EXECUTIVE NOTE

THE CLIMATE CHANGE (ANNUAL TARGETS) (SCOTLAND) ORDER 2011 (SSI 2011/XX)

1. The above instrument will, if approved, be made by the Scottish Ministers in exercise of the powers conferred by section 4 of the Climate Change (Scotland) Act 2009 ("the Act"). The instrument is subject to the draft affirmative procedure.

Policy Objectives

2. The purpose of the instrument is to set the second batch of annual targets, for the period 2023-2027, as required by section 4(2) of the Act.

3. An annual target for any year means the target for the maximum amount of the net Scottish emissions account set for that year. Article 2 of the instrument sets the annual targets for the years 2023-2027.

4. Advice on the levels at which to set the annual targets was requested from the Committee on Climate Change. This advice was provided in two letters which were published on 1 July 2011[1] and 1 August 2011[2]. The advice sets out a trajectory for annual targets which is consistent with meeting the long-term target for 2050 already in the Act (80% lower than the 1990/1995 baseline), and which satisfies the requirement that each annual target from 2020 onwards be set at an amount that is at least 3% less than the target for the preceding year.

5. The targets that the Committee on Climate Change has recommended for 2023-2027 are based on economic and emissions modelling and analysis that considers the emissions reductions that are technically possible and cost-effective given current carbon price projections. The Scottish Ministers accept this analysis and the targets set out in this Order are those that have been recommended by the Committee on Climate Change.

Consultation

6. There is no statutory obligation for public consultation on this Order. However, the Scottish Ministers are required by section 5 of the Act to request the advice of the Committee on Climate Change as to the levels at which to set the annual targets. As noted in paragraph 5, the Scottish Ministers have proposed targets in line with the Committee on Climate Change's advice.

7. Section 4(3) of the Act requires that the Scottish Ministers have regard to any advice from the Committee on Climate Change on the appropriate maximum amount of cumulative emissions that may occur in the period 2010-2050. The Committee on Climate Change provided advice on the fair and safe cumulative emissions budget for Scotland in a letter dated 31 January 2011[3] and has confirmed that, in its view, the proposed targets for 2023-2027 are commensurate with that budget.

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[1] http://hmccc.s3.amazonaws.com/CCC%20letter%20to%20Stewart%20Stevenson%20-%20targets%20and%20credit%20advice%201%20July%202011.pdf

[2] http://downloads.theccc.org.uk.s3.amazonaws.com/ScotlandLetter/Letter%20from%20David%20Kennedy%20to%20Liam%20Kelly%20-%201%20August%202011.pdf

[3] http://downloads.theccc.org.uk.s3.amazonaws.com/ScotlandLetter/Letter%20from%20Adair%20Turner%20to%20Roseanna%20Cunningham%2031%20January%202011.pdf

8. A consultation on proposals for a Scottish Climate Change Bill, took place between 29 January and 23 April 2008. The consultation received 21, 046 responses and helped the Scottish Ministers make several important decisions about the Bill. These were published in October 2008 in the Scottish Government's response to the outcomes of the Bill consultation and included the commitment to having a framework of annual targets rather than multi-year emissions budgets[4].

Business and Regulatory Impact Assessment

9. A Business and Regulatory Impact Assessment is not required as the instrument will not, in itself, impose new regulatory burdens on businesses, charities or the voluntary sector. Rather, it is the proposals and policies to achieve the emissions reductions targets that will have a regulatory impact.

10. On 14 March 2011 the Scottish Government laid before the Scottish Parliament the final version of the first statutory Report on Proposals and Policies for meeting emissions reduction targets, focussing on the targets for 2010-2022[5]. Business and Regulatory Impact Assessments (and the predecessor Regulatory Impact Assessments) have been carried out for a number of the measures in that report and more will be conducted where appropriate as specific policies are developed further.

11. A second Report on Proposals and Policies will be laid before the Scottish Parliament in respect of the annual targets for 2023-2027. The individual measures, or related groups of measures, detailed in the second Report on Proposals and Policies will be subject to Business and Regulatory Impact Assessment as appropriate.

12. A Regulatory Impact Assessment was carried out for the Climate Change (Scotland) Bill. The final Assessment was published on 5 May 2009[6].

Financial Effects

13. The Committee on Climate Change has stated that the cost in GVA to the Scottish economy of implementing measures to meet the recommended targets would be broadly similar to the costs to the UK of achieving its fourth carbon budget (also covering the 2023-2027 period), which it estimates would be 0.6% GDP in 2025, and the same in 2030 given an indicative target of a 60% emissions cut.

14. The potential costs associated with specific individual measures designed to reduce emissions will be assessed in the Business and Regulatory Impact Assessments that are carried out as appropriate during the policy development process. Many of the individual measures can realise financial savings, usually from reduced demand or greater efficiency that can outweigh the initial cost of making the change.

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[4] http://www.scotland.gov.uk/Publications/2008/10/response
[5] http://www.scotland.gov.uk/Publications/2011/03/21114235/0
[6] http://www.scotland.gov.uk/Publications/2009/05/01155216/0