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Convener
Net Zero, Energy and Transport Committee
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12 August 2024

Dear Convener,

Thank you for your letter of 5 July 2024 on the Scottish Government Budget 2025-26.

The Scottish Government is currently considering its approach to the 2025-26 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 following the UK Government's confirmation of the date for its next fiscal event.

The First Minister has made tackling the climate crisis one of his top priorities for the Government. Scotland's emissions halved between 1990 and 2022, while our economy grew by 67%. This was the largest reduction in emissions in the UK and we decarbonised faster than the average of the EU27.

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 2024-25 budget for Social Justice had a net positive impact on delivery of our climate change goals. For example the Affordable Housing Supply Programme, which is a significant proportion of the 2024-25 Social Justice Portfolio budget, supports the delivery of more affordable homes, the majority of which are new build. From 1 December 2023 all homes delivered with grant funding through this Programme require Zero Direct Emission Heating except where a building warrant is already in place (or the provider has compelling reasons why they think this would not be appropriate). From 1 April 2024 the New Build Heat Standard took effect, that also comes with the exemption where a building warrant is already in place prior to that date. The New Build Heat Standard, as it stands, applies only to new buildings applying for a building warrant from 1 April 2024 and limited conversions.

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The Social Justice 2024-25 budget funds the Scottish Government's consultation on changes to the standards and processes set within The Building (Scotland) Regulations 2004 (as amended) and associated regulations to introduce a Scottish equivalent to the Passivhaus standard. This consultation is the first of two which will consider the technical, commercial and wider policy implications of improvements to energy and environmental standards. This is done in the context of broader action by the Scottish Government on climate change, to further our ambition of becoming a net-zero society by 2045.

More widely, the Social Justice 2024-25 budget funds The Scottish Fuel Poverty Advisory Panel which was established as an Non-Departmental Public from 19th September 2019 under the Fuel Poverty (Scotland) Act 2019. This Panel provides independent expert advice to Scottish Ministers on fuel poverty and scrutiny of our progress towards delivering Scotland's 2040 fuel poverty targets.

I am currently considering the approach for the 2025-26 Social Justice budget, and details will be available when the new Scottish Budget is published

Across Government we will continue to support businesses and people in Scotland so they can share in the enormous economic and job opportunities of the global transition to net zero.

Yours sincerely,

Shirley-Anne Somerville
Cabinet Secretary for Social Justice

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