

Deputy First Minister and Cabinet Secretary for
Economy and Gaelic
Leas Phrìomh Mhinistear agus Rùnaire a' Chaibineit
airson Eaconamaidh agus Gàidhlig
Kate Forbes MSP
Ceit Fhoirbheis BPA



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Edward Mountain, MSP
Committee Convener
Net Zero, Energy and Transport Committee
c/o Clerk to the Committee
The Scottish Parliament
Edinburgh
EH99 1SP

18 July 2024

Dear Edward,

SCOTTISH GOVERNMENT BUDGET 2025/26

Thank you for your letter of 5 July advising the Net Zero, Energy and Transport Committee is focusing its Budget scrutiny on the Scottish Government's strategic spending to achieve the Climate Change Committee's balanced pathway to a net-zero Scotland by 2024-25.

You specifically asked:

- The need to ensure spending decisions are focused on the emission reduction target of net zero by 2045 will influence your approach to prioritising spending of your portfolio budget;
- How you will prioritise areas of the economy contributing most to emissions (transport and agriculture) within your portfolio;
- Examples of progress you hope to make on last year's budget;
- Which budget lines you intend to move from negative/neutral to positive in the detailed breakdown of the carbon assessment of the Budget.

On 22 May, the First Minister set out the four priorities for his government: eradicating child poverty, growing the economy, delivering effective and sustainable public services, and tackling the climate crisis. The Scottish Government will prioritise support for these missions in the forthcoming Scottish Budget 2025-26, including supporting those programmes which are deemed most impactful for delivering on our Climate Change Targets.

Within my own portfolio I have very limited responsibilities for transport and agriculture, and suggest you address these areas with my colleagues Fiona Hyslop, Cabinet Secretary for Transport and Mairi Gougeon, Cabinet Secretary for Rural Affairs, Land Reform and the Islands, who are best placed to respond.

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In terms of progress, my portfolio includes several areas and programmes which support our Climate Change ambitions, most notably through our Enterprise Agencies and the work of the Scottish National Investment Bank (“the Bank”), guided by our National Strategy for Economic Transformation.

Our enterprise agencies help businesses adopt more sustainable business practices, to work more efficiently, build resilience and seize low carbon opportunities. They also play a significant role in supporting energy transition; for example, a key mission of Scottish Enterprise is to create an internationally competitive renewable energy industry in Scotland, a mission also supported by Highland and Islands Enterprise and South of Scotland Enterprise.

Addressing the climate crisis through growing a fair and sustainable economy is one of the Bank’s three guiding missions. Supporting the pathway to net zero is therefore a key driver of the Bank’s investments, with the Bank particularly focused on supporting Scotland’s economy to capitalise on the opportunities available from offshore wind development. A recent example of this is Ardersier Port, which secured a £100 million joint credit facility from the Bank and the UK Infrastructure Bank (UKIB) to underpin the creation of a nationally significant infrastructure facility capable of supporting industrial-scale deployment of fixed and floating offshore wind.

Once budget lines have been determined, the Scottish Government will undertake a carbon assessment of the 2025/26 budget and will report to the Parliament in due course.

I hope this response helps supports the Committee’s work and I can provide further information as needed once the Scottish Budget for 2025-26 progresses.

Yours sincerely,

KATE FORBES

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