

Local Government, Housing and Planning Committee
Tuesday 13 January 2026
2nd Meeting, 2026 (Session 6)

Draft Climate Change Plan

Introduction

1. At this meeting the Committee will continue its scrutiny of the draft Climate Change Plan (CCP) and take evidence from Màiri McAllan MSP, the Cabinet Secretary for Housing.
2. The Annexe to this paper provides detailed background information on the relevant aspects of the CCP.

Background

3. The [Scottish Government's draft Climate Change Plan 2026-2040](#) was published on the 6 November, and must be laid in draft in the Scottish Parliament for 120 days. During this time committees may scrutinise and publish reports on the draft CCP, and the Chamber may debate or consider motions on it.
4. In 2023, the Committee [responded](#) to an invitation to participate in collaborative scrutiny of the CCP from the Convener of the NZET Committee. It confirmed it would consider the buildings chapter of the plan, as well as considering the plan through the lens of local authority delivery. A number of other Parliamentary committees will also be scrutinising elements of the Plan which are relevant to their remits.

Committee scrutiny

5. At its [meeting on 18 November 2025](#), the Local Government, Housing and Planning Committee held a round table evidence session on the CCP. Members also met online for a private discussion with a number of individuals about their experiences of retrofitting their homes. [A report summarising the discussions at that meeting is available on the Committee's webpages.](#)
6. At its [meeting on 16 December 2025](#) the Committee then took evidence from two panels of witnesses representing local authorities, the construction industry, and advice and support for the public.

Background briefing

7. Annexe A provides more detailed background on the CCP, and summarises the key issues which witnesses have raised with the Committee during the course of its scrutiny.

Next steps

8. At its final evidence session on the CCP later this month the Committee will hear evidence from the Cabinet Secretary for Finance and Local Government.
9. The Committee will report on its conclusions in February.

Clerks to the Committee
January 2026

Annexe A



Climate Change Plan background

The Climate Change Plan (CCP) is a strategy document which outlines how the Scottish Government intends to meet emissions reduction targets across all portfolio areas and sectors of the economy.

The parliamentary process for laying and scrutinising a draft climate change plan is contained in three pieces of legislation - the [Climate Change \(Scotland\) Act 2009](#), the [Climate Change \(Emissions Reduction Targets\) \(Scotland\) Act 2019](#) and the [Climate Change \(Emissions Reduction Targets\) \(Scotland\) Act 2024](#).

The last full CCP was in 2018, [the last CCP “update” in 2020](#) was non-statutory. The Scottish Government published a [draft CCP on the 6 November 2025](#). Publication of this draft CCP has been delayed. The [Bute House Agreement](#) had committed the Scottish Government to publish a draft by the end of November 2023. However, this was postponed, with [the Scottish Government citing changes to the UK Government’s net zero policies and uncertain economic conditions](#).

Plans to lay a draft CCP in autumn 2024, as effectively required under the legislation then in force, were also postponed in light of the Scottish Government accepting the [Climate Change Committee’s verdict](#) that achieving the 2030 interim target to reduce emissions by 75% was no longer credible. The 2024 Act set out a revised process for setting targets (through carbon budgets) and the timetabling of the corresponding climate change plans that, in effect, pushed the laying date back.

Carbon Budgets and Scottish Government statement

The CCP sets out the proposals and policies for meeting the emissions reductions targets. These targets are set out in [‘carbon budget’ regulations](#) made in 2025.

These are limits on the amount of greenhouse gas which can legally be emitted over a given time. Not exceeding a carbon budget is a “Scottish carbon budget target.” The five-year carbon budget targets aim to reduce emissions by:

- 57% lower than baseline levels for 2026-2030,
- 69% lower than baseline levels for 2031-2035,
- 80% lower than baseline levels for 2036-2040, and

- 94% lower than baseline levels for 2041-2045

Alongside the carbon budget regulations, the Scottish Government [must publish a statement which must include](#), in indicative terms, the proposals and policies that will be in the next CCP.

This CCP covers the period 2026-2040. The government's ambition is that Scotland will be "net zero" in carbon emissions by 2045. Net Zero is the point when emissions entering the atmosphere are balanced by removals out of the atmosphere. In doing so, it will seek to meet reduction targets for this period, [based, on advice from the independent Climate Change Committee \(CCC\) published in May 2025](#).

What must the CCP include?

The legislation requires that the CCP must include:

- Scottish Ministers' proposals and policies for meeting the emissions reduction targets during the plan period (see below for more on targets), broken down across seven sectors (energy supply, transport (including international aviation and shipping), business and industrial process, residential and public (in relation to buildings in those sectors), waste management, land use, land use change and forestry, and agriculture);
- the respective contributions (in measurable terms) towards meeting the emissions reduction targets that should be made by each of the seven sectors and each group of associated policies set out in the plan;
- an estimate of the costs and benefits associated with the policies set out in the plan;
- the timescales over which the proposals and policies will take effect;
- the incorporation of the principles of just transition and climate justice;
- demonstration of how the implementation of the plan will contribute to sustainable development; and
- an assessment of the progress towards implementing proposals and policies set out the immediately preceding plan.

Scottish Parliament Call for views on Climate Change Plan

The Net Zero, Energy and Transport Committee issued a call for views to inform parliamentary scrutiny of the Climate Change Plan. The call for views closed on 19 September 2025 ahead of the introduction of the plan.

[Individual published responses are available online](#) and a [summary of responses by has been published](#) including a summary of those commenting on the [buildings topic](#). The [non-sector specific summary](#) also has relevant points related to local developments.

The [Local Government, Housing and Planning Committee wrote to all local authorities on 14 November 2025](#) seeking views on aspects related to the buildings chapter and also for broader views on the CCP and the role that local authorities will have in meeting the Scottish Government's emissions reduction targets.

Buildings (Residential and Public)

The primary driver of emissions reductions is the transition from fossil fuels to clean heat sources in residential buildings. As the draft CCP notes:

“...a transformational change to the way in which we heat out residential and public buildings is essential to meet our net zero target”. Emissions from buildings, primarily accounts for the 15% of Scotland's greenhouse gas emissions. The heat transition will require around 1.9 million homes and 13,000 public buildings to move to clean heating outcomes such as heat pumps and heat networks by 2045”.

The draft CCP lists three outcomes:

- **Heat in Buildings Outcome 1:** The heat supply to our homes and non-domestic buildings is very substantially decarbonised, with high penetration rates of renewable and zero emissions heating.
- **Heat in Buildings Outcome 2:** Our homes and buildings are highly energy efficient, with all buildings upgraded where it is appropriate to do so, and new buildings achieving ultra-high levels of fabric efficiency.
- **Heat in Buildings Outcome 3:** The heat transition is fair, leaving no-one behind and stimulates employment opportunities as part of the green recovery.

Further detail on the policies is provided in [Annex 2](#) and [Annex 3](#) of the CCP. Note that non-domestic buildings are covered in the business and industry section. The key policies to drive down emissions in non-domestic buildings are similar to the residential and public buildings chapter i.e. the target for decarbonising heating systems by 2045 and support for heat networks.

Underlying the policies is a focus on a technology neutral approach (i.e. not just relying on heat pumps) and a commitment to reducing fuel poverty.

The key policy drivers to meet these outcomes can be summarised as:

- **A target for decarbonising heating systems by 2045** (this is proposed for future legislation - see below): the Scottish Government will also prepare a heat in buildings strategy and delivery plan by the end of 2026, setting out the actions that Ministers intend or consider should be taken to ensure that the decarbonisation target is met. The [New Build Heat Standard](#) already requires new homes to install clean heating systems.

- **Financial support for energy efficiency:** to enable progress towards decarbonisation goal while reducing fuel poverty, by providing advice and financial support for energy efficiency
- **Heat networks:** developing plans to boost heat networks by requiring certain properties to change from fossil fuel heating systems when a heat network is available. This is proposed in future legislation (see below). Existing support for heat network development includes the Heat Networks Support Unit and Scotland's Heat Network Fund
- **Heat in Buildings Programme:** continue to deliver a programme of support schemes and advice services which are designed to support a wide range of groups to decarbonise heat in buildings

The Scottish Government supports schemes to provide advice and funding through grants and loans to homes and businesses to install energy efficiency measures and clean heating systems, including targeted support for those in or at risk of fuel poverty. It has allocated £1.67 billion of funding through heat in buildings schemes, including a committed spend of more than £840 million for energy efficiency and clean heat projects. The draft CCP indicates that,

“We will continue to deliver a programme of support schemes and advice services which are designed to support a wide range of groups to decarbonise heat in our buildings. We recognise that the significant cost of moving to clean heating cannot be funded by the public purse alone. These support mechanisms will provide a platform for future progress, and will evolve alongside the role of private investment and finance.”

After publication of the draft CCP, [the Cabinet Secretary's statement of 18 November 2025 indicated](#) that grant support for homeowners to enable connections to heat networks through the grant and loan scheme would be available (previously only loan support was available).

There is little further specific detail in the draft CCP about how the advice and funding programmes might evolve. The draft CCP says:

“We are continually working to improve the process customers go through to install clean heating and/or energy efficiency upgrades in their homes. We are currently working to explore consumers' existing customer journey and how it may be improved, with a focus on Home Energy Scotland. This will help us shape and evolve future advice and support services to ensure they continue meeting the expectations of a growing customer base”.

The [Climate Change Committee's advice in May 2025](#) outlined that in its pathway, by 2035, 40% of existing homes are heated by low-carbon systems and by 2045, 92% of existing homes have low-carbon heat, reaching all homes by 2050. Annual heat pump installations in existing homes will need to accelerate rapidly, reaching nearly 35,000 by 2030.

[In response to a PQ](#), the Cabinet Secretary indicated stated that:

“Data for the last full calendar year (2024) indicate that 7,355 heat pumps were installed in Scotland, 1061 more than for the last full calendar year. Over 2,500 heat pumps were funded by the Home Energy Scotland Grant and Loan Scheme in 2024.”

Skills

Within the draft CCP Buildings (residential and public) section the Scottish Government acknowledges the importance of investment to upskill the current workforce and attract new entrants to the sector and it is aware that installers need confidence in local demand for clean heat systems before investing in upskilling their workforce.

The draft CCP states that the Scottish Government will work closely with installers, industry and training providers to develop skills and training offering which builds on existing support like the Great Heat Installer Engagement Programme. It states that its “future training offer will be summarised alongside delivery options in our new Heat in Buildings Strategy.”

Heat in Buildings Bill

On 18 November 2025, the Cabinet Secretary for Housing [confirmed in a statement](#) that the proposed heat in building bill would be paused, citing a delay with the UK Government’s Warm Homes Plan. Instead, the Scottish Government published a [draft Buildings \(Heating and Energy Performance\) and Heat Networks \(Scotland\) Bill](#) and it indicated that it would engage with stakeholders on the draft Bill during this Parliamentary session.

There are three main parts to the draft Bill:

- Part 1 sets a target for decarbonising heating systems by the end of the year 2045.
- Part 2 allows the Scottish Ministers to make regulations to set minimum energy performance standards for buildings in which direct emission heating systems are used, and to provide for the assessment and improvement of the energy performance of those buildings.
- Part 3 relates to heat networks (as defined the Heat Networks (Scotland) Act 2021). In particular, it gives the Scottish Ministers regulation-making powers to set up a new licensing regime for heat network zones, and for granting certain rights and powers over land in connection with the installation and maintenance of heat networks.

Essentially the bill provides a framework with further details to be set out in regulations and strategies. This means, for example, it is not possible to say what the government expectations are about any future minimum energy efficiency standards (MEES) that owner occupiers with direct emission heating systems may have to meet. Potential [energy efficiency standards for owner-occupiers were first consulted on in 2018](#). The [2021 Heat in Buildings strategy](#) had set out plans to

require owner-occupied housing to meet equivalent EPC C rating where technically feasible and cost effective at key trigger points.

In 2023, the [Scottish Government consulted on a Social Housing Net Zero Standard](#) but no announcement on the final standard has been made yet.

The Scottish Government has been clearer about its proposals for minimum energy standards for private landlords, with a 2025 [consultation proposing that](#) privately rented properties, as far as possible, should reach the reformed EPC Heat Retention Rating (HRR) band C from 2028 for new tenancies and by 2033 for all privately rented homes.

The then Acting Minister for Climate Action, Alasdair Allan, [made a statement in April 2025](#) announcing that earlier plans to require new homeowners to install a clean heating system at some point after purchase will no longer be taken forward as part of a bill. This decision was taken to respond to the concerns raised during consultation including “the risk of exacerbating fuel poverty and burdening every individual householder with an overly onerous responsibility as we decarbonise”.

The Climate Change Committee’s advice on the carbon budgets in May 2025, noted that:

“It has been 18 months since the Scottish Government initially consulted on the Heat in Buildings Bill, which the Committee described in our 2023 report on [Progress in reducing emissions in Scotland](#) as a potential template for other parts of the UK. It is therefore disappointing that the proposals for regulations to upgrade properties at the point of sale have been abandoned, with, as yet, no specific alternative measures to deliver the target for heating to be zero emissions by 2045.”

Action from others

The draft CCP ([at page 13](#)) recognises that progress towards the targets will require action from others, including, local authorities, industry and business, individuals and households and the UK Government.

In particular, the plan notes the need for the UK Government to take urgent action on energy markets to reduce the cost of electricity, significantly reduce the running costs of clean heating systems.

Timeline of key developments

The timeline of key developments is summarised in a [Routemap](#) (at page 10). The EPC regulations have already been approved by the Scottish Parliament while the other dates assume the relevant legislation is introduced and approved in the next parliamentary session.

- (2026) New EPC regulations come into force (subject to parliamentary approval).
- (2026) Heat in Buildings Strategy and Delivery Plan published.

- (2026) New heat networks consumer standards begin.
- (2026) New heat networks technical standards introduced.
- (2028) New heat network zone regulations may require certain buildings within heat networks zones to connect to heat networks.
- (2028) New minimum energy efficiency standard planned for existing PRS lets (subject to consultation outcome).
- (2033) New minimum energy efficiency standard planned for existing PRS lets (subject to consultation outcome)

Assessment of emissions reductions

Annex 3 of the CCP ([at page 14](#)) provides an assessment of emissions and costs broken down by residential and non-residential buildings.

The CCP models a 60% reduction in emission is the residential and public building sector between 2025-40.

In every carbon budget apart from CB1 for Residential buildings, the Climate Change Committee (CCC) are more ambitious (lower emissions estimated) than the draft CCP. The draft CCP also estimates a greater reduction in emissions in the 36-40 carbon budget than the CCC.

Costs

The current Residential CCP policy package is expected to have an additional cost of around £1.8 billion from 2026 to 2040, noting that delivery of the target is only costed to 2030 given the need for greater certainty based on outcome of existing Scottish Government policy, technology development and UK Government policy decisions. The draft CPP assumes that:

“...a substantial portion of these costs will be borne by the Scottish Government, with the remainder falling to Consumers. Businesses and Local Authorities that lease properties will also face costs as they decarbonise their buildings.”

The current Public Buildings Decarbonisation CCP policy package is expected to have an additional cost of around £702 million from 2026 to 2040. Again, delivery of the target is only costed to 2030. It is also assumed that most of these costs will be borne by the Scottish Government, with significant costs also falling on local authorities.

Audit Scotland’s evidence to the Net Zero, Energy and Transport Committee on 10 December 2025, outlined some concerns about the overall approach of the draft CCP in its costings, for example:

“The draft CCP set out the net costs of the policies (not proposals) included in it, by sector and by carbon budget period. This is calculated by deducting the

estimated cost savings and financial benefits of the policies from the estimated costs. Although it is helpful to see the net costs, it does not provide transparency on the direct financial requirement of delivering the plan. This ought to be the basis for financial planning. It is also not clear which individual policies or packages will cost money to implement, the scale of that investment, and when it needs to happen. There is also no breakdown between resource and capital costs or where the investment will come from (i.e. public sector, private sector, or individuals and households)."

The Scottish Government has acknowledged that the public sector cannot fully fund the clean heat transition. It established the Green Heat Task Force to advise on how to grow private finance options and make it easier for the public to access support. The [Taskforce's first report was published in November 2023](#). Its [second report](#), published in April 2025, and focused on clean heat and energy efficiency financing options for place-based delivery, heat networks and social housing retrofit.

On [17 December 2025, the Scottish Government published](#) its response to the second report. It agreed with the Taskforce's headline conclusions, "...that we must foster growing demand for energy efficiency and clean heat, as well as accelerate the development of an investible project pipeline."

The Scottish Government highlights its actions to encourage market confidence by setting a target to decarbonise heat as far as practicable by 2045 and publishing plans to introduce a Bill early in the next parliamentary session. The response also acknowledges that areas like development of new place-based structures will take longer to address and that:

"A key step over the next year will be further engagement and exploration of how best to collectively foster and grow the clean heat market in Scotland, as well as to maximise the associated economic, jobs and health benefits right across the country. Publication of a finalised CCP before next year's Scottish Parliament elections and then a new Heat in Buildings Strategy and Delivery Plan by the end of 2026 will be stages on this journey in which we can further reflect on progress and clearly set out the next steps in transforming the way we heat our homes and buildings, including the range of financing solutions which can support that."

Monitoring and evaluation

In the draft CCP, [Annex 3](#) proposes a two-track process:

" (i) monitor annual emissions output relative to the total envelope required to achieve the five-year carbon budget, reporting at the sub sectoral level for every major source of emissions; and

(ii) early warning indicators to track recent delivery of the key actions required to achieve the carbon budget emissions envelope."

Early warning indicators will:

“...inform recent progress delivering the key actions required to achieve each respective outcome. The indicators used to monitor progress in decarbonising each source of emissions will depend on data availability and the complexity of the policy package underpinning each respective sub sectoral emissions pathway. Some indicators from the existing monitoring report will be retained where they remain relevant, while new indicators will be introduced where necessary and where data availability allows...”

For the first time, just transition indicators are included under four themes: Communities and Place; People and Equity; Jobs, Skills and Economic Opportunities; and Environment and Biodiversity.

Themes from the evidence to date

The Committee's evidence gathering on the draft CCP includes:

- [Meeting on 18 November 2025 with a roundtable of witnesses on 18 November 2025](#)
- [Meeting on 16 December 2025](#) with a panel of witnesses with a focus on local government and a panel with a focus on advice/engagement and skills
- An informal online meeting with members of the public with experience of retrofitting their homes on [18 November 2025](#).
- Consideration [of the written submissions made to the Net Zero, Energy and Transport Committee](#) prior to publication of the draft CCP
- A visit to a heat network site in Midlothian

The Net Zero, Energy and Transport Committee also held a [People's Panel on public engagement with climate change and Net Zero](#) in 2024 which included discussion on heat in buildings and housing.

Overall views

There was broad support for the CCP's ambition to **decarbonise buildings by 2045**, but there were concerns about whether it goes far enough or fast enough. Witnesses are concerned that the targets create a 'cliff-edge' scenario, with modest progress being made in the first decade, followed by unrealistic expectations later. There were calls for increased front-loading of investment and action.

Witnesses suggested that the plan **lacks detail in how the ambition can be achieved**. Witnesses suggested that the plan needs clear deliverables, responsibilities, prioritisation, clear timelines and interim targets (not just to 2045).

There was some view that the clarity and certainty for industry and consumers to invest in heat decarbonisation and energy efficiency had not been provided.

Specially in relation to **decarbonising heat and energy efficiency** some of the areas in which the plan could be improved highlighted by the evidence include:

- The need for a systematic approach with a move beyond piecemeal, home-by-home retrofits. There is a need for a holistic retrofit strategy, including repairs, maintenance, building fabric, and climate resilience. Part of this could involve adopting archetype-based solutions for housing types to scale up delivery.
- Retrofitting cannot be delivered by individuals alone, one building at a time – there needs to be a structured area-based system if it is to happen at the scale required. This systematic approach would enable local supply chains and skills to be developed, and keep down costs. Clear guidance could be provided about how specific housing ‘archetypes’ can be made more energy efficient.
- There is a need to include phased regulatory triggers (e.g., at property sale or boiler replacement) to avoid bottlenecks.
- The development of Local Heat and Energy Efficiency Strategies (LHEES) by local authorities has been valuable in building an understanding of local housing stock but they are not a delivery mechanism. Projects identified in LHEES Delivery Plans require long term investment.
- Local authorities need to collaborate across neighbouring authorities to join up on heat plans at an appropriate spatial level, while agreeing planning projects to prioritise.
- There is a need for funding models which support measures to mixed tenure housing and consistency of standards across different housing tenures.
- Councils are investing in retrofitting their own housing stock but there is a lack of clarity on the detail of the new Social Housing Net Zero Standard.
- The CCP’s reference to being technology-neutral was welcomed, although witnesses noted that the plan predominantly references heat pumps without referring to the role that other technologies can play such as air-to-air heat pumps.
- There was concern about the delay to the heat in buildings bill and the lack of certainty this provided.

Skills

Witnesses noted that there was little mention of the developments in skills needed to ensure progress towards the heat decarbonisation of buildings, although there was also recognition that there was much activity in this area with some good practice (eg regional skills programs).

There is a significant gap in supply chains and in the skills required across trades delivering construction and retrofit. This includes retrofit assessors and coordinators, heat pump installers, skilled trades in insulation and ventilation.

At the same time there is an enormous economic opportunity to create jobs, but delivering that will require significant investment in apprenticeships, re-training and retention, in particular for SMEs. The gap is starker in rural and remote areas, with Highland Council having to source contractors from within the Central Belt.

Public Engagement, Advice and Financial Support

Witnesses suggested that there was a need for clear public engagement strategy. In particular, consumers need to be active participants in the transition to net zero, but people remain unsure where to obtain trusted advice. There needs to be a comprehensive public engagement strategy which recognises people's different motives for taking action, and one-stop shops for retrofit guidance. Existing grant and loan schemes are helpful but people find them difficult to navigate, and awareness of them is low.

Some witnesses suggested that the existing framework of advice and support and the work of Home Energy Scotland (HES) provides a good basis to build from. Areas for development included the need for a commitment from the Scottish Government to strengthen HES ensure it can deal with increased demand and streamlining of the customer journey. The potential role of regional retrofit hubs was highlighted. Some witnesses also suggested that schemes aimed at tackling fuel poverty should be fully funded.

Funding

Witnesses acknowledged the scale of investment required. Some stakeholders suggested that the draft plan does not explain how the transition will be funded, nor how the scaleup of retrofit, skills, or heat decarbonisation will be paid for.

Local authorities also stressed that multi-year funding certainty is essential to scale up delivery and that current short-term funding creates instability. There is also a lack of clarity on how private sector finance will be levered in.

Kate Berry, SPICe Research

8 January 2026

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area.

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