



The Scottish Parliament
Pàrlamaid na h-Alba

Net Zero, Energy and Transport Committee

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Acting Cabinet Secretary for Net Zero and Energy
Scottish Government

08 November 2024

Dear Cabinet Secretary

Pre-budget Scrutiny 2025-26

The Climate Change Committee's (CCC) [Progress in reducing emissions in Scotland 2023 Report to Parliament](#) delivered a stark assessment of progress towards meeting climate change targets. It stated:

“The Scottish Government is failing to achieve Scotland’s ambitious climate goals. Annual emissions targets have repeatedly been missed, and the publication of Scotland’s draft Climate Change Plan has been delayed. As such, there is still no comprehensive delivery strategy for meeting future emissions targets, and actions continue to fall far short of what is legally required.”¹

At the time, the CCC concluded that the acceleration of action required to meet the 2030 interim target was “beyond what is credible”.² In April, the Scottish Government formally acknowledged this, with the [Climate Change \(Emissions Reduction Targets\) \(Scotland\) Bill](#) then being introduced in September. The Bill removes interim and annual targets and introduces a new system of targets based on carbon budgeting.

While the CCC expressed disappointment at the withdrawal of the 2030 and 2040 interim targets, and an overall loss of momentum, they said there is still a “credible path”³ to Scotland achieving net zero in emissions by 2045.

In our [Stage 1 consideration of the new Bill](#), we heard views as to what had gone wrong to put the 2030 target beyond reach and the actions which are now required if the 2045 target is to remain achievable. The Committee’s scrutiny over the

¹ Climate Change Committee (2024). Progress in reducing emissions in Scotland 2023 [Report](#) to Parliament

² Climate Change Committee (2024). Progress in reducing emissions in Scotland 2023 [Report](#) to Parliament

³ Net Zero, Energy and Transport Committee, [Official Report](#), 23 April 2024, Col 3

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remainder of this session will be focussed on getting net zero back on track. As our Stage 1 report commented:

“The Committee is first agreed on the need for urgency. This requires a new climate change plan, setting out credible, deliverable, detailed and costed proposals to meet the new carbon budget target, to be in place as soon as reasonably possible before the end of this parliamentary session to allow for sufficient scrutiny.”⁴

Our 2024-25 pre-budget scrutiny has been concerned with ensuring that—

- the Scottish Government’s “unwavering commitment to a just transition to net zero emissions by 2045” is actually reflected in its spending and its decision-making around spending;⁵ and
- Scottish Government spending in 2024-25 and longer-term spending plans align with the CCC’s “balanced pathway” to net zero (or, where in a specific case it does not, the Scottish Government has set out a rational case for departing from the relevant advice).

Over the summer, and as part of the preparation for this response, we wrote to every Cabinet Secretary to ascertain how they are ensuring they meet the Scottish Government’s overriding net zero goals.

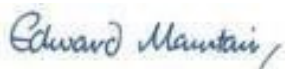
The annexe to this letter amounts to our formal pre-budget representation to the Scottish Government. It has two main themes:

- it examines the Scottish Government's approach to policy making and prioritisation, as well as wider governance arrangements.
- it also looks at the budget for those sectors highlighted by the CCC where progress is lagging and where more targeted action is needed to accelerate change.

Only through a robust, well-coordinated strategy, underpinned by sufficient investment and transparent governance, can Scotland hope to bridge the gap between its ambitious targets and the reality of working towards those targets so far.

The Committee appreciates that some of the issues raised in this letter cover multiple portfolios but we would appreciate a coordinated response.

Yours sincerely,



Edward Mountain MSP
Convener

⁴ [Net Zero, Energy and Transport Committee, Stage 1 Report on the Climate Change \(Emissions Reduction Targets\) \(Scotland\) Bill](#)

⁵ [Letter](#) from the Cabinet Secretary for Net Zero and Energy, 31 July 2024

Scottish Government prioritisation of policies to support the achievement of the 2045 target

Prioritisation and the Climate Change Plan and the Budget

In April, the former chief executive of the Climate Change Committee (CCC), Chris Stark, voiced concerns that in the absence of targets or a plan, policy and action may suffer. He described these as “dangerous moments” and said the policies brought forward in the following 12 months would be crucial.⁶ Tackling climate change is one of the First Minister’s four key priorities. Each Cabinet Secretary acknowledged this in their response. This should be reflected in the action the Scottish Government takes this year, including in the budget.

The Committee appreciates the challenging fiscal circumstances faced by the Scottish and UK governments. However, the evidence presented to us as part of our consideration of the Climate Change (Targets Emissions Reduction) (Scotland) Bill emphasised the need for prioritisation of carbon-reducing actions if the 2045 net zero target is to remain credible. We were told the interim 2030 target was ambitious but achievable when set in 2019 and it has been a lack of action, not ambition, which has necessitated its removal.⁷ Learning this lesson and maximising the remaining window of opportunity to hit the 2045 target will require prioritisation of climate-friendly, carbon-reducing action supported by adequate funding.

However, policy announcements made since the announcement of the Bill run contrary to the narrative of “unwavering” dedication to achieving emissions reduction targets. Policies such as the end of the pilot to remove peak rail fares do not appear to support this aim.⁸ The CCC emphasised the importance of forestry to achieving our carbon reduction goals,⁹ and the Committee notes the reductions in financial support for tree planting last year. The Cabinet Secretary for Transport spoke in June on the decision to pause the bus partnership fund.¹⁰ On 3 September, the Cabinet Secretary for Finance and Local Government said agreement had been struck with local authorities to draw on “specific existing programmes to fund its pay deal,”¹¹ which is understood to include nature restoration funds. She also noted savings achieved through a reduction in resource spending on sustainable and active travel.

Furthermore, she said she was “reluctantly planning on the basis of utilising up to £460 million of additional ScotWind revenue funding”.¹² She said the pressure to utilise it for other purposes “...emanates, in the main, from pay pressure, with £800 million of additional pay pressure driven by the acceptance of the UK pay review bodies. At the moment, it is not confirmed that that will be fully funded”.¹³ Funding

⁶ Net Zero, Energy and Transport Committee, [Official Report](#), 23 April 2024, Col 3

⁷ Net Zero, Energy and Transport Committee, [Official Report](#), 17 September 2024, Col 25

⁸ [Letter](#) from the Cabinet Secretary for Transport, 20 August 2024

⁹ Climate Change Committee, Progress in reducing emissions in Scotland 2023 [Report](#) to Parliament, March 2024

¹⁰ Net Zero, Energy and Transport Committee, [Official Report](#), 4 June 2024, Col 5

¹¹ Meeting of the Scottish Parliament, [Official Report](#), 3 September 2024, Col 29

¹² Meeting of the Scottish Parliament, [Official Report](#), 3 September 2024, Col 29

¹³ Meeting of the Scottish Parliament, [Official Report](#), 3 September 2024, Col 37

policies to achieve net zero emissions is expensive, but we know the cost of inaction and delay will be higher. The Cabinet Secretary for Net Zero and Energy told us, “Although I am saying that the costs of climate action are high, the [Scottish Fiscal Commission] started off by making the really important point that the costs of inaction are so much higher. It is not a choice of whether we do it; we must do it”.¹⁴

The Committee recommends that the Scottish Government prioritises funding for carbon-reducing actions in the upcoming budget to ensure the credibility of the 2045 net zero target. This includes reinstating, as far as possible, financial support for key initiatives such as tree planting, sustainable and active travel, and public transport improvements.

Though current fiscal circumstances are challenging, it is crucial to recognise that the cost of inaction will far outweigh the immediate financial pressures. Therefore, the Committee urges the Government to allocate adequate resources to climate action, reflecting the First Minister’s prioritisation of tackling climate change and learning from past shortcomings to maximise the remaining window of opportunity to meet the 2045 target.

A key message in the CCC’s report was that the longer publication of a new climate change plan is delayed, the more this will impact on net zero delivery. The CCC concluded that without the plan, Scotland lacked a comprehensive strategy that outlines the actions and policies required to meet emissions reduction targets.¹⁵ The CCC told us that in the absence of a plan, policy “must be delivered as though there are targets because of the importance of that transition and pathway”.¹⁶

During our Stage 1 scrutiny of the Climate Change (Emissions Reduction Targets) (Scotland) Bill, stakeholders highlighted the need for a balanced approach to climate change planning, focusing on both long-term strategies and specific, measurable targets. Dr Emily Nurse, Head of Net Zero at the CCC, emphasised that long-term planning is essential in areas like tree planting, transport, and buildings, which require time to show results.

The Scottish Fiscal Commission (SFC) stressed the need for the budget to align with carbon budgets and the climate change plan.¹⁷ Professor Graeme Roy told us, “...if the committee is scrutinising the Scottish budget bill—the annual fiscal bill—in December, you need to be able to look at that and say whether it is consistent with the decisions that are being taken that will deliver on the carbon budgets that are set out under the climate legislation”.¹⁸ Audit Scotland also discussed the challenges of aligning a five-year budget period with the annual financial budget cycle and questioned how effective planning can be when it needs to fit both a long-term and a short-term framework. They said, “we must recognise that, if we are going to work with the five-year budget period, we also need to think about how that aligns with the financial budget cycle, because we are almost challenging planning to be done on a

¹⁴ Net Zero, Energy and Transport Committee, [Official Report](#), 28 May 2024, Col 44

¹⁵ Climate Change Committee, Progress in reducing emissions in Scotland 2023 [Report](#) to Parliament, March 2024

¹⁶ Net Zero, Energy and Transport Committee, [Official Report](#), 10 September 2024, Col 4

¹⁷ Net Zero, Energy and Transport Committee, [Official Report](#), 10 September 2024, Col 19

¹⁸ Net Zero, Energy and Transport Committee, [Official Report](#), 10 September 2024, Col 19

five-yearly basis. How will that work with annual budget cycles? How much certainty and confidence will that give that those five-yearly plans can be delivered?”¹⁹

Professor David Ulph of the SFC highlighted that current budget data lacks sufficient detail on how government spending aligns with net-zero targets, making it difficult to assess whether the Scottish Government is over- or underachieving.²⁰ The Committee recommended that the Scottish Government develop the “cost and benefits” of policies in future climate change plans with input from the SFC on the level of detail.²¹ In your response to the Committee’s stage one report, you said the SFC would have the opportunity to comment on the draft plan²² when published.

This alignment of the fiscal budget with the forthcoming carbon budgets and the climate change plan is crucial for maintaining the credibility of the 2045 net zero target. In the absence of the carbon budgets and the climate change plan, policy must still be implemented and funded in a manner commensurate with the 2045 target. The Committee notes that some recent policy announcements, such as the end of the pilot to remove peak rail fares and reductions in financial support for tree planting, contradict the stated commitment to emissions reduction. The SFC and Audit Scotland have highlighted the need for detailed budget data and a coherent strategy that integrates both long-term and short-term financial planning.

When considering the budget next year, the Committee will have reviewed a draft climate change plan, with a final plan potentially available by then. It is essential that the costs and benefits of policies and proposals in the plan align with the fiscal budget.

The Committee recommends that the Scottish Government seeks the advice of the SFC on the mandatory information regarding the costs and benefits of policies while preparing the next draft climate change plan. The Committee wishes to see a draft plan that already contains the level of detail the SFC considers appropriate for long-term assessment of fiscal sustainability.

In May,²³ the Committee asked the Cabinet Secretary for Net Zero and Energy about the connection between the Climate Change Plan and the Scottish Government’s Energy Strategy and Just Transition Plan. At the time, the Cabinet Secretary confirmed that the Energy Strategy would not be delayed by the on-going work on the climate change plan and the Energy Strategy would be published in due course.

¹⁹ Net Zero, Energy and Transport Committee, [Official Report](#), 24 September 2024, Col 45

²⁰ Net Zero, Energy and Transport Committee, [Official Report](#), 10 September 2024, Col 17

²¹ Net Zero, Energy and Transport Committee, [Stage 1 Report](#) on the Climate Change (Emissions Reduction Targets) (Scotland) Bill

²² [Letter](#) from the Acting Cabinet Secretary for Net Zero and Energy on the Stage 1 report on the Climate Change (Emission Reduction Targets) (Scotland) Bill, 9 October 2024

²³ Net Zero, Energy and Transport Committee, [Official Report](#), 28 May 2024, Col 32

The Committee would appreciate an update on the publication of the Energy Strategy and further information regarding the budget allocated to support its delivery.

Governance and structure of the Scottish Government

Prioritising the 2045 target requires the Scottish Government to be structured, collaborate and reach decisions in a way that reflects that.

Having stable governance structures also helps. Ministerial changes are an unavoidable fact of political life but the Committee has already had cause to note how a high degree of churn in relation to one important ministerial position (transport) had become an impediment to effective policy delivery.²⁴

In relation to overall responsibility within government for net zero delivery, the Committee notes that—

- At the start of this Parliamentary session, there was a Cabinet Secretary for Net Zero, Energy and Transport. Their responsibilities also included practically all environmental policy but not the just transition;
- From March 2023 until February 2024, there was a Cabinet Secretary for Transport, Net Zero and Just Transition, with energy policy transferred to the Economy Secretary;
- From February 2024 until May 2024, there was a Cabinet Secretary for Wellbeing Economy, Net Zero and Energy;
- Since May 2024, there has been a Cabinet Secretary for Net Zero and Energy, whose responsibilities also include the just transition.

There has been a correspondingly high level of change at junior ministerial level. We note that six Ministers reported to the Cabinet Secretary for Net Zero, Energy and Transport. One Minister currently reports to the Cabinet Secretary for Net Zero and Energy.

In March, we invited Audit Scotland to the Committee to speak to their April 2023 report on “How the Scottish Government is set up to deliver climate change goals”.²⁵ At the meeting, the Auditor General told us governance arrangements were crucial to supporting financial decisions.²⁶

The Auditor General acknowledged the Scottish Government had made improvements in many of the areas he had recommended, particularly on risk and adaptation.²⁷ We also heard that the Scottish Government had made improvements

²⁴ Net Zero, Energy and Transport Committee [report](#): A Modern and Sustainable Ferry Service for Scotland | Scottish Parliament

²⁵ Auditor General for Scotland [report](#), How the Scottish Government is set up to deliver climate change goals, April 2023

²⁶ Net Zero, Energy and Transport Committee, [Official Report](#), 12 March 2024, Col 9 and 45

²⁷ Net Zero, Energy and Transport Committee, [Official Report](#), 12 March 2024, Col 11

to their workforce planning in the Net Zero Directorate since the report and was better placed to make decisions on competing priorities in a structured way.²⁸

The Climate Change Programme, which consists of over 310 policies across more than 13 government sectors, focuses efforts on climate initiatives through a robust governance structure.²⁹ This includes the Cabinet Sub-Committee on the Climate Emergency (CSC-CE) and the Global Climate Emergency (GCE) Programme Board, both of which aim to foster cross-government collaboration. It had been previously stated that these groups would have an advisory role on the climate impact of proposals in the budget and Programme for Government.³⁰

The Auditor General for Scotland told us “...it is clear that tackling climate change challenges will require collaboration and effective working across Government”.³¹ This was supported in written evidence to us on how the budget could support achievement of carbon budgets.³²

We considered whether this was evident from the responses to our letters to all Cabinet Secretaries as part of this pre-budget scrutiny. There was a uniformity of messaging regarding the First Minister’s prioritisation of climate change, the progress made to date and the challenging fiscal circumstances in which the Scottish Government must operate. However, there were also areas where we felt there is room for further collaboration and cohesion.

For example, some letters demonstrated an awareness of how the spending power of all portfolios could support meeting climate change targets. However, this was not universal. Not all letters mentioned the CSC-CE or GCE Programme Board. We asked how each portfolio optimises its spending power to prioritise emission reduction in the highest emitting sectors, some acknowledged how they were addressing transport emissions within their own portfolio, for example in decarbonising the fleet of Police Scotland and NHS vehicles.³³ The Cabinet Secretary for Health mentioned procurement and healthy diets.

Other responses suggested questions on agriculture and transport emissions would be best addressed by the relevant cabinet secretary.³⁴

We would welcome—

- **an assessment of how all portfolios are working to achieve reductions in the highest emitting sectors,**

²⁸ Net Zero, Energy and Transport Committee, [Official Report](#), 12 March 2024, Col 12 and 13

²⁹ [Letter](#) from Cabinet Secretary for Net Zero and Energy, 31 July 2024

³⁰ Scottish Government, [climate change action policy package](#), 18 April 2024

³¹ Net Zero, Energy and Transport Committee, [Official Report](#), 12 March 2024, col 13

³² [Written submissions](#) from Consumer Scotland on the Climate Change (Emissions Reduction Targets) (Scotland) Bill

³³ [Letters](#) from the Cabinet Secretary for Health and Social Care and the Cabinet Secretary for Justice and Home Affairs

³⁴ [Letters](#) from the Deputy First Minister and Cabinet Secretary for Economy and Gaelic and the Cabinet Secretary for Transport

- details of how the Global Climate Emergency Programme Board’s structured reporting and risk management process ensure that the 2025-26 budget addresses the highest climate risks and aligns spending with Scotland’s net-zero targets,
- details of how cross-sector engagement facilitated by the GCE Programme Board has influenced budgetary decisions in the 2025-26 budget,
- further information on how the GCE Programme Board is involved in each portfolio.

Collaboration and co-delivery with local government

The CCC said “...there has been some progress over the past year, with improved relationships between central and local government to deliver Net Zero. However, it is not yet clear what all the roles and responsibilities are, and better coordination of actions across Scottish and UK Governments and local authorities is still needed”.³⁵ Audit Scotland also told us of the need for different tiers of government to work together effectively. In particular, they highlighted the need for leadership from the Scottish Government on skills.³⁶

In responses to our pre-budget letter, the Cabinet Secretary for Finance and Local Government, and the Cabinet Secretary for Net Zero and Energy both outlined how the Scottish Government is working with COSLA to better understand “local authority spend against our shared net zero ambitions, through our joint Climate Delivery Framework”.³⁷

Local authorities told us current funding levels are not sufficient to meet the 2045 target.³⁸ They called for simplification of funding streams longer-term settlements and non-competitive allocation processes.³⁹

An example of this is funding to support improved bus patronage. In response to questions on the main barriers to use of local authority and transport partnership powers in the Transport (Scotland) Act 2019 to run or commission bus services, the Cabinet Secretary for Transport told us she did not “necessarily agree that there are barriers”.⁴⁰ We sought the view of COSLA and transport partnerships. COSLA said resources were cited as a “primary” obstacle for local authorities wishing to implement powers relating to Bus Improvement Partnerships and local franchising.⁴¹ Strathclyde Partnership for Transport (SPT) agreed further resources would be required.

³⁵ Climate Change Committee, Progress in reducing emissions in Scotland 2023 [Report](#) to Parliament, March 2024

³⁶ Net Zero, Energy and Transport Committee, [Official Report](#), 12 March 2024, Col 32

³⁷ [Letter](#) from the Cabinet Secretary for Finance and Local Government, 25 July 2024

³⁸ Written submission from [Aberdeenshire Council](#) and [Shetland Islands Council](#)

³⁹ Written submission from [Aberdeenshire Council](#) and [Shetland Islands Council](#)

⁴⁰ Net Zero, Energy and Transport Committee, [Official Report](#), 4 June 2024, Col 4

⁴¹ [Letter](#) from COSLA, 5 September 2024

COSLA⁴² and SPT⁴³ also spoke of support for current bus services and called for clarity on the future of the Bus Partnership Fund and Community Bus Fund.

Insufficient funds for local government also directly affect capacity for net zero delivery, with COSLA highlighting how councils frequently had to make difficult choices about what not to do and “to use capacity to focus on the most important things”.⁴⁴ These comments were made in the context of the Committee’s recent scrutiny of an Environmental Standards Scotland Improvement Report on local government. In relation to ESS’s recommendations on councils implementing scope 3 emissions reporting, COSLA made clear that this would present real difficulty to local government and would be hard to implement.

These issues underscore the need for effective coordination and prioritisation across local government, with guidance and specialist support, where needed, from the Scottish Government. We acknowledge the setting-up of a new Climate Intelligence Service, as recommended by this Committee, as a useful step in this direction.⁴⁵ But it is clear that local authorities are still under real strain, putting at risk nationwide efforts to meet ambitious climate targets.

- **How will the forthcoming budget address the capacity and resource challenges identified by COSLA?**
- **How will the upcoming budget address local authorities' needs for simplified, longer-term, and non-competitive funding streams to support their net-zero efforts; and**
- **What role will the Climate Delivery Framework play in tracking and evaluating this funding?**

Skills

In March, the Auditor General told us:

“The Scottish Government ...will need to have a workforce plan for within the Scottish Government to deliver its ambitions, but also, looking externally, it will need to play its part in ensuring that the right skills are in place in the wider economy. Whether it is for heat pumps or other services, the Government has to get skills planning to a satisfactory place across the public and private sectors.”⁴⁶

On workforce planning to achieve net zero goals, both internally and externally, the Auditor General acknowledged progress and said “For today, we are content that progress has been made. We also accept the director general’s position of keeping the issue under regular review”.⁴⁷

⁴² [Letter](#) from COSLA, 5 September 2024

⁴³ [Letter](#) from SPT, 11 September 2024

⁴⁴ Net Zero, Energy and Transport Committee, [Official Report](#), 8 October 2024, Col 33

⁴⁵ Net Zero, Energy and Transport Committee [report](#): The role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland

⁴⁶ Net Zero, Energy and Transport Committee, [Official Report](#), 12 March 2024. Col 16

⁴⁷ Net Zero, Energy and Transport Committee, [Official Report](#), 12 March 2024. Col 16

Mike Robinson of Stop Climate Chaos told us there was not yet sufficient progress on this. He said:

“I do not think that enough has been done on public support for skills. As I have said, there is a massive skills gap in every sector that I look at. We are trying to help to respond to that, but there is an awful lot more to be done there. There is not a shared responsibility across the whole of Government to deal with the issue. The issue is still seen sectorally or departmentally too much, and that is true to a degree outside Government as well. Fundamentally, if I had to put the situation down to one thing, it is that we are not really funding the process”.⁴⁸

The Cabinet Secretary for Net Zero and Energy highlighted work to progress peatland restoration but said that a lack of skills capacity, rather than funding, was a barrier to progress.⁴⁹

The Cabinet Secretary for Education acknowledged the importance of the role of skills in reaching the 2045 target and highlighted the “new national approach to skills planning”.⁵⁰ She also said skills requirements were embedded in national strategies such as the Green Industrial Strategy and Just Transition Plans for Sectors and Regions. She said net zero skills were also being supported through just transition projects, apprenticeships and networks of organisation such as the Energy Skills Partnership and BE-ST.⁵¹

The Education, Children and Young People Committee highlighted the challenges of implementing reform of the approach to skills planning in a period of financial constraint.⁵²

The Committee seeks an update on the work the Director General for Net Zero has done on internal workforce planning.

Sectoral Challenges and Opportunities for Emissions Reductions

The CCC’s March report identified several sectors where progress is lagging significantly, and where more targeted action is urgently needed. Key indicators, such as tree planting, peatland restoration, heat pump installations, electric van sales, and recycling rates, are “significantly”⁵³ off track.

⁴⁸ Net Zero, Energy and Transport Committee, [Official Report](#), 17 September 2024, Col 28

⁴⁹ Net Zero, Energy and Transport Committee, [Official Report](#), 17 September 2024, Col 60

⁵⁰ Letter from the Cabinet Secretary for Education and Skills – 12 August 2024

⁵¹ Letter from the Cabinet Secretary for Education and Skills – 12 August 2024

⁵² Education, Children and Young People Committee, [letter](#) to the Minister for Higher and Further Education; and Minister for Veterans, 9 October 2024

⁵³ Climate Change Committee, Progress in reducing emissions in Scotland 2023 [report](#) to Parliament, March 2024

We heard during Stage 1 consideration of the Climate Change (Emissions Reduction Targets) (Scotland) Bill that tracking progress on emissions reduction would be improved by the development of a set of key performance indicators. We recommended the Scottish Government should develop these, in line with advice from the CCC on its own framework.

Having considered this in detail in our budget scrutiny in the last two years, we believe the number of electric vehicle charging points is a good example of where it should be simpler to track a policy intention, the allocation of funding to that policy and the associated outcomes.

The existing CCP Monitoring Reports contain a set of Policy Outcome Indicators. The [most recent of these reports](#), however, recorded more indicators as being On Track than Off Track. Considering the verdict of the CCC earlier this year, that the achievement of interim climate targets was no longer credible, it seems that the approach to these indicators could be reconsidered.

The Committee repeats its recommendation that the Scottish Government develop a set of performance indicators, based on advice of the CCC and in consultation with stakeholders, to allow for more accessible and meaningful monitoring of progress in key policy areas. This should align with the information provided in the budget to allow funding to be tracked.

The CCC 2023 Progress report included a list of recommendations for various sectors, along with an indication of whether these were overdue. These included—

- **Implementation plans for EV charger infrastructure (Overdue):** As part of the policy package announced in April, an additional 24,000 chargers have been promised.
- **Car demand (Overdue):** The 18 April policy package confirms the publication of a second Route Map by Transport Scotland, using a 2019 baseline to target a 20% reduction. This is due to be published in “Autumn”⁵⁴. The Cabinet Secretary also said “This will include a timeline for implementing demand management. Alongside this, we will publish a toolkit to aid local authorities and partners to deliver car use reduction in their area. The Scottish Government recognises that reducing car use is essential to reaching our net zero targets, alongside promoting a shift to EVs”.
- **Aviation (Partly overdue):** The CCC has recommended the Scottish Government should publish a detailed strategy for decarbonising aviation and “implement the Air Departure Tax as soon as possible”.
- **Shipping (Overdue):** The Scottish Government was due to publish an Islands Connectivity Plan in 2023, but this has still not been published.
- **Buildings – Heat in Buildings Bill (Upcoming):** The CCC described the proposals in the Heat in Buildings Bill consultation as strong and said this

⁵⁴ [Letter](#) from the Cabinet Secretary for Transport, 8 August 2024

could be a template for action elsewhere. They have advised to avoid delay in delivery.

- **Buildings – Non-residential (Overdue):** The CCC called for a consultation and finalisation of a plan on energy efficiency and low carbon heating in non-residential buildings.
- **Agriculture – New system of agricultural and environmental payments (Overdue):** The CCC called for clarity on this. The shift to a four-tier framework for agricultural support could be a positive step but it remains unclear how financial support for farmers and land managers will align with climate goals. Scottish Environment LINK called for the new system to be “more ambitious in supporting the sector in delivering emissions reductions alongside nature-friendly food production”.⁵⁵ They said funding, including the Forestry Grant Scheme, should not be competitive.⁵⁶ Analysis by the RSPB, the National Trust and the Scottish Wildlife Trust shows the current UK farming budget of around £3.5bn will need to increase to £5.5-5.9bn per year in the next decade if nature restoration and climate targets are to be met.⁵⁷
- **Forestry (Ongoing):** The CCC spoke of the need to plant more trees, not least because they take time to grow.⁵⁸ Scottish Environment Link noted the reduction in the Forestry Grant Scheme last year.⁵⁹ The CCC progress report calls on the Scottish Government to ensure that “funding and incentives are set at the correct level to meet the Scottish Government afforestation target of 18,000 hectares per year”.⁶⁰ However, the 2024-25 Programme for Government commits to creation of 10,000 hectares of woodland, below the target levels set in the Climate Change Plan update in 2020.
- **Peatland (Upcoming):** Scotland has missed its peatland restoration target for the fifth consecutive year,⁶¹ with the rate needing to nearly triple to reach the Scottish Government’s own target. The CCC recommended that the Scottish Government introduce a comprehensive delivery mechanism to address degraded peatland and extend current restoration ambition beyond the existing timeframe of 2030. The exploration of 'partial re-wetting' and new pilot projects offers a path forward but requires substantial investment. Similarly to above with forestry, the 2024-25 Programme for Government commits to “restore at least 10,000 hectares of degraded peatland”, which falls short of the 20,000 hectare per year restoration target in the Climate Change Plan update. 7,000 hectares of peatland were restored in 2022/23.
- **Waste – energy from waste (Overdue):** The CCC called on the Scottish Government to set out an implementation timeline for the recommendations of the incineration review.
- **Industry/Waste – resource efficiency (Overdue):** The CCC called for the Scottish Government to “Develop policies to drive more resource-efficient

⁵⁵ [Written submission](#) from Scottish Environment LINK

⁵⁶ [Written submission](#) from Scottish Environment LINK

⁵⁷ [Written submission](#) from Scottish Environment LINK

⁵⁸ Net Zero, Energy and Transport Committee, [Official Report](#), 10 September 2024, Col 8

⁵⁹ [Written submission](#) from Scottish Environment LINK

⁶⁰ Climate Change Committee, Progress in reducing emissions in Scotland 2023 [Report](#) to Parliament, March 2024

⁶¹ Climate Change Committee, Progress in reducing emissions in Scotland 2023 [Report](#) to Parliament, March 2024, figure 3H

construction and use of existing low-carbon materials”.⁶² In our [Stage One report on the Circular Economy \(Scotland\) Bill](#) we noted “the latest draft of the Circular Economy and Waste Route Map reduces the specificity of what will be required of the construction industry and delays action when compared with the 2022 draft”. We heard that “Despite the large contribution to Scotland's overall waste, stakeholders said the sector lacks sufficient data. Reporting requirements could be useful in generating evidence to support greater circularity in the sector, which in turn could translate to a noticeable improvement in Scotland's progress at a national level”.⁶³

- **Public engagement (Ongoing):** The CCC recommended the Scottish Government should “Clearly communicate to the public the most impactful ways to reduce emissions, including the impact of dietary behaviours and reducing air travel. Support people to make green choices, including through regulation and incentives, where powers are devolved”.⁶⁴ The People’s Panel we convened to support post-legislative scrutiny of the public engagement provisions in the Climate Change (Scotland) Act 2009 said the Scottish Government must be more ambitious about engaging with the public about the choices we will need to make to reach net zero and that “...the Government has not proven that it has effectively communicated to the public about climate change”.⁶⁵ The Cabinet Secretary for Net Zero and Energy told us in May the panel’s report would form part of the mid-point review of the Scottish Government’s Climate Change Public Engagement Strategy (PES).⁶⁶

The Committee seeks a detailed update of how the actions the Scottish Government committed to in its response⁶⁷ to these CCC recommendations will be prioritised in the 2025/26 budget.

The Committee also requests an update on the outcome of the mid-point review of the Scottish Government’s Climate Change Public Engagement Strategy (PES).

Climate Change Assessment of the Budget

⁶² Climate Change Committee, Progress in reducing emissions in Scotland 2023 [Report](#) to Parliament, March 2024

⁶³ Net Zero, Energy and Transport Committee, Stage 1 [Report](#) on the Circular Economy (Scotland) Bill, para 476

⁶⁴ Climate Change Committee, Progress in reducing emissions in Scotland 2023 [Report](#) to Parliament, March 2024

⁶⁵ Scottish Parliament People’s Panel reviewing the Climate Change (Scotland) Act 2009 [report](#), April 2024

⁶⁶ Net Zero, Energy and Transport Committee, [Official Report](#), 28 May 2024, Col 40

⁶⁷ Scottish Government, [response](#) to the Climate Change Committee: Progress in reducing emissions in Scotland 2023 Report to Parliament

In late 2022, the Committee considered a final report from the Joint Budget Review Group (JBR) - a collaborative working group of Scottish Parliament and Scottish Government officials - which looked at Fraser of Allander Institute research on implementing changes in the Scottish Budget on matters relating to climate change.

The aim of the JBR's work was to help set out more clearly the potential effect that decisions on budgetary spending each year may have on greenhouse gas emissions; to help the Parliament make more informed decisions on whether or not to support the Budget, or particular aspects of it.

The outcome of the JBR was that the Scottish Government would develop three strands of work—

- Strand One – a dedicated climate narrative section in the budget documentation to outline the relative impact of spend within the budget that supports progress towards statutory climate change commitments;
- Strand Two – Development of an enhanced taxonomy approach to identify and categorise all spending lines across the Scottish Budget with regards to their climate impact;
- Strand Three – Development of a Scottish Government wide Net Zero Assessment to establish a dedicated carbon assessment process during early policy development stages that will provide increased depth and detail on the climate impact of individual policies and their associated budget allocations.

Although the Scottish Government has made progress towards greater transparency and accountability through initiatives like the climate narrative, enhanced taxonomy, and the Net Zero Assessment, we note evidence that significant limitations remain that need to be addressed to ensure effective scrutiny of climate impacts in the 2025-26 budget and beyond.⁶⁸ We heard the Net Zero Assessment could be a useful tool if approached with equal esteem in all portfolios⁶⁹ and that it should be a driver of change.⁷⁰

Strand One – climate narrative section of the budget

In the 2024-25 Budget documents, Annexe J contained the climate narrative. This consisted of "... a selection of highlighted spending areas – across multiple portfolios – that are contributing towards our response to climate change".⁷¹ This inclusion is a positive step, but it lacks the necessary detail to track progress meaningfully.⁷² The narrative provides only a limited overview of selected policies, all directly associated with decarbonisation of the economy such as transport, buildings and energy. It does not quantify the emissions reduction achieved from the spend. It was suggested the

⁶⁸ Written submissions from [Consumer Scotland](#), [Edinburgh Climate Change Institute](#), and [Highland Council](#)

⁶⁹ [Written submission](#) from the Royal Scottish Geographical Society

⁷⁰ [Written submission](#) from Quakers in Scotland

⁷¹ Scottish Government, [Annexe J](#), Climate Change Assessment of the Budget 2024-25

⁷² Written submission from [Highland Council](#)

climate narrative should be woven into the main budget documents and that it should comment on how every portfolio is working towards climate targets.⁷³

There is no mention of how other spending, perhaps not directly associated with reducing emissions, is supporting the 2045 target. Most importantly, it was not yet felt to have driven improvements in outcomes or progress towards net zero targets.⁷⁴

In June, we wrote to all Scottish Cabinet Secretaries to better understand how their respective portfolios are contributing to the overall goal of net zero by 2045. While some of the information was helpful, the level of detail varied making it challenging to understand how data and the targets were driving decision making and how the Scottish Government was assessing the impact policies are having on emissions.

The Committee recommends the climate narrative section of documents presented to support the 2025-26 budget, and future budgets, should contain quantified data on how spending in each portfolio is contributing to emissions reduction or adaptation, including where improvements or backwards steps have been made. This should align with the information provided in annual reports on emission reduction and the annual monitoring reports on the climate change plan.

Strand Two – Development of an enhanced taxonomy

Annexe J also contains an evaluation of the carbon impact of government spending, assessing whether public expenditure supports or hinders efforts to reduce greenhouse gas emissions and meet the 2045 net-zero target. This has been updated following the Joint Budget Review to include both capital and resource spending.

Categorisation of spending as positive, neutral, or negative in terms of emissions, is intended to help policymakers and the public understand how allocation of funding to specific policies align with climate goals. The Auditor General described this as a “step forward” but said there was more work to do in this area.⁷⁵

The criteria for positive, neutral or negative categorisations were outlined in correspondence to the Committee.⁷⁶ While the enhanced approach is intended to improve the understanding of how budget allocations align with climate objectives, the current classifications are overly broad. The SFC told us insufficient detail was provided to allow it to consider the data as part of its report on [Fiscal Sustainability Perspectives: Climate Change](#).⁷⁷

The Cabinet Secretary for Health and Wellbeing acknowledged areas in which the NHS could have influence through spending to achieve emissions reduction, such as staff travel and procurement.⁷⁸ Yet, last year all health related spending lines were

⁷³ Written submission from [Quakers in Scotland](#), [Highland Council](#) and [Aberdeenshire Council](#)

⁷⁴ Written submissions from [Aberdeenshire Council](#) and the [Royal Scottish Geographical Society](#)

⁷⁵ Net Zero, Energy and Transport Committee, [Official Report](#), 12 March 2024, Col 23

⁷⁶ [Letter](#) from the Cabinet Secretary for Net Zero and Energy, 31 July 2024

⁷⁷ Net Zero, Energy and Transport Committee, [Official Report](#), 10 September 2024, Col 17

⁷⁸ [Letter](#) from the Cabinet Secretary for Health and Social Care, 26 July 2024

classified as neutral, with the exception of two – SportScotland and Active Healthy Lives.⁷⁹

Such broad categorisations risk misclassifying emissions-intensive projects as low impact or underestimating the positive effects of decarbonizing investments. The taxonomy, as currently implemented, does not provide a clear picture of how different spending lines contribute to emissions reductions or the overall progress towards net-zero goals. There also does not appear from responses from Cabinet Secretaries to be a drive to attempt to improve the classifications from year to year.⁸⁰

In its March 2024 report, the SFC stated that “...the taxonomy does not quantify the extent the public spending is contributing to reaching net zero by 2045 or to meeting outcomes for adaptation”.⁸¹ The SFC recommended that the Scottish Government refine the taxonomy to distinguish between mitigation and adaptation efforts and update the analysis using actual spending data, not just projections. Confirmation that the taxonomy for the 2025-26 budget will provide separate ratings for adaptation and mitigation allowing Parliament to better understand how spending is supporting these is welcome.⁸²

The Committee believes the Scottish Government should consider —

- **Updating the criteria for classification to include an indication of whether an increase in a spending line is at the expense of a less carbon intensive activity;**
- **Enhancing the taxonomy by classifying spending based on specific activities rather than broad categories;**
- **Including quantification of the actual emissions impact of each spending line.**

Net Zero Assessment

We understand that a more comprehensive Net Zero Assessment is being piloted to provide detailed carbon assessments during the early stages of policy development. This assessment is designed to offer a deeper understanding of how individual policies affect emissions. The Committee was pleased to hear from the Cabinet Secretary for Finance and Local Government and the Cabinet Secretary for Net Zero and Energy that consideration is being given to how the Net Zero Assessment interacts with other assessments such as strategic environmental assessments and business cases.⁸³

However, as this pilot phase is set to conclude in October 2024, it will not inform the upcoming 2025-26 budget. We previously requested examples of the policies which

⁷⁹ Scottish Government, [Annexe J](#), Climate Change Assessment of the Budget 2024-25

⁸⁰ Letters from the [Cabinet Secretary for Transport](#), 8 August 2024, the [Cabinet Secretary for Education and Skills](#), 12 August 2024 and the [Cabinet Secretary for Health and Social Care](#), 26 July 2024

⁸¹ Scottish Fiscal Commission, [Fiscal Sustainability Perspectives: Climate Change](#), March 2024

⁸² [Letter](#) from the Cabinet Secretary for Net Zero and Energy, 31 July 2024

⁸³ [Letter](#) from the Cabinet Secretary for Net Zero and Energy, 31 July 2024, and [Letter](#) from the Cabinet Secretary for Finance and Local Government, 25 July 2024

had been used in the pilot. You have provided a list of those initially considered but ultimately ruled out. It is relevant to note that there is [a statutory requirement](#) for the next CCP to provide quantified emission reductions for individual proposals and policies.

The Committee asks—

- **Which policies have been included in the pilot?**
- **Given that the Net Zero Assessment will not be fully implemented in time for the 2025-26 Budget, how will the Scottish Government ensure that climate considerations are adequately integrated into budget decisions, particularly in those portfolios not represented on the Cabinet Sub-Committee, during this transitional phase?**
- **What interim measures will be taken to bridge the gap and ensure that spending decisions support Scotland's climate commitments?**
- **How will the Scottish Government ensure that Net Zero Assessments are:**
 - **Consistently conducted early in the policy development process?**
 - **Iterative as more information becomes available?**
 - **Used to inform decision making?**
 - **Undergo proper scrutiny, and have robust governance arrangements?**
 - **Aligned with information to be provided in the Climate Change Plans on quantification of emission reduction to be achieved by policies?**