



OFFICIAL REPORT
AITHISG OIFIGEIL

Local Government, Housing and Planning Committee

Tuesday 20 January 2026

Session 6



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LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE
3rd Meeting 2026, Session 6

CONVENER

*Ariane Burgess (Highlands and Islands) (Green)

COMMITTEE MEMBERS

*Meghan Gallacher (Central Scotland) (Con)
*Mark Griffin (Central Scotland) (Lab)
*Fulton MacGregor (Coatbridge and Chryston) (SNP)
*Alexander Stewart (Mid Scotland and Fife) (Con)
*Evelyn Tweed (Stirling) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Gareth Fenney (Scottish Government)
Kirsty Henderson (Scottish Government)
Stephen Lea-Ross (Scottish Government)
Màiri McAllan (Cabinet Secretary for Housing)
Sean Neill (Scottish Government)
Philip Raines (Scottish Government)
Shona Robison (Cabinet Secretary for Finance and Local Government)

CLERK TO THE COMMITTEE

Jenny Mouncer

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Local Government, Housing and Planning Committee

Tuesday 20 January 2026

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Ariane Burgess): Good morning and welcome to the third meeting in 2026 of the Local Government, Housing and Planning Committee. I remind members and witnesses to ensure that their devices are on silent.

The first item on our agenda is to decide whether to take items 4 and 5 in private. Are we agreed?

Members *indicated agreement.*

Draft Climate Change Plan

09:31

The Convener: The next item on our agenda is to take evidence on the draft climate change plan. We are joined by Shona Robison, who is the Cabinet Secretary for Finance and Local Government. She is accompanied by Scottish Government officials: Gareth Fenney, who is the interim director for heat in buildings delivery; Philip Raines, who is joint deputy director for domestic climate change; and Daniel Hinze, who is deputy director of the infrastructure and investment team. I welcome you all to the meeting. There is no need for you to turn on your microphones—we will do that for you. I invite the cabinet secretary to make a brief opening statement.

The Cabinet Secretary for Finance and Local Government (Shona Robison): Thank you, convener. I take the opportunity to thank the committee for the invitation to give evidence and, additionally, to acknowledge the work of the committee over recent weeks in gathering evidence and scrutinising the draft climate change plan.

I am aware that the Cabinet Secretary for Housing attended the committee last week, as the lead minister for decarbonisation of heating in homes. As you are aware, the Cabinet Secretary for Climate Action and Energy has the overall lead on the climate change plan and will be attending the Net Zero, Energy and Transport Committee on 10 February.

We meet in a crucial period for climate action in Scotland, when the impacts of climate change and the need to confront the challenges through reducing emissions and building resilience are overwhelmingly self-evident. In February last year, the First Minister called on all parts of Scottish society to play their part in responding to the climate emergency, which, he acknowledged, requires the continued leadership of the Scottish Government. The draft climate change plan published on 7 November last year demonstrates that leadership and contains the actions that we must all take—Government, the rest of the public sector, industry, other organisations and individuals—to reduce our emissions and realise the economic and social benefits available from doing so. Scottish local authorities are crucial partners in that effort. For that reason, the draft budget that I delivered to the Scottish Parliament on 13 January included an additional £20 million in capital funding for local authorities to respond to the climate emergency.

My draft budget demonstrates that this Government remains committed to playing our part in global efforts to tackle the growing climate

emergency. Despite the current difficult financial circumstances, we will invest at least £5 billion to support our efforts to deliver a just transition to net zero and climate resilience. That includes money for renewable energy development, carbon-free transport, more carbon-free heating for businesses and homes, and funding to restore Scotland's natural environment.

Delivering climate and nature action at the scale that is needed will incur significant costs, but, as Professor Graeme Roy, chair of the Scottish Fiscal Commission, has said,

"Doing nothing, not responding to the challenge of climate change, will be far more expensive and damaging to the public finances than investing in net zero ... it is simply not an option."

The draft climate change plan will deliver on our first three carbon budgets from 2026 to 2040. The carbon budget levels are in line with advice provided by the Climate Change Committee and demonstrate that the Scottish Government's ambition and commitment to delivering net zero carbon emissions by 2045 at the latest is unchanged. That is complemented by the Scottish national adaptation plan, which focuses on building resilience to the effects of climate change that are already with us and can no longer be avoided.

This draft climate change plan is the first in the United Kingdom to include the costs and benefits of the policies within it. Those policies can deliver significant advantages for all of Scotland, both in terms of direct financial benefits and wider co-benefits across society—such as cleaner air and reduced road congestion—as more of us switch to using public transport where possible.

The draft plan includes action to boost investment, create green jobs and capture the economic benefits that the green industries of the future offer. Scottish businesses are already realising those opportunities in growing global green markets from our world-leading offshore energy services to new and emerging opportunities in hydrogen, carbon capture and storage, and green finance.

A key focus of the committee has been the buildings chapter of the draft plan. We know that our building practices and heat in buildings policies are essential to the level of emissions that the sector is currently responsible for, but also because that is critically important for the just transition in Scotland.

Public consent for climate action is also crucial for the effective delivery of Scottish Government climate mitigation policy. We know that we risk that consent if we cannot deliver warmer homes and more affordable energy bills, or we risk exacerbating fuel poverty. That is one important

reason why the policies in the draft plan have been assessed against the just transition principles. This assessment also contributes to ensuring the deliverability of the policies, and we are looking forward to strengthening that further through discussions with stakeholders and key delivery partners, including local authorities.

Finally, I have to say plainly that the success of the draft plan also depends on action from the UK Government. Most significantly, as the committee has heard previously, steps must be taken to reduce the price of electricity. The Scottish Government has been pressing the need for that, and the Climate Change Committee has also called for it.

The Scottish Government will continue to engage widely throughout the consultation period of the draft plan, and I hope that all interested parties will have a chance to share their views on the plan and the action that it includes.

I am grateful for the opportunity to make this statement to the committee, and I would be happy to take questions from you.

The Convener: Thanks very much for your opening statement. You made some very good points, which I am sure that we will pick up on through our questions. I will open the conversation with general questions arising from our previous evidence.

Throughout our scrutiny, we have heard that councils want much more clarity on what they are expected to deliver under the climate change plan. Is it intended that the final plan will set out clearer and more concrete expectations for local authorities, including measurable actions? Given how limited the time is before the plan is finalised—we are also approaching the end of this session of Parliament—how will the views that we have heard from councils and other stakeholders be reflected in the final version?

Shona Robison: The whole point of having a draft plan is to hear views then reflect that feedback, particularly where there is consensus on issues.

The Scottish Government regularly meets the Convention of Scottish Local Authorities to discuss net zero issues. COSLA is a member of the climate change plan advisory group, which has contributed to the development of the draft plan. There is that direct and fundamental connection to the draft plan that is in front of you.

As you know, local authorities are independent of the Scottish Government, but the draft plan outlines the direction of travel across seven sectors of the economy that ministers consider to be necessary to reduce our emissions and contribute to delivering net zero, particularly by

reducing emissions from heating buildings. Transport and waste are particularly relevant to local authorities and their responsibilities.

We consider the information in the draft plan to be particularly relevant and useful to local authorities in deciding how they will contribute to the delivery of Scotland's climate change plan and achieving net zero.

We are also working with local authorities to take forward the climate delivery framework, which aims to enhance collaboration between local and national Governments to effectively address climate change and achieve net zero targets by 2045.

Relevant work under that framework includes the improvement of data and climate-informed decision making through the roll-out of the Scottish Climate Intelligence Service and the development of an overview of the various net zero commitments and targets that have been set by individual local authorities. We are also working with COSLA to deliver workshops for local authorities to discuss the draft plan.

I hope that all that will help to clarify expectations. That does not mean that all 32 local authorities will do the same thing and focus on the same thing. Urban local authorities will perhaps have a different focus from rural local authorities, which is absolutely fine. Some of the areas that I have described will help them to define what they are going to focus on delivering, and there are tools to make that happen.

The Convener: There are seven sectors in the plan, but there is not a dedicated sector for local authorities, because there is a thread of expectation running throughout. Annex 3 assumes that there will be extensive local authority delivery, but my sense from our evidence sessions is that the roles are not clearly defined in that space.

When we had that evidence session with the Society of Local Authority Chief Executives and Senior Managers, COSLA, the Scottish Climate Intelligence Service and a couple of others, I was very moved by the fact that they really wanted to get on with it and were ready for it. That was fantastic. It is important to do whatever we can at the national level to support that and to remove blocks and barriers.

As you have said, local authorities are different. They will start from different places on what they need to address. I am interested to hear how confident you are that all local authorities are in a position to drive the level of progress that the plan depends on. What will the Government do in situations where councillors are struggling to keep up the pace?

Shona Robison: The honest answer is that, like everything else, 32 local authorities do not all move at the same pace. Whatever the area of delivery, there are always some that are further advanced than others. For example, heat networks in Glasgow are quite far down the road in respect of the financing, the models and how to test and make that happen, whereas other local authorities have not progressed so much. Part of that might be the size of Glasgow and the capacity that its local authority has compared with smaller local authorities. However, the sharing of information is important, so that, once something has been done, it does not have to be reinvented 32 times and there can be learning from that.

There are opportunities for collaboration between local authorities. That will be important in thinking about district heating systems and technology. Things are being done that could be delivered across more than one local authority area. That is the way forward.

Some of the very small local authorities may need further support on how they can contribute. The support that I have referred to—there is also other support—can help those smaller local authorities to define what they are going to do and how to do it. It is fair to reflect on that.

The Convener: That is also an issue for rural and island communities and councils, where it is a challenging space to deliver some of that. It is good that we have the carbon neutral islands project, which gives us an understanding of the challenges that they face. I would be interested to understand whether the Government has considered front loading support or giving more support to those harder-to-transform places where, for example, we will not necessarily get people on to buses, because there are no buses. How do we ensure that we bring those places along?

09:45

Shona Robison: That is a fair comment about the bus network in rural areas—lack of availability can be a challenge. That issue has been raised with me, and the Cabinet Secretary for Transport is very aware of it.

Interestingly, we have been working very closely with Shetland, Orkney and the Western Isles on a new accelerator model for the islands. The accelerator model, which is a way of generating funding for infrastructure investment, has been used successfully in many parts of Scotland. For example, the model has been used in Granton, in Edinburgh, in relation to housing, with the Scottish Government contributing to the revenue costs of borrowing.

We have not yet used the model in an island context, but it is really important that we do so, because our island communities, particularly those in Shetland, host a lot of renewables infrastructure and there is the sense that communities need to get something back for hosting it. The accelerator model that we are exploring is a good way of providing for that, because the priorities will be determined by those on the islands—we expect the local authority to discuss the priorities with the local population. “Payback” is probably not the right term, but that model acknowledges the pressure on infrastructure from hosting major offshore wind farms, for example, and we are being up front about the need for investment in infrastructure, housing, roads and so on. Some of that work will relate to decarbonisation and reducing bills.

I am quite excited about applying the accelerator model, and the three island authorities have been keen to work with us in developing it.

The Convener: That is very interesting. I was going to ask this question later, but I will ask it now, because you mentioned renewable energy and the idea that, given that Shetland islanders are hosting such infrastructure, they should get more infrastructure that will benefit them personally by transforming their lives and that will support them to help us to meet our carbon ambitions.

Has the Scottish Government explored opportunities for community ownership of renewable energy? Countries such as Denmark and the Netherlands are often cited in that regard. In Denmark, there is 50 per cent community ownership of renewable energy, although that could include community and local authority ownership. Have you thought about entering into those conversations? Ownership, rather than benefit, could bring considerable income for local authorities and communities to help us to achieve the ambitions that we are talking about.

Shona Robison: In Scotland, there are some small-scale examples of community ownership, which is a sound principle. However, the scale of the offshore renewables sector in Shetland, for example, is enormous and private investment is required on that scale. We have to make a judgment. We have limited resources—hardly a day goes by when I do not remind everybody of that—so we need to think about how we balance public sector investment with private sector investment and that can be done effectively through partnerships.

I have referred to the principle that communities must see the benefit of such infrastructure investment. Hosting that infrastructure can lead to pressures and disruption, so it must also lead to direct benefits for those communities. That can be

achieved through ownership, but it can also be achieved through the accelerator model, for example, whereby we help with the costs of local authority borrowing for infrastructure investment.

It is important that companies consider the investment that is required. Some have invested in housing, which will result in permanent affordable homes being available in the future, but more work can definitely be done in that regard.

I should also mention the community and renewable energy scheme—CARES—which supports small-scale ownership and works with investors on community benefit. However, some of the developments that we are talking about are not small scale—they are huge, and they are really important for the Scottish economy.

The Convener: For sure. Let us look at community and local authority ownership of onshore wind. Orkney Islands Council has done a great job in setting about offering ownership of a number of wind farms.

Although the scale is big and we need private finance, is there a space where the Government, perhaps through the Scottish National Investment Bank, could support communities to own a piece of such developments? The Government has the ambition of at least 10 per cent of energy being community owned. It is fantastic that the island of Yell has five wind turbines and that Tiree has one, but I am not talking about small developments. When big wind farms are put up onshore, communities need to have some ownership of them. I think that that would help with the general direction of travel that the Government wants to go in to meet its renewable energy ambitions.

Shona Robison: We agree with that principle. The CARE scheme is one avenue that will help that to happen.

The Convener: Thank you. We will move on to a new theme—costs, finance and council capacity—on which Evelyn Tweed will begin the questioning.

Evelyn Tweed (Stirling) (SNP): Good morning. Thank you for your answers so far, cabinet secretary.

How will you set out the expected distribution of costs and benefits across local authorities? How has that informed your budget decisions?

Shona Robison: We give support to local authorities through the local government settlement, which underpins local government finance. In my opening statement, I mentioned the £20 million of additional capital that we are providing in the budget, which builds on the funding that local government got last year.

We also support local government to develop its plans. I mentioned some of the supports that we provide, which include the climate delivery framework and the Scottish Climate Intelligence Service. There is also the public sector heat decarbonisation fund, the heat network support unit and the Sustainable Scotland Network.

In addition to the settlement, we provide various funds to support local authorities to get on with their work in this area. I do not know whether any of my officials has anything to add.

Philip Raines (Scottish Government): As the cabinet secretary said, one way to think about the issue is to think about the policy areas where local authorities will have the biggest responsibilities, which include areas such as transport, buildings and, in particular—in the first instance—public buildings. Funding is available for the decarbonisation of public buildings. My colleague Gareth Fenney might want to say more about that. Another big area is waste. The budget clearly sets out, as does the spending review, areas where such funding has been set aside. Local authorities will get that funding in the time-honoured way, through the mechanisms that have been agreed with COSLA for the distribution of funding.

You mentioned benefits. That is an important issue. It is probably a trickier one, in some respects, because some of the benefits will be more national, and it might not always be apparent where they will fall in individual local authority areas. When it comes to, for example, how much individual consumers who buy an electric vehicle might get, it might be straightforward to work that out across the country, but when it comes to the wider benefits, especially what we call the co-benefits, such as the health benefits that come from tackling climate change, that is more difficult to work out.

Local authorities would probably want to see the national gain from those benefits rather than see gains by specific parochial area. However, we will want to work with local authorities to establish more clearly what those benefits are, if only because—as the convener might have suggested earlier with regard to community ownership of renewable energy—if you can demonstrate those benefits for a local area, it makes a powerful case for making such changes. That area of benefits and how they play out locally is very much at the forefront of our minds, particularly as work goes forward.

Gareth Fenney (Scottish Government): I can pick up on the area-based schemes that we spoke about last week. One of the key ways in which we work with local government in the heat in buildings space is through the area-based schemes. The funding settlement that local government gets

includes funding for area-based schemes. The formula that sits behind those allocations is agreed with COSLA and local government and takes into account some of the costs of delivery. A rural or island area will have higher costs for delivery, which the formula accounts for, as well as the rate of fuel poverty. We are looking at how best to target and distribute that funding for those area-based schemes and delivery.

Phil Raines mentioned support for public buildings decarbonisation. That is not done on the basis of allocations to local government. There is a fund for that, through which we work with local government in order to support their projects on buildings decarbonisation. It is a more centralised fund that is there to support delivery.

Evelyn Tweed: Thank you.

To move on, cabinet secretary, we have heard from local authorities that they are worried about funding gaps for services such as social care and so on. How are you balancing the budget? You have said that £20 million will be in place for climate change policies. How will you balance everything overall for local authorities?

Shona Robison: That is a challenge across the whole of the public sector, given the varying, competing demands upon it, of which tackling the climate emergency is one, and social care, which you mentioned, is another. In the 2026-27 budget, we will provide local government with a real-terms increase in the settlement, bringing it to almost £15.7 billion. As I said earlier, the budget will also allocate time-limited capital funding of £20 million to support councils in responding to the climate emergency. How that funding is allocated is a matter for councils. We have also given councils a lot more discretion, baselining of funding and reductions in ring-fenced funds, which can help local authorities to meet the demands that they face. No one is saying that it is easy. However, like the rest of the public sector, councils will have to ensure that they can manage, using the levers that they have—which include full discretion over council tax—to set their budgets and meet the priorities of local people.

The Convener: We will move on to questions from Fulton MacGregor, who is joining us online. *[Interruption.]* Fulton, your mic is not on yet. Hang on a minute. This is where we get to have a little pause and catch our breath.

Fulton MacGregor (Coatbridge and Chryston) (SNP): Can you hear me now?

The Convener: Yes.

Fulton MacGregor: Good morning. I will stay on the same theme. What scope is there to offer local authorities multi-year spending plans in order to support the delivery of net zero policies?

Shona Robison: The spending review sets out what I would describe as indicative spending envelopes for the course of the spending review. However—and it is a big however—every spending review becomes more of a guide, rather than showing where things end up in reality. I do not think that there has been a spending review in history where the actual figures ended up being the same as those that were originally set out. All that we can do is set out, on the basis of the spending envelopes from the UK Government's spending review, what is anticipated.

10:00

If you look at the course of the spending review, you will see that it is a bit V-shaped, with 2027-28 being particularly difficult and 2028-29 being a little bit better. There is also a real-terms decrease in capital over the spending review period. Do I think that that will hold? Absolutely not, given that there will be a UK general election in 2029, apart from anything else. I suspect that that trajectory will change.

Moreover, I would point out that the 2022 spending review assumed that, by 2025-26, local government would get something like £10.7 billion. I will need to get you the exact figures but, in reality, the figure was about £2 billion higher than that.

The point that I am making, perhaps in a rather long-winded way, is that spending reviews are a guide, but the reality of the funding changes, because of in-year shifts, further consequentials, or changes to the UK spending review, or all those things. I know that local government has made some commentary on the fairly flat cash outlook across the spending review but, as with every other spending review, those will not be the figures that local government, or the public sector generally, will end up with.

Fulton MacGregor: Thank you for that clarification, cabinet secretary.

Do you have any plans to use finance and workforce planning levers to support dedicated multidisciplinary net zero teams within local government?

Shona Robison: I will ask Gareth Fenney or Phil Raines to take that question.

Philip Raines: I am not aware of specific dedicated funding for that. It would probably come through the general funding that local authorities receive, and they can decide how best to support their own capacity building, skills and team building on that basis.

Our contribution in that respect comes, as the cabinet secretary has said, through our joint

funding with COSLA of the Scottish Climate Intelligence Service. In a sense, we provide the resource to support the building up of those kinds of skills and teams and the capacity for local authorities to understand the different climate change challenges in their area and how best to marshal data and respond as appropriate. So we are investing in a central resource to help build the kinds of teams and the kind of co-ordination function that I think that you are referring to, but I am not aware of any dedicated funding for creating those teams. I think that that would fall more within local authorities' own responsibilities.

Fulton MacGregor: Thanks for that clarification.

I have a final question, convener, if that is okay. The evidence stresses the fact that local authorities sit almost at the intersection of housing, transport, planning, public health and so on. How can you further ensure that local government finance settlements support integrated place-based programmes, rather than siloed funding by portfolio?

Shona Robison: That is a fair challenge, and we must continue to work to get out of siloed funding. It is quite difficult to do that, because of the way in which budgets work, but we absolutely should do it, and there are great examples of place-based funding approaches. Granton, which I have mentioned, is a good example of various parts of government and various funding streams being brought to bear in a locality in a way that can be more impactful than the sum of its parts. It is looking at land, housing, transport, renewables and even artworks. We are bringing together a huge number of different parts of government to focus on a place that will be really important for growth, for housing and for the Edinburgh city region.

We can build on that good example and take a place-based approach more generally to ensuring that our funding goes further and is more impactful. We can get better at doing that, if I am perfectly honest.

Fulton MacGregor: Thanks, cabinet secretary, and thanks, convener.

The Convener: Fulton, you mentioned that you might have a supplementary question. Did you manage to get a response to it?

Fulton MacGregor: The issue was covered, thank you.

The Convener: Okay—super.

I want to pick up a couple of points that Fulton raised on workforce capacity. Annex 3 of the plan does not include any modelling on that. Do we need to look at that aspect? It is about more than

local authorities forming small teams of multidisciplinary and knowledgeable people; it is also about whether we have the capacity. Do we have people coming through the pipeline who have those skills? That came up frequently in our evidence-taking.

Shona Robison: I suspect that those discussions are getting picked up in the framework and in the workshops. My colleagues can speak to the detail of that. [*Interruption.*]

The Convener: You do not need to switch on the microphone; we will do that for you, Philip.

Philip Raines: Thank you. Would that it were true for so many things in life. [*Laughter.*]

There are a range of issues to do with delivery that must be worked through, including ensuring that there is a pipeline of workforce skills and capacity for local authorities and, indeed, others, to deliver what we set out in the climate change plan. We will be hoping to set more of that out in the final climate change plan, not least by responding to some of the comments that we have received on the draft CCP and through evidence for committees such as this one. We will work through what that means for local authorities at the workshops, which will be kicking off in the next couple of weeks.

We did not want to lean too heavily into delivery or capacity-building issues in the draft, because we saw it as the opportunity for setting out what it is that we want to do. Once we start getting feedback on the draft, that begins to shape how we do the thing that we want to do, rather than Blue Petering it, if I can use that expression, and just saying that it is all done and dusted and presenting the final plan.

We recognise that there are issues that we need to work through, and we have the mechanisms to work them through with local authorities. I think that there is a will on both sides to push ahead and make good on the enthusiasm that you noted in the evidence from local authorities to the committee.

The Convener: We might need to have a jargon-busting glossary to explain what Blue Petering means for some people who are watching this or reading the *Official Report*.

I want to pick up on the cabinet secretary's points on Granton. Throughout this parliamentary session, there have been conversations about how we get out of silos. It seems to me that Granton is a very fine example of considering everything together, including transport and housing. I want to celebrate that and note that it can be challenging to get out of those budgetary silos. Once something is on a spreadsheet, it can be difficult. Granton is a fantastic example and it

would be great to see more of that happening across Scotland.

Shona Robison: Yes, definitely. I would agree with that.

The Convener: We will move on to partnership working, community engagement and infrastructure. I will bring in Willie Coffey initially with a few questions.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): Good morning. On the theme of community engagement in its widest sense, how will the Government and our local councils progress things in order to bring the public along with us on the journey?

I am forever hearing from constituents about how little they know about—their lack of awareness of—how to get on this journey with us and who they can trust for advice and guidance. Will you share your views on how we can improve that and reach every community in Scotland on this journey, while meeting the hopes that we have for the transition?

Shona Robison: I will bring in colleagues on the detail of this.

I referred to public buy-in and acceptance, and consent is really important too. It is fair to say that there is a lot of misinformation out there—that is stating the bleeding obvious—particularly in the climate change and net zero space. Ten years ago, there was a political and global consensus about what needed to be done and why. I am not sure that that is the case any more.

It is incredibly difficult to get good, factual information that can counter some of the disinformation and misinformation. It comes down to trusted sources of information and to who people trust—and, again, that can be difficult. There is something about the connections that local authorities and community organisations have with their local communities, where discussions can be had that are genuine and a flow of information can be produced that does not sound like lecturing. There can be a two-way conversation where people can express concerns. We have talked about the hosting of infrastructure—local communities need to see the benefit from that, and there has to be a genuine conversation about it. It can be difficult to do that when there is noise, particularly on social media, and things can be misrepresented in a flash.

There are no easy answers in that regard, but the more local that councils can go with community partners, the better. There are some really good, tried-and-tested structures in local government around consultation with community partners, in relation to not only climate issues but many other issues. There is no blueprint for doing that, but it

has to be about trusted partners and good-quality, factual information that can help to counter some of the misinformation.

Philip Raines: If I may build on the cabinet secretary's point, the Scottish Government has recognised the importance of investing in and providing the structures that help to enhance already existing community engagement structures. We have invested in climate action hubs—a network of places where that climate-related engagement with local communities can take place. Local authorities are involved in that, too. An event will take place tomorrow with the Cabinet Secretary for Climate Action and Energy, which will look at how climate action hubs can respond to and take forward the climate change plan.

At the same time, we have been investing annually in how we might engage with local communities and how local communities can be part of that wider climate conversation. There is funding through the climate engagement fund, which is an annual fund that will be continuing into next year and which supports projects across Scotland that enrich that dialogue. I suspect that, over the next year, much of that dialogue will focus on what the climate change plan will mean for local communities and how to ensure that there is the buy-in that the cabinet secretary spoke about.

Willie Coffey: People may be sitting in their homes right now, listening to us. Where should they go for information? Would you point people towards Home Energy Scotland, for example? It has a good website—I have been on it. Would you suggest that people look at their local authority's website to see how they can participate in the transition? Would those be the routes that you would recommend to people who want information now?

10:15

Philip Raines: I might respond to that in several ways. There are people who may want to take part in the discussion around climate change. They might ask, "What does it mean for my household?", "How can I support it?", or "What if I have concerns about it?"

Some of the engagement mechanisms that I have spoken about—particularly the climate action hubs—are part and parcel of that. There is something about ensuring that people who have an interest in heating, transport or other aspects that affect their lives—particularly services that are delivered by local authorities—make choices that are informed by climate change. They may not necessarily go somewhere to learn about climate change; they may be interested in heating—you have drawn attention to one of the key sources of

information on heating—and find information on climate change in that way.

It is about how we mainstream consideration of climate change into everything that we do. That will be the trick for ensuring that climate action is part and parcel of our discourse and our lives going forward, and that it is seen as a thread that is running through all the different services and all the different parts of our civil, economic and social lives.

Willie Coffey: On the specifics of retrofitting the heating systems in our homes, is there a role for councils to be the principal trusted partners? Again, I have engaged on that with my constituents, who say, "We don't know who to trust. We are scared that, if we buy a system from company X, it may not be there this time next year." I hope that councils will always be there, so is there a role for them to participate much more widely? The private residential sector is nine times the size of the remaining council stock. I know that some councils are beginning to retrofit their housing stock, particularly flats. Do you see a role for councils to be the trusted partner—perhaps a delivery partner—that could engage with the private residential sector in Scotland to get the transition moving at pace?

Shona Robison: That model could work. I go back to my earlier point, which is that some local authorities will have more capacity than others. Glasgow and the surrounding conurbation would potentially have more capacity and more ability to enter into potential contracts to deliver on big ambitions, if we think about tenement properties as an example. Other local authorities that are much smaller and may have very different housing stock will be in a different position.

One of the reasons that Glasgow is so far ahead with its district heating plans is because it has a view on how it can move forward in a way that suits multi-tenure properties and different business requirements. Potentially, district heating could be a good, affordable solution. Through public-private collaboration, you could have ready customers through a hub that is run by the public sector, which could help to move things forward. It could also provide an option for businesses to come on board. Glasgow is looking at a hub-and-spoke model.

Gareth Fenney may want to say something about retrofitting. I expect that Màiri McAllan touched on that last week.

Gareth Fenney: We spoke a little about that last week. Area-based schemes are really good examples of councils leading the charge with retrofitting. At the moment, it is limited to certain building types and certain areas. There is a really good example of that not far from here at Lochend,

where the tenement blocks are being retrofitted. That work is transformative. The focus is on the council's stock and on in-filling owner-occupied stock, working with the local community. When I visited that project, someone getting off a bus stopped us in the street to ask, "When are you coming to work on my block of flats?" That was really exciting to hear. I think that that councils absolutely have a role here.

Last week, Ms McAllan referred to a review of our schemes that we are starting to kick off, and, over the coming financial year, we will be looking at the role of area-based schemes and place-based mechanisms. We are very keen to work with local government to understand how we can evolve its role and build on what it is doing at the moment, but it is, absolutely, a trusted party.

The example that I just gave of somebody stopping us in the street as they were getting off the bus is a really good one for showing the trust in that local government scheme. People are saying, "This is happening to my neighbours. When are you coming to treat my property?" I think, therefore, that local government has a critical role to play in that support mechanism and in helping people understand and navigate what is to come.

In that respect, the local heat and energy efficiency strategies—or LHEES—are very important, too. They are local government led, with 32 now in place, and they provide a really good communication and engagement tool that can be used to start to have conversations with communities and individuals about what is to come in their area. That is happening over a very long period of time, but it is the start of a longer-term plan that needs to be built on and then rolled out.

Willie Coffey: Cabinet secretary, you mentioned the price of electricity. Again, my constituents say to me, "Why should I switch to something that's five times more expensive than what I pay at the moment? Gas is four or five times cheaper." I do not have an answer to that. You have said that we do not control those costs, but one of the other issues is the cost of buying, say, a heat pump, which can be £14,000. I know that grants are available, but they do not quite reach £14,000, and people say to me, "I can't afford that, so I'm not in the game when it comes to the transition." That is why I was asking whether councils could play a role in being the volume provider in order to bring the price of units down significantly and make them affordable for people to make the transition.

Shona Robison: There are economies of scale with regard to price. Obviously, there are grants, as you have said, but the price of electricity is a major issue, and we have been pressing the UK

Government on pegging electricity to gas and on the need for a renewable electricity price differential. The benefits to Scotland from that would be immense. I can reassure you that we regularly raise the issue with the UK Government, and there has to be movement on it.

Willie Coffey: Do you see there being any movement in the next few years?

Shona Robison: If you look at the UK Government's overall ambitions, you might say that it is probably not facing in a hugely different direction from us. Certainly the rhetoric is there, but there has to be movement, given the many things that would flow from the approach, which is viable—I am thinking of the cost-effectiveness argument, tackling the fuel poverty issues and so on. There has to be movement; I guess that you just have to remain optimistic.

Willie Coffey: Thank you for that.

The Convener: I want to pick up on Willie Coffey's point about councils being a volume provider for air-source heat pumps or whatever technology might be appropriate for a house. It is an issue that we have discussed in our evidence-taking sessions, but is it something that councils could do? Is there any space in procurement for that? Are there any blocks that would prevent them from doing that, or could they just decide, "Yeah, that's a good idea—let's be part of that roll-out and be a trusted provider"? I know that Home Energy Scotland offers a pathway for people to find suppliers or those who can fit the technology, but Willie Coffey was asking whether councils could be the place to go if you wanted to buy these things, because of economies of scale and therefore reduced prices? Would there be any block in the way of councils doing that, if they decided that they wanted to?

Shona Robison: I am not entirely sure. We could revert to you on that. There might be procurement or state aid issues—

The Convener: It would be good to have a look at that.

Shona Robison: We will come back to you on that specific question.

The Convener: That would be great.

Willie Coffey is not done with his questions, but we will move to Mark Griffin for the moment and then come back to him.

Mark Griffin (Central Scotland) (Lab): Good morning, cabinet secretary. The convener has talked about community or council-led, owned and developed renewable energy schemes, but we have heard that among the blockages in that respect are infrastructure and grid capacity issues. Has the Government done any work with local

authorities on identifying such issues and any potential solutions to them?

Shona Robison: I will bring in Philip Raines to answer that.

Philip Raines: There is a general answer to that. I do not want to pass the buck again, but I can say that there might be a specific example around heat in buildings that might encapsulate the issues.

A theme that is running through this evidence session is that different local authorities will have different sets of needs. Once we are clear on the policies and expectations going forward, following work with local authorities in the run-up to finalising the climate change plan and beyond, the important thing will be to work out what it is that they need and what the different expectations should be. They will be different for transport, for waste and for heat in buildings. How they work out will probably depend on the situation in each local authority area.

There will be a need to help the local authorities to better understand what their infrastructure needs are going to be. They have to be able to work with their communities and their citizens to determine what they need to do from an infrastructure perspective in the areas in which local authorities play a particular role—I mentioned three sectors where that is the case. They will also need to have the resources and the capacity to be able to take that forward.

Gareth Fenney can talk about heat in buildings, particularly in relation to how the LHEES might work in practice.

Gareth Fenney: There are two things to touch on. The issue of grid capacity is reserved to the National Energy System Operator, the network companies and the regulator, Ofgem. We are working with them and seeking to engage with them. A big area of focus with them is the regional energy strategic plan, which will set out how networks will need to evolve over the longer term. It is the mechanism by which they will plan and facilitate that early investment in capacity and network upgrades, so that is one of the key things on which we are working with the NESO and engaging with local government with regard to how development can fit in with those strategic plans and how that can unlock longer-term development.

On the heat side, the local heat and energy efficiency strategies are a key enabler, guiding that development and identifying where a heat network is or needs to be developed over the long term. That is an engagement point for those conversations with the energy network companies and the distribution network about where investment should be made ahead of need and

how we can work together to make sure that that investment is planned.

There is a need for forward planning, working with the NESO on the regional energy strategic plans and using the more localised mechanisms such as the LHEES to drive that forward and plan that engagement over the longer term.

Mark Griffin: The other area that I wanted to cover concerned how local authority planning departments deal with the requirements in the climate change plan.

National planning framework 4 requires planning authorities to give significant weight to tackling the climate crisis in planning decisions. What is the Government's expectation when it comes to balancing that requirement, which relates to the climate change plan, with other competing priorities, such as the housing emergency and economic development priorities? How are council planning departments expected to balance the sometimes competing demands of action on the climate, on the housing emergency and on the economy?

Shona Robison: That is a fair question. As you pointed out, local development plans are currently being prepared by planning authorities, and they have to take NPF4 into account. In recognition of the competing demands and the fact that some local authority planning departments are quite small, the planning hub has been developed with an explicit priority focus on renewables and housing to enable additional support to be given to local planning authorities that might struggle, particularly with large and complex applications.

10:30

There is also something for local authorities to reflect on around whether planning is ripe for looking at in relation to shared service agreements. There is a lot of competition among local authority planning departments around recruiting staff—they quite often end up taking an experienced member of staff from somewhere else, and so it goes on. There is scope for looking at how planning departments might operate on a more regional basis or share resources, rather than all of them competing for the same things from a limited pool.

Work is also being done to train more planners in recognition of the importance of the profession's expertise and the need for a pipeline of people coming through. We can write to the committee with some detail on that. The planning hub was born out of the recognition that capacity and expertise are sometimes challenging issues.

Mark Griffin: The planning hub is a centralised resource. Are there any plans, in addition to that,

to give direct support to planning departments in taking forward the recommendations in the climate change plan?

Shona Robison: I am happy to write to the committee with more detail about the role of the planning hub, but my understanding is that it will support local authorities. I am not talking about support with the small developments that are local planning departments' day-to-day meat and drink; I am talking about support with some of the complex, large-scale applications that some local authorities will deal with more than others, depending on their location—there are obvious reasons for where some of those developments are happening, and the planning hub should be in a position to give that additional support.

Ivan McKee is overseeing the hub, which was set up with that approach very much in mind. I am, however, happy to furnish the committee with a bit more up-to-date information about what is happening and what practical support the hub might lend to local authorities that are trying to deal with things that could consume all their time because of the complexity. We will set that out in writing.

Willie Coffey: Cabinet secretary, this question is about the role that local authorities can play in decarbonising the transport network. Constituents tell me that they would much rather go to a park and ride in an urban setting or just outside it, in a town such as Kilmarnock, and make their journey to places such as Glasgow rather than queue on the M77, which is chock-a-block with cars northbound and southbound every day, to be perfectly honest. Is there enough in the budget to encourage councils to develop park and ride at scale to encourage people to make that modal shift?

When I make my journeys to Edinburgh from Kilmarnock, the M77 is constantly chock-a-block, and I get the sense that modal shift is not taking place, partly because it is difficult to find big park-and-ride spaces in a town such as Kilmarnock. By and large, do you consider that there is enough encouragement, funding or otherwise to promote that and to work with bus companies such as Stagecoach, and ScotRail on their capacity to take extra people on their services if we succeed in getting park and ride working properly?

Shona Robison: Again, it is horses for courses, and what might be a very good solution for one area might not be for others, depending on location. However, as a principle, that can work effectively. It comes down to regional partnerships and regional planning, because aligning all the things that need to be aligned will span more than one local authority. I would have expected ideas like that to be part of discussions among the

regional transport partnerships on how they come together to look at modal shift and set clear priorities for the available funding.

Willie Coffey: Do you see much evidence that that is taking place? I appreciate that my journey is restricted to the M77 and M8—my life involves driving on that road quite a lot—but do you see it taking place elsewhere? Are authorities providing those facilities to get people out of their cars and on to the buses and trains?

Shona Robison: I see that local authorities are looking at all those issues, and often discussing them on a regional basis rather than individually, so that is a good thing. However, what emerges from that is a different question, because there would need to be a process of negotiation of priorities. One local authority may not have the same priorities as their neighbouring authority, which is where things can sometimes become quite difficult.

Nevertheless, I would hope that those types of initiatives on modal shift would emerge as part of the on-going work that is supporting local authorities to come together to prioritise and plan. Park and ride is one idea—there are many others—for how to make public transport more accessible and affordable and how to encourage people out of their cars.

We can certainly have a look at whether any partnerships are specifically considering park and ride. I am not aware of specific details in that regard, but we can ask transport officials to provide the committee with some detail on that.

The Convener: I will broaden the discussion a little bit, because it has been flagged to the committee that transport is one of the hardest areas in which to get a shift, whether that is modal shift or something else.

I saw nodding heads. Do you recognise, through the climate change plan, that transport is the hardest area, and that we therefore may need additional financial support and clearer recognition in that space to support local authorities with initiatives such as EV roll-out and integrated ticketing? Willie Coffey highlighted the very good example of park and ride, which would support behavioural change among people who want to take public transport.

What does the Government see in that regard? We have the Verity house agreement, so local authorities are empowered to do their own thing, but it is the Government's climate change plan. What kind financial support would come with that acknowledgement?

Shona Robison: I will bring in colleagues shortly. Transport is critical. It is presented as a negative net cost—that is, a net saving—because

the financial benefits that accrue to households and businesses through things such as the electrification of transport and modal shift are expected to be greater than the financial costs, so it is a biggie in terms of delivery. We are exploring opportunities for marketisation to reduce the public sector costs of the actions in the draft plan, including transport actions, because the costs of all that cannot be borne by the public sector alone; it simply would not be sustainable. We need the public and private sectors to work together at both local and national level if we are to achieve our ambitions.

Those are my initial thoughts—Phil Raines may want to come in on that.

Philip Raines: There are different ways to tackle that issue—there will never be just one way to do it. A lot of it will come down to modal shift—as you rightly point out, convener—and the incentives that the public sector, through both local and national Government, can provide in that regard, as well as the electrification of transport, hence the investment that is being made in EVs. National Government has specific roles in doing different things in that respect. The draft plan gives examples of that, and I can perhaps best support the cabinet secretary's answer by providing the committee with some examples.

There is support for behavioural change. We want more people to use EVs instead of fossil fuel cars. There is a role, in the budget, the spending review and the climate change plan, for national Government to support the investment in EV infrastructure and to consider incentive schemes and what have you. That is about national Government trying to affect the decisions of individual consumers.

There is the point that Mr Coffey raised earlier, which you were also alluding to just now, convener, about the support that national Government can provide for regional strategic approaches. The active travel budget is all about enabling that. It considers how best to integrate different transport systems to support a shift away from specific transport modes and also looks at measures that are aimed at individuals—for example, cycle schemes.

There is also what you might call the blue-sky element, which is consideration of how to invest in areas in which the ability to decarbonise lies some way in the future. Heavy goods vehicles are an important example, as they have a longer journey, if you will, towards decarbonisation.

The climate change plan sets out policies for that and the spending review sets out what that would look like for much of the first carbon budget period. Those are different areas where national

Government has a clear role to play in supporting local government.

The Convener: Thanks for setting out those examples. Are you looking at integrated ticketing? Even though we have the Verity house agreement, it would make sense for ticketing to be a national process, given that people travel throughout the country. For example, I travel from Moray through numerous local authorities to arrive at Edinburgh. Will integrated ticketing be considered at a national level?

Shona Robison: I will come back to the committee with that information, because I do not have it to hand. I assume that it would be done on a national basis—either that or on a regional basis. I would struggle to see how it could work effectively at a very local level. Let me come back to you on that.

The Convener: Great. We now move on to our next theme, which is data and monitoring. I will bring in Alexander Stewart for that.

Alexander Stewart (Mid Scotland and Fife) (Con): Good morning. Data and monitoring have been identified as areas in which local authorities see a need to combine local and national infrastructures for dealing with intelligence and managing data. That can then help to disseminate data and ensure that funds follow. It is important to know how the Scottish Government plans to support the development of national intelligence and data so that we can make the most of the information that national and local government have by ensuring that information is shared to allow planning and monitoring of climate change policies. It would be good to get a flavour of what you think that looks like and how it can be managed to ensure that that data is effectively collected and shared.

Shona Robison: I will ask officials to come in with detail on that, because they are closer to how it will work in practice. However, we have recognised the issue of data. The Scottish Climate Intelligence Service has been mentioned a few times during this session. It is jointly funded by the Scottish Government and all 32 local authorities via COSLA on a 50:50 basis. I think that its funding was about £1.8 million for 2025-26.

It is largely a capacity-building programme that takes a unique approach to supporting all local authorities. It is not just a data platform; it helps to build the capacity that is needed to solve the climate challenges that we have been talking about today. That includes using the data to inform your plans and then deliver on them. It also makes links with other organisations, such as Adaptation Scotland; officials will be able to tell you more about that.

We will look at how wider just transition considerations might be brought into that work. That is the overall aim, but Phil Raines might want to say a little more on that.

Philip Raines: I will just make a small correction. The 2025-26 funding for SCIS is £1.1 million.

10:45

Shona Robison: I apologise.

Philip Raines: There are lots of numbers in the text.

The issue with monitoring and evaluation is about ensuring that the national data is collected as timeously as possible to allow the tracking of ministerial legal responsibilities. Ministers have responsibility for ensuring that the carbon budgets are met, so how do they know whether that is happening? That involves a combination of the outcome measures—ultimately emissions—and knowing about national policies on EV take-up, heat pumps and what have you. It is about ensuring that local authorities have what they need to take forward what makes sense for them, and giving them the capacity to collect the data that they need.

I think that Mr Stewart alluded to the capacity for understanding that. We have a role in supporting local authorities to have those skills. We also need to ensure that, where they are collecting something that is important nationally, we can collect that. That is what SCIS is helping to develop, and the climate delivery framework has identified that as one of its key priorities. There is a clear shared interest in local authorities being able to do that. That is where we envisage a lot of the work developing over the rest of this year, particularly on the delivery side, because monitoring and evaluation are critical.

Alexander Stewart: The shared ideas that you mentioned and the monitoring that needs to take place are crucial. You alluded to the fact that some councils are struggling and others are not, depending on the priority that they give to the issue and how they lead on that. It is about early warning systems, evaluating and ensuring that local authorities have that in place.

Do you have views on how that can be achieved? As we have heard, not all local authorities are running at the same level or starting from the same point, but we all want to try to reach the same goal. How do they achieve that in the timescales that you have set and with the funding packages that are open to them?

Shona Robison: I would have thought that the framework would help with that, but Phil might want to say something.

Philip Raines: Probably the best way to do that is through the climate delivery framework. You establish the de minimis that all local authorities can do, and you make sure that they have capacity for that. You ensure that certain information systems or data gathering are set up. You then start with collecting what you might call the bare minimum data that everyone collects, but you keep investing to help areas to develop what they need, either to support increasingly sophisticated national data gathering or local data gathering.

Many local authorities already have systems, and there is something about facilitating the learning between areas. For example, Glasgow has terrific experience with regard to heat in buildings decarbonisation, and it has been very active in sharing that learning with others. It is about using that and building up that approach, at a national level, in supporting local areas and in helping local areas to support themselves.

Alexander Stewart: We have heard about the plans for early warning indicators. How will those indicators be developed as part of the plan to link with local government reporting duties and their existing data collection in order to capitalise on and capture what you and local authorities are trying to achieve and to make progress on meeting the goals and targets?

Philip Raines: A lot of that will be about the prioritisation of what kind of data gathering investment you want to take forward. Historical emissions data lags. You do not want to wait two years, which is what we do, to find out that we should have done something two years ago. A lot of work has been going on, certainly among Scottish Government analysts, to look at those early or trailer indicators and what have you.

The trick will be, as we work with SCIS, and as SCIS works with local authorities within the climate delivery framework, to work out the de minimis for those early warning indicators. As I am not the analyst myself, I cannot provide that level of detail, but there are ways of doing it. If we were able to do it collectively, in a way that enabled all local authorities to feel not only that they could benefit from it but that it would support the national effort, we would want to prioritise that aspect going forward.

Alexander Stewart: Thank you.

The Convener: I have a couple of questions about data. I represent the Highlands and Islands, and when, in 2021, I went off to visit folks around the region, I met and spoke to climate officers across local authorities. At that point, their feeling

was, “Oh right, we’re in this new role. What are we measuring against? What are our benchmarks? What are we all trying to do? Is there anything coherent?”

At that time, there was no sense of everyone having to do the same thing, so we had local authorities doing different things. Is the aim of the Scottish Climate Intelligence Service to get some coherence and create a bit of a benchmarking framework, to ensure that local authorities are looking at, and we are measuring and monitoring, the same things?

Philip Raines: The simple answer is yes. However, what that looks like is, I think, still to be worked through for different types of indicators.

The Convener: Right.

Philip Raines: It is also important to point out that local authorities often set their own benchmarks. A lot of them have their own sets of targets and have made their own commitments, much as we have nationally, and they are looking to ensure that their systems are, for their own reasons, able to capture those things, too.

I guess that consistency will be one of the central goals of SCIS over the next year or two, so that we know exactly what we mean when we look at certain things and we know exactly what the benchmarks are. We will then need—much as Mr Stewart was saying—to build upwards from that core set of early warning indicators so that we can get the right information. It will give us a more sophisticated way of collecting and analysing that information, and it will help both the local and national effort.

The Convener: Thanks—that is great.

Going back to the conversation on early warning indicators, I note that annex 3 of the plan relies on those indicators, while the plan, in general, seems to be going for more of a back-loading approach. We seem to have a lot of staging grounds and a lot of preparation happening up to 2030, and then suddenly, somehow, we have to move very quickly.

That raises a lot of questions about confidence. I am concerned about the fact that a lot is going to come towards the end of session 7. After all, 2030 is pretty much the last year of that parliamentary session, and then we will suddenly be into session 8—and that is when we are going to get some movement. Have you been thinking about the timing?

Shona Robison: I will bring in Phil Raines in a second, but we have for sure been looking at the phasing of the climate plan.

The reality is that, although we can plan ahead on what we think we know, technology moves on.

The political climate, too, might move on in a way that is not entirely helpful. We can set out our expectations and our plans for what we know and expect to happen, but—and I am going to end up talking about unknown unknowns, which I want to avoid doing—it is fair to say that there are risks inherent in assuming something to be the case that might end up not being the case.

All we can do with a plan that spans this length of time is to set out our objectives, the flow of funding, what we think can be done and when we think it can be done. Beyond that, it is very difficult.

Philip Raines: I would add that much of where we need to get to by 2045 depends hugely on behavioural change. It might be something of a cliché, but there is a lot of truth to the view that much of the heavy lifting in our decarbonisation journey—that is, doing the big things such as decarbonising the energy system and getting big results from that—has already been done. What we have to do now is persuade people to change their lifestyles to adapt to the new world that we are moving into and to get the benefits of that.

Behavioural change never really goes linearly. Often, it requires a lot of change in the environment and an investment in different things before tipping points are reached. Those tipping points will differ. We may be reaching a tipping point with electric vehicles, for example, but we are probably some ways from a tipping point for decarbonising our domestic heating systems. We would not expect a simple line, and what the curves look like is very much into analytical terrain.

From our perspective, it is no surprise, given the weight that behavioural change will need to play in the road to 2045, that there will be a lot of investment with maybe not as many signs that decarbonisation is moving as rapidly as we would expect when that investment kicks in, particularly towards the end—maybe carbon budget 3 or 4 in the run-up to 2045.

That, of course, cannot be used as an excuse for not making the investment or taking the action. However, there may be a distinction between showing the commitment and taking the action and expecting results from it.

The Convener: Okay. This is not necessarily a question but a comment to tie together a couple of things that have come up in the behavioural change piece that you just talked about and what the cabinet secretary said about the need for trusted partners and trusted sources of information.

When COSLA, SOLACE, SCIS and others gave evidence to the committee, I was heartened by the amount that they were leaning in and wanting to get on with it. I wonder whether more could be

done by national Government to support the telegraphing—getting it out to people—that our public services are doing the work and they understand that we have to take action on climate change.

Those services are already putting work in place but, somehow, that is not necessarily filtering through to people on the ground—to constituents. I was just really struck by how ready the services are—they are beyond ready; they are already doing it. They are or need to become trusted people who could telegraph the need for behaviour change, modal shift and so on.

Shona Robison: This is a draft plan, and the reason that we are having these conversations is to work out what more needs to be done and what particular emphasis needs to be given. We will definitely feed that back. We can take back both the fact that the role of local authorities and their trusted partners is very community-based, and the question of whether there is something to do on better communication, consultation and two-way conversations about what communities want and on working in partnership with people—as this cannot be done to people.

We will take that back as something to reflect on for the final plan.

The Convener: That would be great.

I have a couple more questions, under the heading of next steps. I touched on this at the beginning—given the very limited time between the end of scrutiny and the finalisation of the plan, I am interested to understand what processes are in place to ensure that parliamentary and stakeholder feedback genuinely shapes the final document. I will integrate my other question, seeking concrete examples: what feedback has already been integrated into the climate change system? If it is a living document, that would be great to hear about.

Shona Robison: I will bring in Phil Raines. However, to give you further reassurance, I will build on what I have just said: a draft plan is a draft plan, and we absolutely want to hear views and reflect them in the final plan. There will be all the normal gathering of information and feedback—whether parliamentary, external or from our partners in local government and elsewhere.

Phil, I do not know what you might have by way of examples or next-steps mechanisms.

11:00

Philip Raines: It would be poor practice to simply down tools and wait for the Parliament to provide its report and for reports to come at the close of the public consultation. I think that we mentioned that we are having a range of

discussions with stakeholders: we have talked about local government, we have mentioned the climate action hubs, and a lot is going on with business partners, environmental non-governmental organisations and so on.

We are, therefore, getting a lot of feedback. Although I would not want to say that, every time we get feedback, we go back and change the draft climate change plan—it is not a living document in that sense—we have been absorbing it. We have been following the evidence sessions closely. Colleagues are listening carefully, as they should, to what is being said, picking up the themes and getting a sense of the diversity of views. We are not waiting to take action, because we know that the timescales are tough. They are tough for the Parliament but they are equally tough for us to respond.

You asked for an example of the final climate change plan having built on those responses. I come back to the example that the cabinet secretary has already mentioned: delivery. When we put out the draft climate change plan, we knew that it might be, to some extent, a bit of hubris on our part to set out the policies in it and then say exactly how we would deliver them before we had a chance to debate and discuss more widely those policies, their efficacy and their appropriateness.

Now that we are starting to get that feedback, we know that we have to capitalise on the enthusiasm to get on with things that you have noted among local government partners and which exists among delivery partners more widely. We need to think about what those delivery mechanisms might look like—how we hit the ground running once the climate change plan becomes part of what this Government and Governments for the next five years will be doing.

We will set out more detail on that in the climate change plan. Obviously, it will be subject to the agreement of ministers—there will be cabinet discussion. Nevertheless, we know that we need to develop further in some areas, and that point is coming directly out of the feedback from sessions like this one and from talking to stakeholders.

The Convener: Thanks very much.

I will pick up on a quick supplementary question that I meant to ask earlier. You mentioned climate action hubs. How much support do those get—how much checking in and bringing them all together? How many do we actually have across Scotland, and how much support do they get? You have identified them as an important place for people to come to for an understanding of what is going on and how they can participate and contribute. How much are they supported?

Philip Raines: My colleagues will probably chide me for not having the number exactly to my mind. It is well into double figures. We will write back with that, maybe saying something about the financial support that has been set out as part of the budget and the regular engagement that the hubs have with one another—they get a lot of support in that way—and with central Government. We can come back on that.

That policy area is very active. It is a critical one for us, and we invest heavily in it.

The Convener: I have certainly attended hubs in my local authority area. They are very vibrant and active in doing great work.

That brings us to the end of our discussion and our questions. I very much appreciate your joining us this morning. It has been very helpful and insightful, and I look forward to seeing how we have influenced the final plan through our sessions.

I will briefly suspend the meeting to allow for a changeover of witnesses.

11:03

Meeting suspended.

11:11

On resuming—

Budget Scrutiny 2026-27

The Convener: The next item is an evidence-taking session on the 2026-27 budget with Màiri McAllan, the Cabinet Secretary for Housing. We are also joined by the following witnesses from the Scottish Government: Sean Neill, director for housing; Kirsty Henderson, acting head of performance and finance in the more homes division; Kersti Berge, director of energy and climate change; Gareth Fenney, interim deputy director of heat in buildings delivery; and Stephen Lea-Ross, director of cladding remediation. I welcome you all to the meeting. There is no need for you to turn on the microphones. We will do that for you.

I invite the cabinet secretary to make a brief opening statement.

The Cabinet Secretary for Housing (Màiri McAllan): Good morning. Thank you for inviting me to give evidence and for your flexibility in making a slight change to the agenda that allows me to attend Cabinet today.

I am happy to talk about my portfolio budget today. Given the difficult financial circumstances, I am pleased to have secured a draft budget that includes substantial investment in some key areas, namely homelessness, affordable housing, heat in buildings, building standards and cladding remediation. By way of context, which is certainly relevant to budgetary matters, in the housing emergency action plan of September 2025, we committed further funding to enhance our offer in this financial year. That included an additional £40 million to invest in acquisitions, the establishment of a national fund to leave, and additional funding for housing first.

In my statement on the housing emergency action plan, I also committed up to £4.9 billion of a mix of public and private funding to support the delivery of at least 36,000 affordable homes over the spending review period. Our budget and the spending review that we are here to discuss today have confirmed that mix. A record £4.1 billion of that will be public investment, and we are confident that we will leverage the remaining £800 million, which we can discuss today.

We are complementing that record sum with record certainty. The sector has been asking for multiyear budgets for a number of years, and I am pleased that we are able to provide that. For this financial year, it means that £926 million will go to the affordable homes supply. That is the single biggest allocation since our records began in 1989.

The committee might remember that we doubled the adaptations budget to £20.9 billion in 2025-26. Our budget maintains that. It also includes £8 million of support for councils with rapid rehousing transition plans, £2 million for our newly rolled-out national fund to leave and an additional £4 million that we will invest in homelessness prevention actions. Although they are not in my budget, it is worth noting that £106 million of discretionary housing payments are also supporting policy objectives in the portfolio, including £83 million to mitigate the UK's bedroom tax.

I turn to decarbonisation. I will be quick, as I do not want to spend too long on opening remarks. Our allocation of £1.3 billion to heat in buildings over the spending review period will allow us to maintain investment in our schemes and in our headline grant and loan offer.

On cladding remediation, we will make £371 million available over the spending review period, in line with our commitment that home owners should not have to pay for essential cladding remediation. That speaks to the national effort that will be required over the 15-year programme, in which we expect between £1.7 billion and £3.1 billion to be invested.

I will pause there in the interests of time, but there is much to dig into, and my colleagues and I will answer your questions.

11:15

The Convener: Thank you for that very positive opening statement. Thank you for your efforts on the housing portfolio in the budget. We have a number of questions about the affordable housing supply programme, after which we will move on to energy efficiency and decarbonisation and then cladding. Those are the areas that we want to cover this morning.

I will lead with a few initial questions. You have set out a four-year investment profile for the affordable housing programme. How confident are you that that profile puts you on track to meet the commitment of providing 110,000 affordable homes by 2032? From the work that you have done, can you tell us what the risks are of so much delivery being pushed towards the final year of the target period? What are you doing to reduce those risks?

Màiri McAllan: Everything centres on our target of delivering 110,000 affordable homes by 2032. When I talk about that target, I sometimes like to remind those I am speaking to that it is the second target, because the first one—to deliver 100,000 affordable homes—was met in 2021. That is important context. Overall, around 141,000 affordable homes have been delivered since 2007.

You are quite right: in 2021, we set a new target of providing 110,000 affordable homes by 2032. By September 2025, we had delivered just over 31,000 affordable homes towards that target. We will have numbers for the rest of this financial year, and we expect 36,000 to be delivered over the next four years.

I have a couple of points to make about that. First, I expect 36,000 not to be the ceiling of our ambition over the coming four years. It is the minimum number of houses that I would like to be delivered through a mixture of public grant and the scope that exists for leveraging private investment.

Secondly, you touched on the issue of the accelerated delivery in the latter years. That will be necessary, because the first couple of years of the target's programme were disrupted, as were so many things across our economy, by Covid, Brexit and inflationary pressures, which continue to hurt the construction industry. We are having to respond to that, and we will have to increase delivery towards the end of the programme.

However, I want to give the committee the confidence of knowing that everything that we are doing now is about trying to scale up in order to be in a position to achieve that target. It is not simply a question of how much public grant we can offer. The four-year certainty that we are providing will allow the supply chain and our construction industry to scale up in order to be in a position to deliver, and our councils and the house builders to know what is coming.

I know that there is a sharp curve towards the end, but everything that we are doing at the moment is about preparing to be able to deliver that.

The Convener: Great—thank you.

You mentioned the construction sector. Construction inflation and viability are clearly central to whether homes get built. I would be interested to get a sense of what assumptions you are using for construction cost increases over the next four years. Do you expect the grant per home to keep rising, or do you expect the sector to absorb more of the costs?

Màiri McAllan: On that last point, the public grant rises. I am fairly sure that that table has been published as part of the spending review. If it has not been, I am sure that it will be in due course. The profiling of the public grant over the four-year period is such that it rises. That is intentional.

By way of factoring in inflation, we will take account of a degree of predictable inflation when we think about how we will use that funding and what it might deliver. Of course, there will always be things that are outwith our control. No one expected some of the economic shocks that we

have suffered in recent years. Part of that is outwith our control, but when it comes to funding, certainty and the policy landscape—for example, exclusions from rent control for mid-market rent and build to rent—for everything that is within the Government's control we will try to create an atmosphere where we can simplify and speed up delivery in the coming years.

The Convener: That is very helpful—although I guess that we are about to arrive at a moment of uncertainty, with the upcoming election. We will see where we get to.

I will now move on to a question on the Scottish National Investment Bank and the work that you are doing in that space. You have said that you are going to work with the Scottish National Investment Bank—otherwise known as SNIB—to accelerate housing investment and bring in more private finance. I would be interested to hear about exactly—or as exactly as possible—what work is going on and when we will see tangible outcomes such as new funds, new partners or an increased number of starts.

Màiri McAllan: The Scottish National Investment Bank is an absolutely critical partner. It is independent from Government and it is a critical partner in housing investment, not least in bridging the £800 million gap. We work closely with the investment bank. I would summarise the current position as follows. There has been great work to date—I can speak to some examples of that—where the investment bank has made an investment, made a substantial return and delivered homes in communities.

The more important thing is that there is real opportunity for that to increase. I have been speaking with representatives of SNIB, which has been doing a significant amount of market testing on the appetite for growth in housing. It is fair to say that there is a lot of it out there—provided that the right conditions can be created for investment.

By way of example, SNIB invested £60 million into the Thriving Investments mid-market rent fund to deliver affordable, high-quality rental homes across Scotland in mid-market rent. The fund has a mandate to build 1,500 high-quality homes close to major city centres, and it has already delivered 742 mid-market rent homes, with another 449 in development. That is a city example. The other example that I have in front of me is a very different proposition. It is in Lerwick, and it is a £730,000 investment that has supported the construction of six high-quality one-bedroom homes for key workers in Shetland. You can see from that not only the work that has already been done but the bank's ability to invest in ways that support the needs of different communities.

I will mention, out of interest, that we recently took a delegation to London to meet investors there. The Scottish National Investment Bank came with us, and so did representatives of Glasgow, Edinburgh and Highland councils. They made the pitch for the investable proposition that is Scotland's housing market, and it was well received. We have complemented that with work that the Deputy First Minister has been doing on the InvestScotland portal, which seeks to create one window through which to move in order to invest in Scotland. We are trying to simplify the offer, make the case and create the right conditions for it to work.

The Convener: That sounds very positive. However, something that causes alarm bells to ring, and which I have started to think about it quite a bit over this session, is the fact that it is one thing to invest, but Scotland suffers from a history of wealth extraction. One of the pieces of work that we have been doing over this session has been on the idea of community wealth building. We are encouraging all that external investment, but how do we ensure that wealth is not completely extracted through shareholders and so on, and that the communities are actually invested in? How do we build that wealth?

Earlier, we were talking about place-based work with the Cabinet Secretary for Finance and Local Government and the amazing work that is happening at Granton with out-of-silo funding. The main point is, how do we ensure that investment comes in but also that the wealth stays with the communities?

Màiri McAllan: That is a really important point. There are two strands to it, as far as I see.

The first is a more general point, which is that a lot of the homes that are being delivered from investment are about unlocking economic opportunities for the local area. I mentioned that Highland Council was talking about its pitch for investment. That is geared to a large extent to the significant economic opportunities, which you will be very familiar with, around the Highlands and Islands—I am sorry, Highland Council is looking only at its area, but I see the picture more widely—however, those opportunities will not be unlocked without housing. Therefore, the investment in housing definitely brings a local community benefit that gets reinvested into the communities.

Then there is the separate question of making sure that we use local contractors. The greatest economic opportunities are extracted in that way, and the community wealth building work will absolutely help us to achieve that.

One more bit of interest is that I have been trying to support small and medium-sized enterprise house builders, because they in particular have

had difficulty in recent years and are less able to withstand shocks. They are also critical to rural and island areas, because that is principally where they operate.

We are trying to take a whole-systems approach, but community wealth building work will be critical as well.

The Convener: It is good to hear that you are aware of the issues of SMEs in construction. During a session that we had on rural issues, some years ago now, we learned that after 2008 the bottom fell out of that sector. It is good that you are nurturing it.

Staying on the same theme, I will bring in Evelyn Tweed.

Evelyn Tweed: Good morning, cabinet secretary and officials. Thank you for your answers so far.

Cabinet secretary, you touched on these in one of your previous answers, but I would like to dig a bit deeper into the challenges that have been experienced in the delivery of the affordable housing supply programme, which have led to underspend. Do you think that, in the future, you will be able to spend the full budget?

Màiri McAllan: That is a very important question on an issue that occupies our minds a great deal.

In the early years of this parliamentary session, delivery was hampered by the economic events that we know were on-going and to which you have alluded, and there were underspends in those years. If I am getting my financial years correct, we fully utilised last year's budget—the 2024-25 year—and we are on track to do the same in this financial year of 2025-26.

That demonstrates two things. First, general conditions are picking up. Secondly, the approach that has been taken to the deployment of the affordable home supply programme by the Scottish Government and by Kirsty Henderson's team means that it is working on the ground. The programme works closely with those to whom we are offering grants; we stay in close contact with them and help to monitor progress. It is also a flexible scheme. Kirsty can probably say more about this than I can, but Kirsty and her team in their area offices not only review proposals and make the money available once the allocated spend has been made—and not in advance of that—but equally, the team can be flexible and move money around to where it can be spent to make sure that we are fully spending that budget. Kirsty might have more to say about managing underspends.

Kirsty Henderson (Scottish Government): We were in that unfortunate position in the first few

years of this parliamentary session, which also coincided with the peak of the profile of our budget, as it was originally planned.

Our teams work very closely with local authority partners to put in place strategic local programme agreements on an annual basis. Those are reviewed regularly and problems with specific projects are flagged. There is also an element of slippage built into all those programmes, so that, if something is to move, shift or slow down, another project can come in and be accelerated to take that up.

As far as possible, we work with local authorities to make sure that they can utilise their full resource planning assumption for their area. However, there will be circumstances in which that is not possible.

11:30

As the cabinet secretary pointed out, we do not pay out our money in advance of need—it must be on receipt of the works when they have been completed. We are able to look around and shift that money to maximise the delivery, to make sure that it is accelerating the delivery of homes on the ground. We would look to prioritise the completion of homes rather than the acquisition of a site—although, obviously, acquiring sites is also important in order to provide that pipeline for future years. A lot of flexibility is built in to that.

There is also flexibility in the grant rates to deal with expensive projects. Invariably, those come up, and we are very flexible about how we look at them. At the same time, we evaluate those projects to make sure that they offer value for money, and we try to drive efficiencies where we can.

Màiri McAllan: The only thing that I would add to that is that, at the beginning of this parliamentary term, we committed to £3.5 billion of investment, and that commitment will be met. Albeit there are different project variables that we have been responding to, that commitment will be met.

If it is of interest to the committee, that £3.5 billion over five years is compared to £4.1 billion of public investment over the coming four years. That will be a significant increase in investment and over a shorter period.

Evelyn Tweed: It is really good to hear that we have moved on from some of the problems that we were experiencing before and that we will achieve that budget.

We know that there is an issue for local authorities in relation to temporary accommodation. What impact do you think that investment in acquisitions and voids might have? Will acquisitions help the situation?

Màiri McAllan: In the situation that we are in, in relation to temporary accommodation, it is about the degree of harm. As far as I am concerned, at the end of the spectrum, with the biggest difficulty, there are children who are living in unsuitable accommodation. Then there are the people who are spending too long in suitable accommodation.

The investment that we have made in acquisitions and in turning around voids has been about saying that, although the foundation of our approach is on house building—which must always continue—we need a year to 18 months for units to come through the process and be completed and that, in the meantime, we need immediate responses to serve those children who are in unsuitable accommodation and everyone else, moving back across that spectrum. That investment has been very successful. It is part of an activist and interventionist approach that the Government has been taking in recent years, since we declared the emergency.

Let me get my figures in front of me. The targeted investment that we have made so far has brought 1,250 voids and acquisitions back into use as affordable homes. That is a major achievement. As you can imagine, the work that is required to bring voids back into use will differ depending on the condition that they were in, and the number of acquisitions that can be made depends on the local market. It has been a really important part of providing immediacy in the programme. It is something that we have always done—acquisitions have always been part of our strategy—but that has ramped up significantly of late, and it has made a big difference.

Evelyn Tweed: When I worked in housing, I found that a lot of the acquisitions were in bad condition. Often, it took a long time to do the works that were required to bring them back into use. Is there a lot of flexibility when organisations are looking at such properties? Do they have the flexibility to do the work? It takes a bit longer, but you get a good product in the end.

Màiri McAllan: I will go to Kirsty Henderson for the details of the flexibility. In recent years, the funding has been directed, for the most part, to those areas with the greatest strain on their homelessness services. To my mind, there is a lot of flexibility in what they are able to do and acquire because it is based on their local market, which they know better than I do.

Kirsty can say more about Ms Tweed's experience of the condition of acquisitions.

Kirsty Henderson: We work closely with local authorities and RSLs, and there is a discussion about what types of acquisitions will be targeted in an area. The local authority or RSL will also want to make a judgment about how much work will be

required, the speed at which that can be done and the standard that the property can be brought up to. Some build types will never meet a great standard because their construction type will not allow that, but there is definitely some flexibility. A discussion is had to find out how much is required to make each property work and to bring it up to standard, whether that means a new kitchen, new windows or whatever is necessary. There is definitely flexibility.

There tends to be a standard arrangement for what authorities and RSLs can make work, although that is different across local authorities and there can be exceptions. For example, if a property was in a really poor condition but was in an area where it was really difficult to get homes, there would be an open discussion about what grant would be required to make that work while still ensuring value for money.

Màiri McAllan: I will close that part of our discussion by saying that the work on turning round the number of voids—which has not been exhaustive but has significantly eaten into them, to the extent that there is not a huge amount of scope left for the turning round of voids—plus the work to acquire homes now is supported by our work to bring long-term empty private homes back into use and by our investment in the Scottish Empty Homes Partnership. We had a record year in 2024-25, with 2,066 privately owned homes being returned to active use, which was a 10 per cent increase on the year before. I present those three things together to show the interventionist approach that we are trying to take.

Evelyn Tweed: That is great. Thank you, cabinet secretary.

The Convener: It is helpful to hear that.

I am going to bring in Alexander Stewart, who has a question on the same theme.

Alexander Stewart: Good morning, cabinet secretary. The budget provides £163 million of financial transaction funding. What is the intention for that funding and how will it be used in 2026-27? Will support for low-cost home ownership schemes continue?

Màiri McAllan: I will take the last part of that question first and will then say a little bit about FTs. I might also bring in Sean Neill to give a little more colour to the answer on FTs.

I am very seized of the need to support, among others, first-time buyers, and there are two things that the budget confirms in that space. One is the continuation of the open-market shared equity scheme. One of the actions in my housing emergency action plan was to re-expand eligibility for that scheme, which we call OMSE. I have figures here to show that it has already helped to

deliver some results for first-time buyers: 365 applications were approved between 2 September and the end of December last year, with 68 purchases completed, 19 of which were by households that included children. That vindicates the wider eligibility for that scheme. We will also maintain the first-time buyer relief within land and buildings transaction tax.

I know that stakeholders have called for more bespoke support packages for first-time buyers and I understand that need, but it must be balanced with other needs in the housing portfolio.

A number of opportunities are open to us with FTs, and we will always challenge ourselves to find the best ways of investing those. Sean can say a little about that.

Sean Neill (Scottish Government): We have an established charitable bond scheme that, through its investments and through financial transactions, actually generates grants back into the affordable housing supply programme, strengthening the overall budget.

We have spoken a little bit about the role of financial transactions in supporting mid-market rent, and, ultimately, they can also be used with partners such as SNIB to help us drive forward the delivery programme that the cabinet secretary set out.

There are a range of opportunities and vehicles. Through the housing investment task force, we are working with investors to understand what further opportunities there are across Scotland for us to use our financial transactions to get the most impact and deliver against our housing targets.

Alexander Stewart: How do you envisage the rural and islands housing fund developing? How do you see the budget supporting community-led housing developments in the next year?

Màiri McAllan: We, in the Scottish Government, are very clear in our minds that there is a real need for rural housing, and we want to make sure that the system can respond to that.

The core way in which the Government supports the delivery of housing in rural and island areas is through the general programme. You will know that, of our target of providing 110,000 houses by 2032, 70 per cent should be for social rent and 10 per cent should be in rural and island Scotland. I can tell the committee that we have consistently exceeded delivery of that 10 per cent through the core affordable supply programme, working with councils and RSLs.

That has been and will continue to be supplemented by the rural and islands housing fund and the rural affordable homes for key workers fund, which will be provided for in the

coming budget. They are demand-led schemes, which means that, by their nature, we rely on people coming to us with opportunities. However, the funding is there to supplement what the core programme provides.

I mentioned the work on SMEs, which is about bolstering housing delivery in rural areas.

I think that there was a second part to your question, but I am sorry—I cannot remember what it was.

Alexander Stewart: It was about how things are going to develop in the next year, which you have already given us an indication of.

The Convener: Mark Griffin had an interest in financial transactions, but that discussion appears to have unearthed what he was interested in.

I have a question about rural housing and the community-led aspect of that. It is great to hear that you are delivering more than the 10 per cent target for rural and island Scotland. Members of the Rural Affairs and Islands Committee all talk about the fact that, even though 17 per cent of Scotland's population is rural, only 10 per cent of the housing budget is allocated to rural areas. It is great that you are operating on the basis of at least 10 per cent of the target number of homes being provided in rural Scotland.

You said that the rural and islands housing fund and the rural affordable homes for key workers fund are demand-led schemes. We have had the initiative to support community housing enablers such as the Communities Housing Trust and South of Scotland Community Housing, which have been tremendously important in creating a pipeline of demand. Are you aware of that? What are you planning to do to support them to keep going with that work?

I am aware that, certainly in the Highlands and Islands, other people are showing up in the housing landscape who have the potential to play an enabling role. They have an incredible amount of knowledge, which they can use to support communities to develop one or two houses or flats that will keep those communities alive.

Màiri McAllan: As a point of principle, I am very supportive of community-led housing. Earlier, I mentioned the fact that local authorities know their market better than I do. As someone who comes from an area that does not have a large centre of population but that is made up of lots of different communities, I know that the closer you get to the need in a community, the more it is understood. Identifying the need and making the case for it to be met is probably one of the most useful elements of community-led housing.

When it comes to practical delivery, it is clear that support is needed. That is where my absolute support for community-led housing is slightly caveated, because I do not want to burden community groups with what councils, the Scottish Government and RSLs ought to be doing, which is providing the housing.

I think that there is a sweet spot to be found, which will enable us to combine local knowledge and support for development, where a community group has the capacity to do that. Equally, we should always be clear that it should not fall to communities to lead the work from start to finish.

The rural and islands housing fund is there to support such projects, which we will assess as they come forward. I will continue to work with community organisations, principally on identifying need, because I suspect that there is a bit of a gap there.

The Convener: For clarification, you would work with community enablers on identifying need. They work to support communities to get the confidence and capacity when they are embarking on a £6 million housing project and they have never had the experience of doing that. Helping to build that confidence seems to me to be a crucial role.

11:45

Màiri McAllan: Yes, that is right. It is about taking the first big step, but a housing project is full of big steps, from start to finish, as anyone who has ever been involved with one will know. The funds are in place to supplement the core programme, and, as a matter of principle, I am very supportive of community-led work.

The Convener: I also like what you said about how it should not just be left to communities to do it. Councils need to take a facilitation approach in supporting the community to deliver rather than having a volunteer board that can be hung out to dry when any project goes on for quite a long time.

Màiri McAllan: Yes. Absolutely.

The Convener: We are going to change themes. I will bring in Willie Coffey on energy efficiency and decarbonisation.

Willie Coffey: I wonder whether I can ask a specific question about one of the budget lines in the blue book—I hope that your colleagues have it with them this morning. It is on page 92 and it is the budget provision for energy efficiency and decarbonisation. The budget line shows that the proposal is to allocate £326.5 million in the coming year, but, compared to the autumn budget revision figure, it is only a 1.6 per cent increase. That suggests a real-terms cut for that particular budget line. Cabinet secretary, could you or one of your

colleagues clarify that and explain whether that is the case, please?

Màiri McAllan: I will start on that, and then I might go to Kersti Berge, the director. The table that I have in front of me is the level 3 budget. Is that what you are referring to?

Willie Coffey: It is the level 2 budget on page 92 of the budget document.

Màiri McAllan: I do not actually have the budget document in front of me, but I am told that they are the same figures. What I have here is that the autumn budget revision figure was £320.6 million and the total for this year is £325.6 million, so that is a cash-terms increase of £5 million. In the current financial climate, with public money being in short supply, maintaining my budget at that level was a success in many ways, because it allows me to continue to run all the heat in buildings schemes, particularly my area-based schemes, the warmer homes schemes that are directed at fuel poverty, and the Home Energy Scotland grant and loan. I appreciate that inflationary pressures are hurting budgets, so being able to maintain the position in cash terms has allowed me to keep my schemes running. I will, of course, update the committee in due course about the split of investment between the schemes.

Willie Coffey: Of course, if we compare it to the outturn in the previous year, which is the figure to the left on that page, we see a 10 per cent increase, but that is the outturn figure. I suppose that I am saying that it depends on what we want to compare it with, but it looks initially as though there has been a wee cut in provision compared to the autumn budget review figure. I suppose that we, or those who are here in the next parliamentary session, will see the outturn figures for that particular budget line. If you are confident that it is sufficient to provide the funding that we need for this theme, that is quite encouraging.

Màiri McAllan: We had that discussion last week about how the schemes will have to work harder and how we will do a bit of a review across the schemes in the coming financial year just to make sure that we can get the maximum out of them. However, as I say, that slight increase in cash terms was a win because it allows me to keep the schemes running.

Willie Coffey: Okay. In terms of support for our colleagues in the private sector, do you think that the budget will provide sufficient funds to enable private landlords to meet their obligations in relation to minimum energy efficiency standards and so on?

Màiri McAllan: The committee knows that I have undertaken the sequencing work in respect of all the regulatory issues around heat in buildings

and that the energy performance certificates reform—which we have brought to committee—was recommended to be first, with the private rented sector minimum energy efficiency standard and other issues to follow.

I am still waiting for public clarification of the warm homes plan content, which will inform the policy decisions on things such as PRS MEES. I am very aware that, as I take that decision, I will have to be conscious of the support that is offered to landlords. However, as of today, I do not know what is in the warm homes plan, so I have not made a final decision on PRS MEES in Scotland. I cannot comment, therefore, on the funding that would flow from that, but I will, no doubt, discuss it with the committee in due course.

Willie Coffey: Okay. Thanks very much for that.

The Convener: I do not know whether you have given us that sequencing. It would be helpful to see what you are working to, if that is possible.

Màiri McAllan: I know that we discussed that last week, so I am sorry if that has not been forthcoming yet. We will get you that.

The Convener: It would be great to see that when it comes. Thanks very much.

Our last theme is cladding. I will bring in Fulton Mackay, who is joining us online—Fulton MacGregor, even. I do not know why I said Fulton Mackay. That is going back a few years.

Fulton MacGregor: There are not very many Fultons in the world, convener, so let me just tell you that I have been called Fulton Mackay far too many times for me to count. It is a very common thing that I have experienced.

Good morning—it is still morning. I have a couple of questions on cladding, cabinet secretary. In the interests of time, I will ask them together. How confident are you that the £52 million allocated for cladding remediation in 2025-26 will be spent, given that just £2.4 million had been spent by 30 November 2025? How will any underspend this year impact progress on future spending?

Màiri McAllan: I am just going through my pack of papers to find the figure for the spend—yes, here we are. As of the end of December 2025, £15.9 million had been spent against the programme, which demonstrates the ramping up of activity following the passage of the primary legislation that was required to work around Scotland's unique tenure systems.

The committee will see that we have invested around £55 million next year and £371 million over the course of the spending review. As we have said before, this is a 15-year programme, and we have talked about estimates of between £1.7

billion and £3.1 billion. Mr MacGregor asked how confident we can be that the spend that has been allocated will be spent. I am confident, because the primary legislation got those barriers out of the way and we are now moving into a period of rapid single building assessment deployment and mitigation measures where they are needed, and cladding remediation where that is identified as being life-safety critical.

The Convener: You have assured us that there will not be an underspend, but if there were, what would that mean for people living in affected buildings and for upcoming programmes in future years?

Màiri McAllan: I do not envisage that there will be an underspend. The challenge for cladding remediation, now that everything is in place, is not about managing underspend; it is about managing the vast amount of spend that will be required.

Stephen Lea-Ross and I, working together with our teams, consider very closely the rhythm of the programme, with properties coming into the single open call, being considered, grant letters being offered, and then moving through to the SBA being undertaken. The next stage is review, and then mitigation in the first instance, if required.

There is a rhythm to the programme and I believe that the available funding will absolutely be spent. I know that consideration is on-going of the building safety levy, and its supplementing what we are talking about, so the challenge will not be not getting money out the door, but the cost of the programme.

The Convener: That is great. We appreciate the updates on cladding.

The committee has been addressing an area that is kind of similar but different to cladding: reinforced autoclaved aerated concrete. Meghan Gallacher has some questions, possibly on cladding but also on RAAC.

Meghan Gallacher (Central Scotland) (Con): Good morning. I want to start with a point of clarification, if I may, which takes me back to the private rented sector and the energy efficiency standards. I know that the cabinet secretary has not seen that plan as yet, but we are running out of time, given the number of weeks that we have before the dissolution of the Parliament. Does the cabinet secretary envisage the plan coming forward between now and then, or could there be a delay to any regulations being brought forward?

Màiri McAllan: When the UK Government will produce its warm homes plan is entirely outwith my control. The plan has been delayed a number of times so far, although the indication that we are getting from the UK Government is that the intention is that it will be forthcoming fairly soon. I

would not want to overstress that point to the committee, because there is nothing that I can do to control that. What I can do, once I am in receipt of the plan, is consider it and its implications for Scotland, very quickly, and come back to you.

Meghan Gallacher: That is helpful, cabinet secretary.

We know that roughly £97 million of Barnett consequentials have been sent through in relation to cladding, and we also had a debate last week on the Building Safety Levy (Scotland) Bill. Can you clarify how much of the Barnett consequential funding has been spent so far? You have talked about upscaling the spend in that area, but it would be good to know how much of the Barnett consequential money has already been spent.

Màiri McAllan: Mr MacGregor talked about a figure having been spent, and I was able to put on the record my own figures, which show that, by the end of December, £15.9 million had been spent.

I take this opportunity to encourage us not to put some misplaced emphasis on those consequentials, which have arisen once and will not arise again. Consequentials that arise from spend in England and Wales are absolutely fine, but they do not necessarily mirror the stage of the programme that another country might be at. As you all know, we had to introduce primary legislation in order to navigate Scotland's unique legal system.

As welcome as £97.1 million of consequentials might be, they arise only once, as I said, and the amount is far less than the £371 million that we are allocating over the spending review period, and it is a complete drop in the ocean compared with the up to £3.1 billion that will be required to be spent over 15 years. I understand the scrutiny, and I completely welcome it, but I would just encourage us not to put a misplaced emphasis on consequentials, given the scale of the programme and the spend that will be required.

Meghan Gallacher: I accept your point, but—and I know that you are aware of this—the frustration is with the time that it is taking to get the cladding remediation off the ground. An issue that I have come across, and which I wrote to you about in December, relates to the cladding remediation programme and the differences in letters coming from the Scottish Government to people who are trying to sell their properties but who have been affected by cladding problems. In 2024, the Scottish Government appeared to say that it would fully fund remediation costs in those cases where it could not identify the developer; however, that view appeared to have changed substantially a year later when another person was trying to sell their property.

Having seen the two letters in question, I think that it would be good to get some clarification on this. One individual was able to move on and sell their property, while the other person feels trapped. We need to be really careful with the language in those letters. It would be good to hear from you or, indeed, the officials on the matter, because I am worried that some people have received a letter saying that remediation will be fully funded while others have not.

12:00

Màiri McAllan: Thank you. I have your letter and am drafting a response. I also saw your interaction with Ivan McKee during the passage of the bill. I just want to make sure that the response is exactly where it needs to be.

I put on record the seriousness with which I take the cladding remediation programme and the worry and concern that I know will be experienced by many people across the country. It is absolutely my intention—the Government's intention—that every stone is turned, that we pursue the programme to the nth degree and that safety work is ensured. That is absolutely my motivation.

I will come to Stephen Lea-Ross on the exact wording, but the principle and our position remain that we will pay for essential cladding remediation. There might be instances in which, for example, an SBA—being a very full assessment—will identify fire risks, some of which will pertain to cladding and some of which will not. It is important that the Government differentiate between the cladding remediation programme's funding essential cladding remediation and its not being able to attend in all circumstances to the suite of other issues that could arise. That might be the issue that you are dealing with in those letters. Stephen can perhaps say more and, in any case, I will come back to you in writing.

Stephen Lea-Ross (Scottish Government): Further to the cabinet secretary's remarks on the programme, we have undertaken further quality assurance to verify that there is consistency in language in the letters that are received by homeowners. The principle has not changed: the cladding remediation programme will fund essential cladding remediation in a building for which no responsible developer has been identified as having ownership or an interest such that they might be asked to take forward remediation works.

I have another couple of points of clarification. As a matter of principle, we do not issue letters of comfort to be used by lending or funding institutions—that continues to be the case for the programme—but we will clarify the position in respect of a building's ownership and/or whether

we have identified a responsible developer in connection with that building and development. Having reviewed letters that have been issued in the past, we accept that there were some differences, which is why we have tightened up the process, but we have attempted consistently to mature that approach and be clear on both how we communicate with homeowners and what we have said that we will consider funding when it comes to essential cladding remediation. That position is now fully set out on the website.

Meghan Gallacher: That is helpful, and I look forward to receiving your letter.

I will pick up on that briefly and move to a question about RAAC in a second. I know that you are having to increase the spend for carrying out cladding remediation work. The importance of building safety is widely accepted. No one will dispute it. However, there are concerns over a disparity, in that the Finance and Public Administration Committee has reported that the building safety levy would raise £30 million a year. I know that that will be scrutinised in the Parliament over the next few weeks. Will the figure be clarified at that stage, so that whatever committee that will be dealing with it or scrutinising a part of it knows exactly what the figures are?

Màiri McAllan: My working assumption is that £30 million per annum could be raised via the levy, and that we could expect that to come into play from 2028. However, that may end up not being the case because, as you say, the bill is still going through the Parliament and is by no means in final form.

Meghan Gallacher: That is helpful. I will move on to a question on RAAC. The Government has stepped in to offer investment support in the north-east equating to roughly £10 million, through the housing infrastructure fund. However, other local authorities have not been so fortunate as to be included in that offer; for example, West Lothian Council has estimated that it needs roughly £85 million in order to fully remediate RAAC-infected schools, community buildings and council homes. I know that, in this meeting, we are talking only about homes, but those are included in the £85 million. Will you extend the offer to other local authorities with the greatest need for RAAC remediation, or was what we saw in Aberdeen a one-off?

Màiri McAllan: The agreement that was reached was not a case of an offer being made by the Scottish Government and accepted by Aberdeen. There was an ask by Aberdeen City Council to re-purpose funds that had been committed to the council some years ago via the housing infrastructure fund but had never been spent. It is important that I make it clear that that

was not a Government offer and was not additional Government money. There was internal work in the council, along with work in the community, which was not an easy process for anyone involved, not least the homeowners. The council reached a proposal that involved looking to that unspent fund as a way of meeting the need and providing what was required and then asked for flexibility. We were initially unable to accept that ask because the terms of the housing infrastructure fund did not allow that, but we could agree that money in the affordable homes supply programme could be made available to Aberdeen, in a way that was entirely separate from the ask about RAAC, and that it was up to the council to decide how to re-profile its spend. The council chose to do that for RAAC.

That is a very different proposition to having an offer made by the Government and I must clarify that no such offer will be made. I have spoken with residents, elected representatives and council officers, usually in open forum and occasionally in public meetings. I have spoken to them all and heard their concerns but I must be very clear that there will be no central remediation fund for RAAC from the Scottish Government because we simply do not have the flexibility to provide that.

In Aberdeen, the council looked within its own plans and asked for flexibility for existing funding pots and I have said that I will consider that for any council that comes forward, but that is a very different proposition from having the Government make offers, which we will not be making.

Meghan Gallacher: Thank you for that clarification, cabinet secretary.

The City of Edinburgh Council has said that it is going to see whether there are any further examples of RAAC-related issues in its local authority area. Do you see there being more councils in difficult and precarious financial situations trying to remediate buildings and homes? If no further funding is to be made available to them, could that lead to a situation where we will have empty properties that need to be demolished, or whatever the council decides? I am concerned about that, because those buildings have been identified as risks. How can we remedy that? Is there any potential for discussion between the Scottish Government and councils about that issue if councils lack the financial means to remediate the homes and buildings that are impacted?

Màiri McAllan: First, I am no technician and no expert on the physical inspection of RAAC. I rely on advice, but the work that has been undertaken in Scotland certainly went beyond desk-based study, which means that we have a uniquely clear picture of the presence of RAAC. I again caveat

that by saying that I am no technician, but the approach that has been taken gives me a lot of confidence that, where it exists, RAAC has been identified.

I appreciate that that does not negate the challenge that RAAC presents. It is a building standards issue and the responsibility for that falls on the owner. Sometimes, that owner will be an institution, such as a council, and councils have worked really hard across the board to attend to the needs of their tenants when RAAC has been found in council homes. Sometimes, the responsibility falls to the individual. I understand that it is not easy for an individual to grapple with that, which is why I have gone to residents in council areas throughout Scotland and have sat down to speak to them about it. It is why I have said that, if individuals and councils can work together to produce plans and proposals for flexibility within existing budgets, I will consider those plans.

I entirely sympathise, but I have to come back to the fact that there is no scope for RAAC remediation within central Government spend, not least when, as we have just talked about, there is the spend attached to cladding remediation, which is a major public safety issue, or the need to build more affordable homes or attend to the pressures on temporary accommodation. There cannot be a central RAAC fund.

However, in regard to what we can do, I have set up a RAAC in housing leadership group. I am keen to foster a close understanding between us, the UK Government, councils, UK Finance and the Association of British Insurers on the ability to sell a home once the RAAC in it has been remediated. We cannot have a situation where, by whatever means, people have either paid or been supported to remediate RAAC in their home and it has green status, but they still find that they cannot sell it. There is new Institution of Structural Engineers guidance out and I will have another meeting with the leadership group at which I will try to get an agreement that we can borrow and have financial products placed on houses with green RAAC status.

Meghan Gallacher: That is helpful, cabinet secretary.

The Convener: I want to pick up on something that you said earlier about building standards. At the beginning of your opening statement, you talked about the budget and what fits into that envelope, and you mentioned building standards. We have not really gotten into the detail of that, but I think that that issue is connected to the conversation that we have just been having about cladding and RAAC. Over this parliamentary session, the committee has started to really look at

building safety and quality. In our evidence sessions on cladding, RAAC, and damp and mould, it has come up that sometimes the materials that are used—for example, the cladding technology and the chemicals that are in it—are problematic. Is there something that we need to do in that space?

We were thinking about a couple of issues. One is whether there needs to be an inventory of the fundamental materials that go into house building in the future, so that we know what materials our houses are being made of. The other issue is whether we are making sure that the materials that a construction company or a housing developer chooses to put in are actually up to standard. Nobody could have imagined a situation in which cladding led to the horrors of Grenfell tower, but do we need to be doing something to monitor that kind of thing?

Màiri McAllan: I might ask Stephen Lea-Ross to say a word or two about the cladding aspects of that. We are straying slightly from our topic, but this is a very important issue. It would be fair to say that mistruths were part of the cladding issue and one of the fundamental problems leading to Grenfell. Perhaps Stephen can say a bit more on that, but the Government is responding to what the Grenfell inquiry found and its recommendations. Another thing that we have done is create a building safety forum within Government, which monitors the building landscape and intel as it arises. RAAC is still used throughout Europe as a building material, because, if it is properly maintained, it does not present an issue. That is very different from the situation with cladding.

Our approach is more about good communication and understanding the intelligence around building materials, as and when it arises, and making sure that we are taking commensurate action. Stephen, do you want to say something on cladding?

Stephen Lea-Ross: A few points are worth noting from the cladding example. As Ms McAllan has alluded to, one of the distinguishing features of the cladding problem as it emerged post-Grenfell is the dishonesty in the supply chain that led to those products being used in the first place, rather than a lack of knowledge in industry about what are suitable building materials.

From the cladding example in particular, we know that fire engineering continues to develop as a science. One thing that is common to the cladding, RAAC and some other structural issues that we have identified is that they are ex post facto—nobody could have realised that they were an issue when the problem first emerged. There probably are limits to what you can do ex ante in terms of inventory of building materials.

12:15

It is also worthy of note that work had already been undertaken on building standards in Scotland. Our building standards were amended in 2006 in response to the Garnock Court fire. Although we are still undergoing a process of assessment and a significant number of buildings have been identified this year, so we cannot be certain of this, our work so far with local authorities and in reviewing stuff in the high-rise inventory indicates—although I am not categorically saying that this will be the case when we come to the end of the process—that only a modest proportion of buildings overall had significant amounts of the worst types of cladding that have been identified in the context of the cladding problem, that is, ACM and HPL cladding.

The other thing that I would say is that, in addition to the building standards system having been reformed in 2006 and subsequently, there is confidence broadly across the sector in the fact that we already have a pre-emptive approach to building standards and to the building warrant application process. There remains confidence in the verifier-based system, which is different from the system used elsewhere in the United Kingdom and applies to all categories of commercial and residential build. We are also currently undertaking public consultation on further reform of that standards system, to give people as much confidence as possible.

Finally, as the cabinet secretary has already set out, one of the things that we are constantly looking to do through the ministerial working group—the forum on building and fire safety—is take a broader, holistic look at building safety and structural issues as they arise, and to continue to engage with industry, whether through producing new guidance, refreshing existing guidance or raising awareness of some of those issues.

The Convener: It is helpful to hear from you the differentiation between cladding and RAAC and that you are taking a broader view of that forum. A question about its scope has come up at committee, because once you get into a building, you discover other things.

We both agreed, cabinet secretary, that we were straying a little from discussing the budget, but the issues were connected. We are now talking about cladding remediation in the context of a budget, because of the fact that we were misinformed about the materials that ended up being used. There is absolutely an interconnection—I do not know whether that is systems thinking or out-of-silo thinking. Are we using the right materials? Will it get us into a situation down the line?

I totally take your point, Stephen, that we cannot necessarily predict the future of something, but it

is about having an awareness of what the construction industry is choosing to use and ensuring that we are getting the right materials into people's homes.

You will possibly be glad to know that that was the end of our questions for you. It has been a very good discussion. The housing budget has had a wobbly time over this parliamentary session, and from this discussion, it feels like it is now in a much better space.

I really appreciate your focus and, I would say, diligence. As convener of this committee, I am grateful that we have a Cabinet Secretary for Housing, because we absolutely needed that level of leadership in this space. It is great that we finally got there in this session.

That concludes our questions and the public part of the meeting.

12:18

Meeting continued in private until 12:47.

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