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30th September 2026

Dear Stuart,

Thank you for your letter dated 4 September 2026 regarding the Climate Action Committee's intention to focus its pre-budget scrutiny on the Joint Budget Review (JBR).

As requested, I have provided a written update on the Climate Change Taxonomy, Net Zero Assessment (NZA), and the Scottish Fiscal Commission's Statement of Data Needs.

Budget Taxonomy

Has there been any significant in-year variance between the planned and actual spend on the climate-related allocations in the 2026-27 Budget? If so, what were the reasons for this?

Details on changes to in-year spending plans are published through the Scottish Government's twice annual budget revision processes. The [2026-27 draft Budget](#) published 13 January 2026 set out planned allocations, including those identified as climate-related through the [Climate Change Taxonomy](#). The [Autumn Budget Revision](#), published on 24 September 2026 sets out the latest spending plans.

As part of the taxonomy assessment, the Scottish Government publishes the [detailed data tables](#) which provide the assessment of each line and includes the planned allocation of outturn spend.

As with all areas of government expenditure, variations may arise during the financial year as a result of routine budget management, changes in demand, project delivery timelines, UK funding allocations, or wider fiscal and economic circumstances. Any significant changes to approved budgets are reflected through the normal budget revision processes and reported to Parliament.

[The Committee would like to understand] what the 2026-27 Climate Change Taxonomy has shown about the alignment of spend with the Government's emissions

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reduction and adaptation goals, and how that assessment has informed spending decisions?

The 2026-27 budget committed funding of over £5 billion for activities that will have a positive impact on delivery of our climate change goals.

The taxonomy has informed spending decisions by embedding climate considerations (mitigation and adaptation) across both resource and capital budgets, providing a standardised framework for assessing climate impacts, improving transparency and supporting alignment of expenditure with the Government's net zero and climate resilience objectives.

To help inform decisions around the upcoming budget, the newly-formed Ministerial Delivery Group for the Climate Action Programme will consider the 2026-27 Climate Change Taxonomy as part of discussions.

In addition to the taxonomy, the Scottish Government has rolled out the Net Zero Assessment (NZA) which assesses the carbon implications of significant new and materially revised policies and spending decisions before they are implemented. The NZA will further align spend with goals and decisions by ensuring Ministers are fully informed on the climate impact of new and materially revised policies and again will support the work of the Ministerial Delivery Group in future.

[The Committee would like to know whether] any further adjustments to the taxonomy [are] to be included in the forthcoming budget?

The Scottish Government is dedicated to improving the assessment and categorisation of the Budget and our ability to link our spending choices to our climate policies, including those set out in the [Climate Change Plan](#).

We are considering the approach used to produce the taxonomy for the forthcoming Budget and will update the committee should any adjustments arise.

What changes, if any, [does] the Scottish Government intend to make to the presentation of climate-related spend in the 2027-28 Budget documents?

For 2027-28, the intention is to publish the climate change taxonomy again.

[The Committee would like to understand] whether the savings targets set out in the Spending Review have affected the delivery of climate policies and programmes, and if so, which?

The Scottish Government has published a number of documents setting out its priorities and planned approach to delivery, including the [Spending Review](#), the [Climate Change Plan](#) and the [Programme for Government](#). Together, these documents provide the strategic framework for future investment and policy delivery.

The forthcoming Scottish Budget will set out the detailed spending plans for the year ahead and demonstrate how resources will be allocated to support delivery of the Programme for Government commitments, including those relating to climate change.

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How will the climate taxonomy interact with the new CCP and in particular are there plans to link the taxonomy with the annual CCP Monitoring reports?

The Climate Change Taxonomy and the Climate Change Plan (CCP) have different but complementary purposes. The taxonomy provides a picture of the Scottish Budget as a whole, identifying spending according to its relationship with climate objectives, while the CCP focuses on the specific policies and proposals that support delivery of Scotland's emissions reduction targets (so, for example, the taxonomy covers adaptation measures that would not be included in the CCP).

The Scottish Government has established delivery monitoring arrangements to support implementation of its climate commitments, and these will continue to inform reporting on progress.

Net Zero Assessment

The Committee would also welcome an update on the Net Zero Assessment, including the findings of the six-month review undertaken in summer 2026, any consequent changes to the de minimis threshold or the scope of the assessment, and confirmation of the timing and content of the first annual report to the Committee due in early 2027.

The Net Zero Assessment (NZA) was rolled out across the Scottish Government, Transport Scotland and Scottish Forestry in April 2026. Implementation of the NZA was only taken forward fully when it could be ensured it would align with other environmental impact assessments, not least as part of wider work to streamline these assessments. Consequently, the planned six-month internal review has been rescheduled to October 2026.

Despite the later official launch date, substantial internal engagement and awareness-raising activity began in late 2025 to ensure officials were prepared to implement the assessment process at the earliest opportunity. A range of resources and support mechanisms have been established to facilitate the effective rollout of the NZA. Comprehensive guidance has been published on the Scottish Government, Transport Scotland and Scottish Forestry intranets and training sessions were held for officials from across these organisations to further support the implementation of NZA.

NZA performance will be reported internally to the Climate Action Delivery Board every six months and annually to the Climate Action Committee. The six-month review, scheduled for October 2026, will include an assessment of the effectiveness of the rollout and identify any required process improvements.

Scottish Fiscal Commission's Statement of Data Needs - 2026

The Committee notes the recommendations relating to climate change data in the [Scottish Fiscal Commission's Statement of Data Needs](#), published on 25 August, and would welcome the Scottish Government's initial response to these.

The Scottish Fiscal Commission (SFC) acknowledge the improvements that the Scottish Government has made to the climate change taxonomy assessment of the Scottish Budget and work to cost the investment requirement of climate adaptation.

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We welcome and value the SFC's recommendations on further improving transparency on the costs of climate change and how public spending aligns with climate change commitments. We will consider these recommendations in due course.

Yours sincerely,



GILLIAN MARTIN

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