

Energy & Climate Change Directorate
Climate Change Division

Business, Energy and Industrial Strategy
Committee
House of Commons
LONDON
SW1A 0AA

22/09/2021

Dear BEIS Committee

Thank you for the opportunity to provide input to the Business, Energy and Industrial Strategy (BEIS) Committee's inquiry on Net Zero Governance. Key points the Committee may wish to note in relation to UK Government engagement with the Scottish Government are set out below.

1. UK Government and Scottish Government net zero governance

The UK Climate Change Act includes a formal role for the Scottish Government, including in relation to the Act's targets and carbon budgets. For example, before laying a draft statutory instrument containing an order setting a carbon budget, the UK Government must take into account any representations made by the Scottish Government. Working relationships between the UK Government and the Scottish Government on matters related to the UK Climate Change Act are set out in a ministerial Concordat document, which is currently under review.

The UK Act also established the Climate Change Committee (CCC) to provide independent advice to the UK Government, the Scottish Government and devolved administrations about reducing greenhouse gas emissions and preparing for climate change. The CCC is jointly sponsored by the UK Government (BEIS and Defra) and devolved administrations who work together to; appoint members of the Committee and agree the Committee's work programme and funding, amongst other matters. Official-level working relationships around such matters, including the role of a cross-administration CCC Sponsor Group, are set out the CCC Framework Document, which is currently under review.

Scottish Government climate governance operates through a ministerial and corporate climate governance framework. Accountability for climate action is held primarily at Cabinet, although the Scottish Government have recently agreed to establish a new Cabinet Sub-Committee for the Climate Emergency. Oversight and assurance at a corporate level is provided by the Global Climate Emergency (GCE) Board which provides strategic steer and co-ordination on cross-Government projects to ensure a whole systems approach to delivering a just transition to statutory emissions reduction targets and strengthening climate adaptation in Scotland. External advice is provided through key bodies, including the CCC, the Just Transition Commission, and more recently Scotland's Climate Assembly.

2. Engagement to date and evidence that Scottish Government involvement has influenced UK Government strategy and decisions.

Existing mechanisms as detailed below and others, including the National Inventory Steering Committee (NISC), the UK Hydrogen Council and shared learning on behaviour change and public attitudes, are useful but could be strengthened through additional efforts, including in particular the four nations' summit called for by the First Minister to ensure shared strategic approach.

The Net Zero, Energy and Climate Change Inter-Ministerial Group (IMG) is intended to support effective engagement and collaboration in areas of shared interest between the portfolio ministers leading on these issues within the UK administrations. The IMG can be a useful forum to ensure strategic coherence and dialogue between nations, recognising the differing stages and timescales on climate change policy development in each country. However, it would be significantly strengthened if the Scottish Government had timely access to more detailed information on current plans and policies under consideration for inclusion in forthcoming UK Government strategies, given the inter-related nature and impact of climate action.

The IMG has focused on the UK Government Net Zero Strategy for the first half of this year, with the UK Emissions Trading Scheme (ETS) proposed to play a more dominant role over the coming months. While recent discussions have been welcome, the impact of four nations' governance approach is not evident as the Scottish Government has not seen UK Government outputs as yet. For example, the Scottish Government has not seen or been engaged in drafting the Net Zero Strategy, but has shared views and put forward specific 'asks' at IMG.

The Scottish Government has also not been sighted as yet on the Net Zero Cost Review from HM Treasury and discussion has been limited. The HMT Net Zero Review was initiated in response to a recommendation from the Climate Change Committee (CCC) that the Treasury review the distribution of costs and benefits arising from the net-zero transition, to businesses, households and the Exchequer. It is also considering the long-term decarbonisation funding needs and policy implications of this. Given the split of devolved and reserved responsibilities relating to the costs and benefits of climate change action, and the governmental funding requirements, the Scottish Government has repeatedly sought engagement and meaningful involvement in the Net Zero Review. This has not been forthcoming.

The UK Emissions Trading Scheme (ETS) represents a novel approach to joint working on climate change. The UK ETS covers both devolved and reserved responsibilities, and is founded on the basis of co-ordinated legislation across the four parliaments. A common framework and a joint UK ETS Authority have been established to facilitate governance of the scheme, creating processes for joint decision making and collaboration at both ministerial and official level. However, there are multiple ways in which the UK ETS cuts across other policy areas, which cover both devolved and reserved areas. This has meant that a lack of involvement for the Scottish Government in complementary policy processes, such as the UK Net Zero Strategy, has sometimes made joint decision making within the UK ETS Authority more difficult.

3. Scottish Government 'asks' of the UK Government on reserved action to deliver net zero.

Each of the four nations are currently at different stages in the development of climate targets and plans, with Scotland having recently put in place a revised legal framework to deliver net zero by 2045 at the latest and finalised an updated Climate Change Plan.

Scotland cannot fully achieve our transition to net zero without UK Government action. Both the Scottish Government and UK Government targets are mutually dependent on each other's actions. The UK Government will be required to act in areas that are not devolved, for example, in areas where delivery of the Scottish Government's Climate Change Plan and Energy Strategy are dependent, in part, on UK Government decisions include the development of industrial scale deployment of carbon capture, utilisation, and storage, which depends on decisions relating to funding, regulatory levers, and conservation of critical infrastructure in the North Sea.

While Scotland is using devolved powers in a number of areas to reduce its emissions and adapt to climate change in line with our ambitions and targets, substantial levers are controlled by the UK Government. In particular, the Scottish Government is taking forward significant action to decarbonise the energy sectors, including the gas and electricity grid and development of hydrogen capacity, but does not hold all the levers to do so as aspects of regulation, taxation and policy are reserved to the UK Government. Policies and proposals where competence is not wholly devolved are informed by regular discussions between the Scottish and UK Governments. Some of these policy areas are outlined in the Scottish Government's 2020 update to the Climate Change Plan and second Climate Change Adaptation Programme.

Scottish Ministers have written to the UK Government on a number of issues to urge them to take action. On the 12 August, the First Minister wrote to the UK Prime Minister, calling for a four nations' summit to be convened to discuss how our governments' can work together, both in the run up to COP26 and beyond, to ensure that, individually and collectively, we are providing clear leadership on the response to the global climate emergency. Such a summit would allow discussion of respective plans for achieving a just transition to net zero and, in that context, how we can accelerate the development of renewable and low carbon sources of energy, with consequential benefits to Scotland's own industries and supply chains.

The First Minister reiterated the need for stronger action on offshore licencing, regulation and policy, seeking the UK Government's agreement to significantly enhance the climate conditionality associated with offshore oil and gas production. She also called for agreement to reassess licences already issued where field development has not yet commenced, and to do so against a robust Compatibility Checkpoint that is fully aligned with our climate change targets and obligations. Recognising that it is essential that governments act now to secure the future of the North Sea as a vibrant source of renewable energy generation, hydrogen production and CCUS.

Yours sincerely

Sarah Hart

Sarah Hart
Head of Strategy and Governance
Climate Change Division
Energy & Climate Change Directorate
Scottish Government

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