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Net Zero, Energy and Transport Committee

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12 August 2024

Dear Convenor

SCOTTISH GOVERNMENT BUDGET 2025/2026

I thank you for your correspondence of 5 July requesting further information on how the Scottish Government plans to ensure that Education and Skills portfolio spending is in line with the Climate Change Committee's "balanced pathway" to a net-zero Scotland by 2045.

Firstly, allow me to assure you that the Scottish Ministers have an unwavering commitment to a just transition to net zero emissions by 2045, five years ahead of the UK, and still one of the most ambitious targets in the world. In Budget 2024-25 we committed £4.7 billion for activities that will have a positive impact on delivery of our climate change goals. But an almost 9% cut to our capital budget by 2027-28 from the UK Government, a cumulative loss of over £1.3 billion, has added to an already very challenging fiscal environment.

The Scottish Government is currently considering its approach to the 25-26 Scottish Budget, and details will be available when the new Scottish Budget is published. The Scottish Government will continue to work closely with the Scottish Parliament to agree a date for the new Scottish Budget now that the UK Government has confirmed that the next UK Budget and multi-year Spending Review will take place on the 30th October 2024.

With regard to the information you have requested, the information below sets out the Education and Skills position in relation to your key asks:

- **How 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.**

Having a nation with the right skills will be fundamental to achieving the Scottish Government's ambitious target of becoming a net zero emitter by 2045. To support this, the skills system and labour market will need to be more agile and dynamic than ever before.

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In this context we will continue to prioritise investment in our education and skills system, part of our critical national infrastructure, underpinning our economy, society and enabling Scotland to play its full part as a good global citizen. This will include our continuing investment in the infrastructure that supports the system, including for example, colleges, universities, apprenticeships, and our Innovation Centres. This will be key to enable the transition to net zero as well as broader Scottish Government ambitions.

In 2024-25, the Scottish Government is investing approaching £3.5 billion in the post-school system, including nearly £2 billion to colleges and universities supporting their delivery of high-quality education, training, and research. This investment supports 119,386 funded places at Scottish universities and the provision of 1,552,851 teaching credits across the college sector, for Academic Year 2024-25. This year there are over 38,000 Modern Apprentices (MA) currently in training and Skills Development Scotland (SDS) have funding for up to a further 25,500 MA's, this is in addition to the funding for 5,000 Foundation and 1,378 Graduate Apprenticeship places.

Significant work is progressing to reform the education and skills system. Our new national approach to skills planning will help develop a better understanding of skills needs at the national level, including skills for the net zero transition, and how we can better address them, particularly where solutions lie within the education and skills system. This work will be critical in ensuring we meet one of the key aims of our work: to ensure that the system is more responsive and in a better position to meet our economic, environmental, and social needs and ambitions. This will be complemented by strengthened regional approaches to skills planning reflecting current and future job opportunities within different areas of Scotland.

We are ensuring skills are embedded across our strategies (the Green Industrial Strategy and the Just Transition Plans for Sector and Regions, to name a few) and are supporting skills-focused Just Transition projects, in apprenticeships and in a network of organisations (e.g. the Energy Skills Partnership and BE-ST innovation centre) that will support the development of net zero skills.

The £2 billion Learning Estate Investment Programme (LEIP) is being delivered in partnership with local authorities, and its energy efficiency target for the schools being replaced/upgraded is ambitious. Our target is 67 kWh per square meter, per year, for core hours - and this target is not just ambitious 'on paper' - we will be following up with local authorities to ensure that the targets are achieved in practice, once the buildings are in use. Furthermore, Phase 3 of the LEIP includes an additional outcome to address embodied carbon and will incorporate requirements for covered outdoor space, zero emissions heating, electric vehicle charging, and smart building sensors.

The funding approach for the LEIP was developed with local authorities, and agreed with COSLA, to deliver the best possible long-term value. The Scottish Government will support local authorities via an outcomes-based funding model which links funding to keeping the new facilities in good condition - and other key outcomes related to low carbon, digital connectivity and economic growth.

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- **How you will prioritise areas of the economy contributing most to emissions (transport and agriculture) within your portfolio;**

Our new national approach to skills planning will help develop a better understanding of skills needs at the national level, including where these vary for different parts of the economy. A key aim of this work is to ensure that the system is more responsive and in a better position to meet our economic, environmental, and social needs and ambitions.

- **Examples of progress you hope to make on last year's budget;**

As above, our portfolio's continued investment in post-school education and skills has a key role as an enabler of the capabilities required as we progress towards achieving the Scottish Government's ambitious target of becoming a net zero emitter by 2045.

Our main sponsored bodies, the Scottish Funding Council (SFC) and Skills Development Scotland (SDS), continue their joint work in contributing to implementation of the Scottish Government's Climate Emergency Skills action plan. The focus is on the key actions needed over the next period to 2025.

Through the SFC we invest significantly in colleges, including in their infrastructure. The SFC is working with colleges to develop a national Colleges Infrastructure Investment Plan intended for publication in autumn 2024. This will identify infrastructure investment needs for 2024 – 34, including investment for net zero.

Colleges are also continuing to implement measures from their Statement of Commitment to the Climate Emergency, such as integrating greater learning for sustainability in all taught areas, cutting emissions and embedding the climate response throughout their organisations, with a collective net zero target of 2040.

The University Capital funding for Research & Innovation (R&I) is supporting environmental sustainability and net zero early mover advantage, through the development of expertise in colleges and universities aimed at reducing carbon emissions.

In relation to capital investment, there are regular reviews of the capital and the R&I aspects of funding. Awareness of the impact of the funding is embedded by making sure all Institutions report to the SFC against Scottish Government requirements for carbon reporting across the three scope groups included under the national statutory guidance.

- **Which budget lines you intend to move from negative/neutral to positive in the detailed breakdown of the carbon assessment of the Budget.**

In terms of investment in post school education and skills, the majority of our budget is invested in our sponsored bodies, the SFC and SDS, and through them in our investment in new and continuing students at college and university, our apprentices and the institutions which support them. As such I envisage the vast majority of our spend to continue to be classified as neutral. However, through our investment in enabling the green skills required, we have a key role to play in supporting investment move towards a positive carbon impact.

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I trust that this information appropriately addresses your specific queries; and highlights that the work being undertaken through the Education and Skills portfolio is committed to supporting the just transition to net zero emissions by 2045.

Yours sincerely

JENNY GILRUTH

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