. In February 2021, Professor Pete Smith advised the Committee that extraction for horticulture is not compatible with net-zero targets, and that the Scottish Government should be declining requests for extension of existing permissions and insisting on peatland restoration. He also stressed the need to ban horticultural peat sales to prevent offshoring, but that this would be better done at UK level. Responding to the Committee’s request for further information in January 2021, the Scottish Government stated that they expect to explore restricting peat extraction and development on peatland through National Planning Framework 4 (NPF4) and expect the draft NPF4 to confirm that applications for planning permission for new commercial peat extraction for horticultural purposes will not be supported. The Scottish Government stated its commitment to phase out the use of horticultural peat but said that a sales ban or a levy on horticultural peat would most likely require a UK wide approach to be effective. In relation to existing permissions the Scottish Government stated that ending peatland extraction may cost significant amounts of compensation, potentially running in to several millions per site and this would have to be withdrawn from the funding committed for peatland restoration over the next 10 years, which, in their view, may not represent the most efficient use of funds.

156. The Committee is interested to understand the mechanisms that will be used to phase out the use of horticultural peat both commercially and domestically and considers that there is a need for faster progress on this given that voluntary approaches have not proven to be effective. The Committee notes that the draft CCPu commits to not supporting applications for new commercial peat extraction. However, existing permissions are lengthy and sites are still applying for extensions. The Committee questions whether the Scottish Government has assessed how existing sites will impact on the LULUCF envelope.

157. The Committee heard that the Scottish Government has made welcome commitments to introducing licensing for muirburn as part of its response to the Independent Grouse Moor Management Group’s report published in 2019. The Committee also notes that banning rotational burning on peatland is a UK-wide recommendation of the CCC in its 2020 land use report. The Committee is aware that the UK Government has recently announced an intention to bring forward legislation that will prevent the burning of heather and other vegetation on protected blanket bog habitats in England. The Committee considers that Scottish Government commitments to license muirburn are important aspects of climate policy and as such should be included in the final CCPu.

158. The Committee welcomes the continued commitment to nature-based solutions in the draft CCPu, but considers that focus should be broadened to include more holistic, landscape scale restoration projects to help to overcome some of the barriers associated with peatland restoration and that more could be done to maximise the green recovery potential in this sector, including the opportunities for green job creation. The Committee notes commitments around phasing out the use of horticultural peat and restoring degraded peat on the public estate, but requires more detail on how these will be achieved. The Committee also considers that commitments to license muirburn should be included as part of the final CCPu.
Nature-based solutions – The Committee recommends the Scottish Government:

159. expands its focus on integrated land use in the CCPu by considering more holistic, landscape scale restoration projects with contractors supported to work on peatland restoration alongside other management work such as tree planting and deer management.

160. includes policies and proposals for deer management in the CCPu, based on the recommendations of the Deer Working Group.

161. clarifies if new powers are required to undertake the restoration of degraded peat in the public estate and on designated sites. If so, include action to secure those provision in the CCPu. If powers already exist, set out how these are intended to be used to secure peatland restoration on the public estate and designated sites.

162. provides further detail on the mechanisms that will be used to phase out the use of horticultural peat and on the assessment of how existing sites for peat extraction will impact on the LULUCF envelope and emphasises a presumption against extensions to existing sites.

163. includes existing Scottish Government commitments to introduce licensing of muirburn in the CCPu and ensures that policy on muirburn continues to evolve in line with developments in our scientific understanding of this important issue.

164. acts with urgency to identify opportunities for green job creation, particularly in terms of delivering nature-based solutions – including maintaining existing jobs and reskilling these for more environmental management to deliver nature-based solutions. Training in skills required for habitat and ecosystem creation and restoration, and training in trade-offs and synergies will be required and this should be done in collaboration and consultation with local communities, drawing on the expertise of such training already in existence across SEFARI.

The Committee made a number of recommendations in its green recovery report that relate to nature-based solutions. Those that are most relevant to the CCPu are set out below.

The Committee recommends the Scottish Government:

165. provides fiscal, legislative and wider support mechanisms for more communities and individuals to deliver public and community climate benefits through land ownership (for example via peatlands restoration and management and woodland creation and management).

166. brings forward a Natural Capital Plan for Scotland and include the relevant policies and proposals in the CCPu. The Natural Capital Plan should be underpinned by the establishment of a natural capital baseline, with subsequent monitoring reports to check progress. The Natural Capital Plan should:

- outline Scotland's main natural capital assets, and their economic and noneconomic benefits;
- identify best practices for achieving multiple objectives and managing trade-offs in the stewardship of each main natural capital asset;
• become the code of practice for policy decisions, infrastructure projects and planning decisions that involve natural capital, and
• recognise, from the outset, that the communities which live on and adjacent to natural capital should retain its economic and wider social value for their wellbeing alongside the delivery of wider public benefits.

Negative Emissions Technologies (NETs) and industrial decarbonisation

167. The section on Negative Emissions Technologies (NETs) is introduced for the first time in the draft CCPu. NETs (e.g. using biomass to generate electricity, coupled with Carbon Capture and Storage - BECCS) are expected to start permanently removing carbon dioxide from the atmosphere by 2029, and to significantly ramp up emissions removal in the electricity and industrial sectors from 2030 onwards; equivalent to 23.8% of gross emissions by 2032. Whilst these technologies have been proven in test facilities and at small scale, they do not currently exist at scales necessary to remove significant volumes of carbon. Timescales for developing and commissioning are therefore exceptionally tight. A key part of developing NETs will be to understand the implications, scale and pace with which bioenergy resources should be focused. The draft CCPu recognises these challenges.

168. Given the challenges and dependencies associated with developing NETs the Committee asked whether it is realistic to think that the technology will operate for the first time in 2029 at significant scale - with a quarter of the entire gross emissions being delivered by negative emissions technology by 2032. The Committee was interested to identify and understand the weaknesses and risks to relying on NETs to sequester nearly 24% of gross emissions by 2032 and whether there are alternative investments that might offer better value e.g. using the wood for construction and investing in natural capital.

169. Opinion was mixed on the need for and desirability of NETs. Much of the evidence received by the Committee questioned the credibility of the NETs assumptions in the CCPu. While most evidence was broadly supportive of the approach to pursuing carbon capture and storage a number of submissions expressed concerns at the scale and timescales referenced in the draft CCPu and the implications of sourcing the biomass required. Chris Stark described the assumptions on NETs as ‘pretty bold’ and Andy Kerr stated that the assumptions around NETs and emissions reductions by 2032 were not credible. In contrast, Tom Shields described it as ‘a credible plan, albeit a very ambitious one’ with timescales for developing and commissioning NETs exceptionally tight.

170. Many expressed caution about the approach that is being taken to BECCS and suggested exploration of the impacts of moving towards a much-expanded focus on BECCS. The Committee heard concerns that BECCS was an unproven technology at scale and was being used to fill a gap on the basis of hope and aspiration and there may be tension with nature-based solutions. There was broad agreement on the following issues:

• there does not appear to be a back-up plan in case these technologies do not become available commercially and at an adequate scale
• it is not credible to expect these technologies to be operating at an adequate scale by 2029 in Scotland
• there are significant implications for clashes in land use
• there is a lack of focus on the potential for using wood in construction, which is an alternative to biomass, and a valid way to store carbon in the long term

171. The Committee also heard that there needs to be consideration of the supply chain for biomass for BECCS, with biomass met from domestic sources to avoid offshoring environmental impacts. Stakeholders have suggested that this could all be met from domestic supply but must be integrated into the landscape in an intelligent and managed way.

172. The Committee would welcome further information on the implications on land availability for biodiversity, food production and nature-based solutions to climate change of such a reliance on BECCS, if the biomass is to be entirely supplied by the domestic market and clarification as to whether these implications have been modelled in terms of Scotland’s finite land resource. Chris Stark noted that there is “plenty of scope” to supply biomass domestically.

173. However, Chris Stark also noted that there is only really potential for two decarbonised industrial clusters in the UK. Therefore, if Grangemouth wanted to benefit from funding and investment, then it would have to “lean in” to capture the “lion’s share of support”. The main internal competition was considered to come from Teeside, who are engaging widely.

174. The Committee considers Scotland has significant advantage in terms of engineering expertise and geological storage (for CCS) but it also has competition, e.g. from Teeside. The Committee explored how Scotland can capture the economic and just transition benefits with the Cabinet Secretary and asked how important is it that Grangemouth sits at the heart of a low carbon industrial transformation for Scotland and what is being done to support this. The Cabinet Secretary confirmed that the Acorn Project should be seen as an anchor to enable the early establishment of CCS in Scotland. She considered Grangemouth to be a strategic industrial site that must be harnessed in the energy transition and act as a critical catalyst hub. She stressed that commitment would be required beyond the next parliamentary session and private sector investment is necessary alongside Scottish and UK Government intervention.

175. The Committee considers that the abatement potential and schedule associated with the planned NETs in the draft CCPu needs to be reviewed in light of concerns about the achievability of these commitments as it is not convinced that it is realistic to think that the technology will operate for the first time in 2029 at significant scale - with a quarter of the entire gross emissions being delivered by negative emissions technology by 2032. The Committee considers that a Plan B is required given the challenges and dependencies associated with developing NETs and the incredibly tight timescales involved.

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<th>Negative Emissions Technologies – The Committee recommends the Scottish Government:</th>
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<tr>
<td>176. reviews the abatement potential and schedule associated with the planned NETs in the CCPu in light of concerns about the achievability of these commitments.</td>
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<td>177. develops and costs a Plan B for abatement dependent on operational NETs in the timescale to 2032.</td>
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178. provides further detail on alternative investments that might offer better value e.g. using the wood for construction and investing in natural capital.

179. sets out how Scotland can capture the economic and just transition benefits of NETs and what specific plans are in place to achieve this. Outlines the engagement and support given to Grangemouth cluster and future plans.

180. provides further information on the implications on land availability for biodiversity, food production and nature-based solutions to climate change of reliance on BECCS if the biomass is to be entirely supplied by the domestic market and clarification as to whether these implications have been modelled in terms of Scotland's finite land resource.

Blue carbon

181. The Committee previously considered and reported on blue carbon, most recently in its 2017 report on the draft CCP and in its green recovery report. In its 2017 report, the Committee recommended that the CCP contain policies and proposals on blue carbon. This recommendation was not taken forward in the final CCP and the draft CCPu does not contain policies or proposals for blue carbon.

182. The draft CCPu highlights the commitment of £570,000 to the Scottish Government's Blue Carbon Research Programme. However, no specific policies or proposals are set out to maintain or increase carbon sequestration and storage in the marine environment. Instead, it refers to upcoming policy documents such as the strategy on future fisheries management, sectoral offshore wind plan, National Marine Plan and Scottish Marine Assessment 2020 and focuses on the development of a ‘Blue Economy Action Plan’ – though it is not clear what this is expected to deliver in terms of protection or enhancement of blue carbon stocks. The Committee is interested to understand how the Scottish Government will ensure that the Blue Economy Action Plan reconciles the need to ensure protection of natural capital such as blue carbon and marine biodiversity hotspots with socioeconomic priorities of coastal communities.

183. Blue carbon is an area of emerging research with regards to its potential for carbon storage and sequestration. Marine sediments in Scotland’s seas store around 9600 Mt CO$_2$-equivalent, this is greater than carbon stores in Scotland’s forestry (2050 Mt CO$_2$-eq) and peatland (5945 Mt CO2-eq) combined. The Committee has learned that we have a good understanding of where ‘carbon hotspots’ can be found in the marine environment, and that there may be opportunities through forthcoming policy reviews such as the National Marine Plan to do more for spatial management and review how fisheries are managed. The Committee considers that blue carbon opportunities should be highlighted to COP26.

184. Scotland’s current greenhouse gas inventories do not account for carbon storage and sequestration from marine or coastal habitats – despite the fact that saltmarsh and seagrass habitats fit into internationally-recognised frameworks for implementation of GHG inventories. Professor William Austin suggested that this presents ready opportunities to incorporate blue carbon saltmarsh and seagrass ecosystems into Scotland’s greenhouse gas inventories. Professor Austin also advised that saltmarshes can be managed through coastal realignment which also provides benefits for biodiversity, providing multiple ecosystem services. He noted a key link to rural policy and environmental land management schemes as a mechanism for delivering this.
In discussion with the Cabinet Secretary the Committee explored the lack of inclusion of policies and proposals for blue carbon in the draft CCPu. It also sought clarification as to whether saltmarsh and seagrass ecosystems are being considered to properly account for blue carbon stocks. The Cabinet Secretary stated that blue carbon is not currently included in the GHG inventory and therefore policies on blue carbon fall outwith the scope of the CCPu. She stated that any emissions reductions from blue carbon would not count towards meeting the emissions reduction targets and decisions on technical inclusions to the UK inventory lie solely with BEIS. The Cabinet Secretary said the Scottish Government is currently working on this and there is a bigger vision to grow ‘blue’ as a natural capital asset in Scotland.

The Committee welcomes the positive work the Scottish Government is engaged on in relation to blue carbon and the bigger vision to grow ‘blue’ as a natural capital asset in Scotland. The Committee would welcome further detail on this. The Committee notes what the Cabinet Secretary has said in relation to the inventory, however the Committee can see no legal impediment to including consideration of blue carbon within the CCPu and future CCPs. The 2019 Act sets out what the CCP must do, but includes provision for Scottish Ministers to include other sectors or topics as they consider appropriate, and the 2019 Act requires that CCPs “set out the Scottish Ministers’ proposals and policies regarding the consideration of the potential for the capture and long-term storage of carbon when designating marine protected areas under section 67 of the Marine (Scotland) Act 2010.” The Committee appreciates that the CCPu is not a statutory plan but considers that it would be appropriate to include policies to protect blue carbon in the final CCPu.

The Committee continues to be of the view that CCPs, including the CCPu, should contain policies and proposals on blue carbon. Whilst emissions reductions from blue carbon are not currently included in the GHG inventory it is clear that practical action to protect carbon stores in the marine environment is important to ensure the continued contribution of marine ecosystems in reaching net-zero. It would appear to the Committee that acting on the basis of the precautionary principle, taking a proactive approach to blue carbon and including it as part of the final CCPu would ensure that Scotland makes early advances and secures multiple benefits in terms of carbon storage, securing biodiversity and supporting adaptation and resilience, in many areas though relatively simple, low cost actions. The Committee is of the view that this would avoid mitigation by numbers and ensure a co-ordinated approach – as is proposed in the draft CCPu.

Blue carbon – The Committee recommends that the Scottish Government:

188. brings forward policies on how to protect blue carbon stores through the forthcoming update of the National Marine Plan and the development of the Blue Economy Action Plan and reflects this intention in the final CCPu.

189. provides clear guidance on the role of spatial management in protecting blue carbon hotspots from pressures such as mobile bottom-contacting fishing gear.

190. ensures that blue carbon storage and sequestration capacity is taken into account in proposals for management measures in Marine Protected Areas.

191. provides further information on how it will ensure that the Blue Economy Action Plan reconciles the need to ensure protection of natural capital such as blue
carbon and marine biodiversity hotspots with socioeconomic priorities of coastal communities.

192. works with the UK Department for Business, Energy and Industrial Strategy to incorporate blue carbon in saltmarsh and seagrass ecosystems into the UK’s National Atmospheric Emissions Inventory and therefore Scotland’s greenhouse gas inventories.

193. takes a leadership role in promoting the opportunities of blue carbon and presses for the inclusion of blue carbon in the GHG inventory, including with the UK Government and in the COP26 negotiations.

Reserved / devolved powers and the CCPu

194. In a number of sectors, the draft CCPu highlights that achieving the policy goals described is dependent on policies that are reserved or require UK-wide action. In the waste and circular economy section for example, it calls on the UK Government to take action to introduce fiscal measures to influence behaviour and reduce imported emissions and recognises that some policies required for a circular economy depend on UK-wide action e.g. enhancing producer responsibility.

195. New arrangements following the UK’s exit from the EU prompt further questions in relation to interactions of policies with the UK Internal Market Act. For example, it is not clear if the Scottish Government were to seek to ban the sale of horticultural peat (as a means of phasing out the use of peat as set out in the draft CCPu), how that could be affected by mutual recognition provisions in the UK Internal Market Act. Implications of the Act for circular economy policy such as the implementation of the Deposit Return Scheme were discussed in a SPICe blog. The Committee sought further information from the Scottish Government. Responding, the Scottish Government stated that “The UK Internal Market Act is a significant threat to devolution which will open the door to a race to the bottom on environmental standards. We are currently analysing the text of the Act to understand how it interacts with our circular economy proposals.” The Committee notes the importance of ensuring that this does not impede the mutual benefits of Scotland being able to deliver the commitments in the CCPu.

196. The Committee recognises that achieving the policy goals described in the CCPu is partly dependent on policies that are reserved or require UK-wide action e.g. fiscal measures, energy policy, enhancing producer responsibility. The Committee is also aware that the UK’s ability to achieve net-zero emissions is dependent on continued progress in Scotland. In several areas Scotland has particularly distinct and significant opportunities that are likely to be key to securing a UK wide net-zero transition. The Committee would welcome further information from the Scottish Government on the effect of the UK Internal Market Act on Scotland’s ability to fully implement the policies and proposals contained in the draft CCPu.
Reserved / devolved powers – The Committee recommends that the Scottish Government:

197. provides further information on how it believes that the UK Internal Market Act will affect Scotland’s ability to fully implement the policies and proposals contained in the draft CCPu.

198. continues to work collaboratively with the UK Government to ensure policies across the UK are aligned and support the emissions reduction targets.

Governance

199. The Committee considers effective governance will be critical in ensuring the successful delivery of policies and proposals and reaching the emissions reduction targets. The Committee previously reported on governance and set out its recommendations in relation to the CCP - in its 2017 CCP report, in its reports on the Climate Change (Emissions Reduction Targets) (Scotland) Bill and in its recent report on green recovery. The Committee previously made a number of recommendations on a monitoring approach and these are included in Annexe A.

200. The draft CCPu references the role of the Sustainable Renewal Advisory Group in the development of the plan. That group operated from April to November 2020. The co-ordinated approach set out in the draft CCPu has been welcomed, particularly in ensuring that synergies and unintended consequences were identified – from the Ministerial to operational level. The draft CCPu does not reference the ongoing governance of the CCPu, or the governance of monitoring, evaluation, and reporting on the CCPu. It references a “policy tracker” to be brought forward by May 2021. The Committee would welcome confirmation if the policy tracker is the annual report to Parliament, as required by the 2019 Act.

201. The Committee heard that monitoring, reporting and verification are vital and are lacking in some sectors. The Committee notes that development, implementation and learning from the delivery of policies and proposals is an iterative and dynamic process and considers that the monitoring framework for the CCPu must include a process for capturing and evaluating the learning. However, the Committee is not clear whether the data collection, monitoring, evaluation and feedback mechanisms to policy development are in place for the CCPu and are adequately resourced. The Committee considers that monitoring, reporting and verification – with clear timeframes, feedback mechanisms to review how things work as they are being implemented, processes for how projects will be upscaled and alternatives proposed where projects are not delivering the necessary emissions reductions – are critical. The Committee is concerned that as the draft CCPu does not provide an assessment of the expected emissions reductions of the policies and proposals, monitoring and evaluating the impact of each, and of overall progress, will be challenging.

202. The Committee re-iterates its view, stated earlier in this report, that the CCPu should form the basis of more detailed sectoral implementation plans (with detail of the emissions abatement attributed to policies and proposals that align with the sector envelopes, policies and proposals that are SMART, clarity around delivery levers, delivery partners and financing). It is crucial that future climate change plans reflect much more developed implementation detail.
203. The Committee’s 2017 CCP report strongly recommended that the final CCP include the precise detail on the operation of the governance body that the Scottish Government committed to establish. At that time the Scottish Government stated the body would “oversee and respond to the monitoring and implementation of the Climate Change Plan. It will have an important role in ensuring the Scottish Government and its partners are able to respond to the results of the monitoring framework, applying the learning from the suite of indicators to ensure quality improvement in policy action and rigorous scrutiny of implementation. This body will provide advice to the Scottish Cabinet on a regular basis.”

204. In its 2017 report, the Committee also set out a number of detailed questions in relation to governance (the extract from the report is included as Annexe A). In reporting on the CCPs, the Committee considered this to be critical to ensure that the Scottish Parliament can have confidence in the final plans and in the proposed system of governance.

205. In the Committee’s Stage 1 Report (March 2019) on the Climate Change (Emissions Reduction Targets) (Scotland) Bill, the Committee asked the Scottish Government to provide further detail on the governance body: its remit and external membership; its role in the production of the monitoring reports, and; its role in addressing issues raised in the monitoring reports. The Committee also recommended that the Scottish Government consult the CCC on revised versions of the CCP and said if the Scottish Government elects to reject the advice of the CCC it must provide an explanation of the rationale for rejecting that advice, publish the advice it is relying on to bring clarity and transparency to the process and conduct a public consultation on the advice it is relying on. The Committee recommended that all relevant Cabinet Secretaries and Ministers provide a statement in the Scottish Parliament on the contribution of their relevant portfolio area to the emissions targets for that year and progress made in the annual monitoring reports on the climate change plans.

206. The Committee’s Stage 2 Report (June 2019) on the Bill referenced the view of the CCC, which highlighted the importance of effective governance and integration. The CCC report stressed the need to embed and integrate the challenge across all government departments, at all levels of Government and in all major decisions that impact on emissions. The CCC stated it must also be integrated with businesses and society and - as many of the solutions cut across systems - fully integrated policy, regulatory design and implementation is crucial. While the CCC recognised that the Scottish Government has a more integrated approach generally, they did not underestimate the overall governance challenges.

207. The Committee would welcome clarification on the governance arrangements for the CCPu and an updated response to the questions it posed in relation to governance in its 2017 report (included in Annexe A) and its Stage 1 and Stage 2 reports on the Climate Change (Emissions Reduction Targets) (Scotland) Bill.

208. The Committee is aware that issues of governance go beyond the need to embed and integrate the challenge across all government departments, at all levels of government and in all major decisions that impact on emissions. The Committee agrees with the CCC that it must also be integrated with businesses and society. In evidence to the Committee, Chris Stark stated that he would like to see the Scottish Parliament “get ahead of Westminster” by establishing more of a focus on net-zero generally and having a single committee that can call evidence from across the sectors to allow it to do that. The Committee considers that there is merit in establishing a parliamentary Net Zero Committee and intends to reflect on this in its forthcoming Legacy report.

209. The Committee notes that the Scottish Parliament is committed to utilising a Sustainable Development impact assessment tool to support the analysis of policy and
legislation. This includes consideration of climate, human rights, equalities, environmental and socio-economic impacts. The Committee encourages the Scottish Government to utilise this tool in the development and analysis of its policy and legislation.

210. In its green recovery report, the Committee noted the commitment in the Programme for Government to establish an office of the CCC in Scotland. The Committee asked the Scottish Government to provide further information on the rationale, remit, funding, timing and capacity of the proposed new office. That information is still outstanding.

211. Public Sector leadership and action is critical. The Committee made a number of recommendations in its green recovery report that should inform the final CCPu. Specifically, the Committee suggests that the Scottish Government reviews the founding legislation for all public bodies to ensure that responding to the climate and ecological crisis are at the centre of the statutory requirements placed on all recipients of public funding.

212. The Committee considers that there should be a high level of strategic ownership in Government, with responsibility for delivery of the CCPu sitting with a senior civil servant, and a Cabinet Secretary for net-zero with Ministers for e.g. transport and climate change, energy and climate change. The Committee would welcome further information on how the Scottish Government will maintain a cross-governmental approach to delivery and to addressing and resolving tensions that arise.

213. The Committee considers that effective governance, including a high level of strategic ownership, and detailed monitoring and annual reporting on progress will be critical in ensuring the successful delivery of policies and proposals and reaching the emissions reduction targets.

Governance – The Committee recommends the Scottish Government:

214. ensures the ongoing development of the CCPu aligns with the principles of the Monitoring Framework described and supports the application of the policy tracker to give confidence in the ‘iterative approach’ described by the Scottish Government. The Committee expects that the policy tracker will outline progress against each policy and proposal and set out findings and next steps.

215. includes the precise detail on the operation of the Governance body in the CCPu, responding to the questions in relation to governance in Annexe A.

216. confirms if the Scottish Government consulted the CCC on the updated CCP; if the Scottish Government accepted or rejected that advice, and; if the advice was rejected, provides an explanation of the rationale for rejecting it.

217. confirms, as recommended in the Committee’s Stage 1 report on the Climate Change Bill, if it is the intention of all relevant Cabinet Secretaries and Ministers to provide a statement in the Scottish Parliament on the contribution of their relevant portfolio area to the emissions targets contained in the CCPu.

218. considers utilising the Sustainable Development Scrutiny tool, developed by the Parliament, in the development and analysis of policy and legislation.

219. responds to the previous request of the Committee to provide further information on the rationale, remit, funding, timing and capacity of the proposed new office of the CCC in Scotland.
220. ensures that policies and proposals in the CCPu to explore, review, consult, or produce research include a commitment to report on findings within a clear timescale, set out the findings from these processes, how findings will be communicated, and where next steps will be set out in relation to these policies and proposals to ensure that they translate into concrete steps for emissions reductions. The Committee expects the annual monitoring report to reflect this.

221. reviews the founding legislation for all public bodies to ensure that responding to the climate and ecological crisis are at the centre of the statutory requirements placed on all recipients of public funding – as called for in the Committee’s green recovery report.

222. ensures a high level of strategic ownership in Government, with responsibility for delivery of the CCPu sitting with a senior civil servant, and a Cabinet Secretary for net-zero with Ministers for e.g. transport and climate change, energy and climate change. The Committee would welcome further information on how the Scottish Government will maintain a cross-governmental approach to delivery, addressing and resolving tensions that arise.

Cost and funding of the CCPu

223. In its scrutiny of CCPs, the Committee has consistently raised concerns about the lack of information on the costs (and benefits) of the policies and proposals contained within them. Most recently, in considering the Financial Memorandum to the Climate Change (Emissions Reduction Targets) (Scotland) Bill, the Committee heard of the development of the overall system cost of £13 billion - using the TIMES model.

224. In its Stage 1 report on the Bill the Committee made recommendations regarding the information to be included in the content of future CCPs with regard to costs to ensure that the full costs to deliver the CCPs are considered and appropriate detail is provided in the plans. The Committee recommended that the Scottish Government bring forward amendments to the Bill to require each CCP to include an economic analysis of the estimated costs and benefits to be delivered by the plan. The Committee stated that this should specify the detail of the costs to be incurred by the Scottish Government and the public sector for each policy and proposal and provide an indication of the estimated costs to the private sector. The Committee also recommended that this analysis should be updated in the annual monitoring reports. The Committee re-emphasised the importance of having costed policy measures and plans and the need for integration between the climate change plans and the process of annual budgeting. The Committee stressed the need for an outcomes approach to budgeting, transparency in presenting the costs and benefits of expenditure, including the climate impacts. The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 requires CCPs to include an estimate of the costs and benefits associated with the policies set out in the plan.

225. In its Pre-budget report, published on 8 November 2020, the Committee stated that a green, just and resilient recovery is not a given. It will require substantial effort on behalf of all sectors of the Scottish economy and society, and clear leadership from the Scottish Government. The Committee believes this leadership must start with the Budget under consideration and must be maintained by the multi-year expenditure plans under development. The Committee said Scotland's public financial planning now must set a pathway towards a green, just and resilient recovery that delivers the net zero targets.
226. In its green recovery and Budget reports the Committee made a number of recommendations that underpin the CCPu and the implementation of the sectoral plans. These are highlighted in Annexe B. The Committee considers that spend should be aligned to the delivery of strategic goals on green recovery, climate change and the ecological crisis, building a wellbeing economy and delivering a green recovery. The Committee noted that a combination of policy, regulatory and financial tools are required to shift behaviour and assist a just transition, that a commitment to a just transition should be further embedded across government policy and financial decisions at all levels and that the 2021-22 Budget should deliver the recommendations of the report by the Just Transition Commission: advice on a green recovery.

227. The Committee emphasises the importance of having costed policy measures and plans, updated on an annual basis and ensuring that future Climate Change Plans and the process of annual budgeting are integrated. The Committee expected the CCPu to contain costed measures. If that information is not currently available, the Committee expects to see it embedded in the CCPu as it develops and in the sectoral implementation plans and to see that included in the 2022 annual monitoring report. The Committee considers it is vital to show how the CCPu is to be funded in order to meet Scotland's emissions reduction targets.

<table>
<thead>
<tr>
<th>Cost and funding of the CCPu – The Committee recommends that the Scottish Government:</th>
</tr>
</thead>
<tbody>
<tr>
<td>228. provides information on the costs of the policies and proposals set out in the CCPu as it develops, in the sector implementation plans and included in the 2022 annual monitoring report.</td>
</tr>
<tr>
<td>229. works to improve how it demonstrates that annual budget allocations will deliver Scotland's climate targets in the longer term.</td>
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</tbody>
</table>

A summary of the Committee’s detailed recommendations on the 2021/22 Scottish Government Budget is included in Annexe B.

**Timing of the final CCPu and the 4th CCP**

230. The current CCP was laid in Parliament in draft form in January 2017. The final CCP was laid in February 2018. The draft updated CCP (CCPu) was laid in Parliament on 16 December 2020.

231. It is anticipated that a parliamentary debate on the reports of the four Committees that considered the draft CCPu will take place before the pre-election recess. Given the proximity to the recess the Committee does not expect the Scottish Government to be in a position to finalise the CCPu in this parliamentary session. The Committee will bring this report to the attention of its successor committee in its forthcoming Legacy Report, which will be published later in March 2021.

232. In paragraphs 63 to 65 of this report the Committee notes that the Scottish Government plans to review the inventory changes and this is likely to impact the CCPu and the timing for finalising and publishing the plan. The Committee would welcome an indication from the Scottish Government as to the anticipated timescale for finalising and publishing the CCPu.
The Committee notes that this is an updated plan and the next CCP is required to be laid before 23 March 2025. In its Stage 1 report on the Climate Change (Emissions Reduction Targets) (Scotland) Bill the Committee recommended that the date of publication of subsequent CCPs should align with the Paris stock takes, starting in 2024, the year after the Paris stock take. In order to meet that timing, the Committee considers that a draft 4th CCP should be laid in Parliament no later than the end of 2023 to ensure that there is sufficient time to complete the consultation process with stakeholders and the Parliament on the draft plan, take the views into account and then finalise and publish the 4th CCP in 2024.

Timing of the final CCPu and the 4th CCP – The Committee recommends that the Scottish Government:

234. advises the Committee of the anticipated timescale for finalising and publishing the CCPu.

235. confirms the Scottish Government’s intention to lay the draft 4th CCP in Parliament no later than the end of 2023 and finalises and publishes the 4th CCP in 2024, to align with the Paris stock take.
Annexe A

Extract from ECCLR Committee report (2017) on RPP3 – Embedding monitoring and evaluation across policies and proposals

Throughout its consideration of the draft Plan, the Committee has consistently been told of a lack of detail and limited information. This constrains the ability of the Committee and stakeholders to penetrate the policies and proposals contained in the draft Plan and to assess whether they are sufficient to meet stated objectives. The Committee considers the final Climate Change Plan should be produced in a format similar to the draft Plan and contain, for each policy and proposal, the following detail—

- Public Sector Partners – how will they be held to account?
- Starting assumptions
- Associated costs or level of funding suggested and associated budget lines
- Risks – what could prevent this from happening (as suggested by Matthew Bell of the Climate Change Committee)?
- Mitigation – what plans are in place to address these in advance?
- Plan B – if it doesn’t work/materialise, what will the Scottish Government do or task others with instead?
- What are the quantifiable carbon emissions to be saved by this policy in MtCO$_2$e (these should add up to the totals)? When will that be monitored?
- What are the wider benefits beyond the economy?
- What are the milestones and their accompanying timescales/deadlines?
- What are the wider benefits and data on improvements expected from this policy?
- SMART analysis – is this specific, measurable, achievable, relevant and time bound? In other words, does it contain the recommended information detailed above?

An example of the headers proposed for each policy contributing to a policy outcome is provided below—

<table>
<thead>
<tr>
<th>Policy</th>
<th>EU, UK or Scottish Policy</th>
<th>Public Sector Partners</th>
<th>Assumptions or constraints</th>
<th>Costs</th>
<th>Delivery Route</th>
<th>Timescales</th>
<th>Risks</th>
<th>Mitigation</th>
<th>Plan B</th>
<th>Carbon emission Savings Abatement</th>
<th>Wider Benefits and data on improvements</th>
<th>SMART</th>
</tr>
</thead>
</table>

The annual monitoring summary reports should include the same information, along with—

- Starting assumptions – are these still valid?
- Associated costs or level of funding indicated – is this still valid estimate? What has been spent to date?
- Risks – have these materialised? Any new risks?
• Mitigation – how successful was action to mitigate risk? How will any new risks be mitigated?

• Plan B – Is this required? At what point will this be known?

• Quantifiable carbon emissions to be saved in MtCO2e - details of progress? Percentages? If little progress is being made, to what extent is this important?

• Milestones and their accompanying timescales/deadlines – Has the milestone been achieved? If not, what action will be taken to ensure this does not impact on progress overall and assessment of severity.

• Wider benefits beyond the economy – are these being achieved? To what extent? Is more action required? Evidence based analysis of what is happening?

The Committee recommends each policy and delivery route contain detail, supported by evidence or data, to show precisely how it will be achieved.

The Committee recommends the final Climate Change Plan include the detail outlined in this report, drawing on commentary from each section, for each policy and proposal.

**Progress since RPP2**

Inconsistent information is provided in each sector’s chapter of the draft Plan with regard to progress since RPP2. The Committee heard these discrepancies were a result of the process of compilation of the draft Plan and pleased there is an intention to “beef up” these sections. The Committee would consider it helpful if tables on progress since RPP3 in the final Climate Change Plan consistently included—

a. Targets included in RPP2  
b. Progress towards meeting those  
c. Mitigating action if required

The table included in the Forestry section on progress on RPP2 policies is an excellent example, noting the target, what had been achieved and how the Scottish Government has responded to the missed target and an assessment of future delivery. It would be helpful if all tables included the same specific information.

The Committee recommends the sections on progress since RPP2 should be consistent and follow the structure detailed in this report.
Summary of the ECCLR Committee's relevant recommendations for the 2021/22 Budget report published on 8 November 2020

<table>
<thead>
<tr>
<th>A Green recovery - The Committee recommends the Scottish Government use the Budget 2021-22 to set a pathway towards a green, just and resilient recovery and ensure capital investments that deliver green jobs to support recovery are delivered through both the Budget 2021-22 and multi-year spending plans, such as the Infrastructure Investment Plan and Capital Spending Review.</th>
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<tr>
<td>There is a critical need for investment certainty and a step change in levels of investment consistent with addressing the climate and ecological crises and building a wellbeing economy. The Committee believes the level of investment required to finance a green, just and resilient recovery to the Covid-19 pandemic cannot be created solely within the current fiscal framework. The Committee recommends that, while aligning its own budget with a green recovery, the Scottish Government also works with the UK Government in order to co-ordinate and finance a sufficiently large investment stimulus.</td>
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<tr>
<td>The Scottish Government’s Capital Spending Review Framework sets out the spending profile of its commitment to provide an additional £2 billion in low carbon funding over the period 2021-2022 to 2025-2026. According to this profile, £200 million will be allocated in 2021-2022 rising to £600 million in 2025-2026. The Committee welcomes efforts by the Scottish Government to provide investment certainty in uncertain times. However, the Committee is concerned that the additional £200 million low carbon funding commitment in the Budget 2021-22, while welcome, falls short of the level of investment commensurate with the demands of securing a green recovery.</td>
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<tr>
<td>The Committee recommends the final Capital Spending Review “frontloads” to the greatest extent possible - the Scottish Government’s multiple year low carbon spending commitments in order to support a green recovery and Scotland’s net-zero ambitions.</td>
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<tr>
<td>The Scottish National Investment Bank (SNIB) is identified as critical to a green recovery. However, the level of assets available for lending is a central issue.</td>
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<tr>
<td>• The Committee recommends that, as part of the Capital Spending Review, the Scottish Government increases the level of assets available to the SNIB for lending as a matter of priority.</td>
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<tr>
<td>The Capital Spending Review Framework suggests an increasing role for private finance in the delivery of the Scottish Government’s National Infrastructure Mission. The Committee requests information from the Scottish Government on how it has built wellbeing, climate and environmental considerations into the development of private finance models. In particular—</td>
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<tr>
<td>• how the Mutual Investment Model will apply to projects where capital costs may be higher because of low carbon requirements (but revenue cost may be lower), for example, public buildings with district heating schemes.</td>
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<tr>
<td>• the development of its Green Growth Accelerator financing model.</td>
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</table>
Infrastructure investment Plan - The Committee is concerned that the percentage of low carbon projects and programmes presented in the draft IIP (cited as 36%) is significantly too low. The Committee asks the Scottish Government to—

- provide a full breakdown of this analysis so that it can more fully understand the proportion and nature of projects in the other categories.
- set out how projects in the IIP will help to deliver progress towards the 2030 greenhouse gas emissions target.

The Committee recommends—

- the final IIP avoids infrastructure that will lock-in high carbon activities and fully implements the Infrastructure Commission for Scotland’s recommendation that projects in the IIP “should be prioritised against available inclusive net zero carbon economy outcomes.” The Committee reiterates the recommendations expressed in the ‘Long-term effects of infrastructure’ chapter of its Pre-Budget Report 2020-21;
- the Scottish Government set out how it has prioritised projects that deliver green jobs to support recovery when the next Major Capital Project pipeline update is published.

Nature-based solutions - There are considerable opportunities for nature-based solutions (such as woodland creation, peatland restoration, management of invasive non-native species, deer management, etc.) to form part of a green recovery package

- The Committee recommends the Scottish Government’s economic recovery plans explicitly include support nature-based solutions to recovery from the Covid-19 pandemic.

Agricultural payments

- The Committee considers there is a significant opportunity in redesigning Pillar 1 agricultural payments to be consistent with the objectives of supporting a green, just and resilient recovery, and reward existing good practice.

Investment decision framework - The Committee supports the inclusion of natural assets and natural capital in the Scottish Government's definition of infrastructure. The Committee believes this should lead to a fundamental rethink of how decisions are made on capital allocation

- The Committee recommends the Scottish Government fully incorporate natural capital and an understanding of natural assets into the “investment decision framework” being developed in advance of 2025.

Public services - The Committee considers public services need to be sufficiently resourced to deliver on public objectives
• The Committee recommends the revenue budgets of public organisations considered key to responding to the global climate emergency and biodiversity loss are protected in real terms.

Replacement of EU Funding

The Committee recommends the Scottish Government engage with the UK Government to ensure that the UK Shared Prosperity Fund – intended to replace EU structural funds – is delivered from the end of the transition period and is designed to further environmental objectives.

Costing of Climate Change Plan

• In order to meet Scotland’s climate targets, the Committee considers the policies and actions set out in the Climate Change Plan must be fully costed and details of how they are to be funded must be set out.

• The Committee continues to recommend the Scottish Government works to improve how it demonstrates that annual budget allocations will deliver Scotland’s climate targets in the longer term.

Early action on energy efficiency measures in the housing stock is critical

• The Committee recommends the Scottish Government fund a comprehensive programme to bring Scotland’s existing housing stock up to an improved and sustainable level of energy efficiency in line with the recommendations of the Climate Change Committee (CCC).

Enabling communities to deliver local solutions as part of a green recovery is critical

• The Committee recommends the Scottish Government prioritise the delivery of skills development for a green recovery in communities that lack capacity and resources, establish a development fund to facilitate and support the mobilisation of communities with further and sustained investment.

Funding a circular economy to accelerate action and to get businesses to move toward circular economy products and services is vital

• The Committee recommends the Scottish Government expand the Zero Waste Scotland Circular Economy Investment Fund and support investment in circular economy skills and training.

Research, technology transfer and skills development will underpin the green recovery

The Committee recommends the Scottish Government—

• reverse cuts to the Strategic Research Programme, which will become even more vital at the end of the transition period from the European Union.
• establish an enterprise fund to provide financial support, including grants and low-cost loans to support business models to transition from lockdown innovations to commercial models that will continue to be competitive once the economy reaches a post-pandemic state.