

Net Zero, Energy and Transport Committee
Tuesday 10 February 2026
6th Meeting, 2026 (Session 6)

Evidence session with the Cabinet Secretary for Climate Action and Energy on the Scottish Budget 2026-27

Background

1. On 13 January, the Scottish Government introduced the [Budget \(Scotland\) \(No. 5\) Bill](#). A Budget Bill is lodged annually to allow the Scottish Parliament to consider the Scottish Government's tax and public spending proposals before the new financial year begins in April. There is a discrete process for Budget Bills, as set out in Rule 9.16 of [Scottish Parliament Standing Orders](#). An outline of the Scottish budget process is [available on the Parliament's website](#).
2. The effect of the Bill, if agreed to, would be to implement the [Scottish Budget 2026-27](#). Supporting documentation and a more detailed breakdown of the budget within Cabinet Secretary portfolios, can also be [found on the Scottish Government's website](#).
3. The Committee has agreed to invite the Cabinet Secretary for Climate Action and Energy to give evidence on the Budget on 10 February. The Cabinet Secretary's main spending responsibilities relate to energy policy, waste management, and environmental protection and governance. This session follows an evidence session on the 2026-27 Budget with the Cabinet Secretary for Transport on [3 February](#).
4. The session also coincides with the Committee taking evidence from the Cabinet Secretary on the [Scottish Government's draft Climate Change Plan \(CCP\)](#), on the same day. As the [Committee's pre-budget letter](#) highlighted, the CCP must be backed up by complementary spending decisions in the annual budget if the emissions reductions laid out in the draft Plan are to be realised.

Committee scrutiny of the Climate Action & Energy portfolio

5. The Committee's CCP scrutiny has frequently touched on matters within the Cabinet Secretary for Climate Action and Energy's remit, with evidence highlighting the need for spending to reflect policy choices and ambitions in areas such as decarbonising the energy supply and reducing waste. Amongst other relevant matters, the Committee has considered over the last year are:
6. Green and Blue Hydrogen: On [13 May](#) and [20 May](#) 2025, the Committee took evidence on proposals for hydrogen-related projects at the Grangemouth site, as set out in the Project Willow feasibility study.

7. Scotland's strategy for adaptation to climate change: the Committee heard from experts at its meeting on [9 September 2025](#)
8. Sustainable aviation fuel: the Committee took evidence and [reported](#) in January on legislative consent in relation to devolved elements of the UK Sustainable Aviation Fuel Bill. This included consideration of what support the sector would need to grow in Scotland;
9. The Committee also has an ongoing interest in relation to electrification of the energy supply and the infrastructure and development needed for it, following [its 2023 inquiry into this matter](#) and to implementation of the Circular Economy (Scotland) Act which is closely scrutinised when it was a [Bill in the Scottish Parliament](#).
10. Whilst these are for the most part operationally independent bodies, the Cabinet Secretary for Climate Action and Energy's remit includes ensuring that SEPA, NatureScot, Environmental Standards Scotland and Zero Waste Scotland are adequately resourced. Scottish Water, a Scottish Government-owned company, is also within the Cabinet Secretary's remit, although it too is operationally independent. These are all bodies from which the Committee regularly takes evidence, including on their resources and spending.

The Climate Action & Energy portfolio and the 2026-27 Scottish Budget

11. The Climate Action and Energy portfolio is £466 million, which equates to 1% of the total 2026-27 Scottish Government Budget. The portfolio sees the largest percentage decline of all the portfolios (19.0% in real terms) compared to the 2025-26 budget.
12. The Scottish Parliament Information Centre has published a [Budget briefing](#), including an overview of climate action and energy spending. This is a capital-heavy portfolio, which provides funding to support decarbonisation and clean energy, as well as funding for public bodies including Scottish Water, SEPA, NatureScot, and Zero Waste Scotland.
13. The largest level 3¹ budget line is the £170 million in voted loans – this is the funding that the Scottish Government provides to Scottish Water to cover their investment programme, and is unchanged from last year. Offshore wind is the second largest level 3 allocation within the portfolio, though funding declines by £27 million. This is largely due to a £31 million reduction in the capital funding, which the Scottish Government suggests is to reflect market demand, partly offset by an increase in funding to deliver a new skills action plan.
14. The largest reduction in funding is to the energy transitions budget, with a reduction of £32 million. This funding is to support industrial decarbonisation, including support for carbon capture, utilisation and storage, and for the just

¹ The budget expresses spending at different levels, where level 1 is spending at a portfolio level, down to level 4 which is the most detailed level of disaggregation.

transition in Grangemouth. The Scottish Government states that this reduction in funding is consistent with the draft Climate Change Plan.

15. The budget for nature restoration increases by £19 million in 2026-27. However, in the Autumn Budget Revision (ABR), funding is transferred to partner organisations from this Budget, so the ABR position is lower than the opening budget. So, while the budget appears to increase, the Scottish Government explains that this maintains the opening budget position from 2025-26.

Pre-budget scrutiny: carbon impact of spending decisions

16. The Climate Change Act 2009 requires the Scottish Government to provide assessments of the impacts on greenhouse gas (GHG) emissions of activities funded by its budget. Since 2009, high-level carbon assessments of the budget have been published using an Environmentally-extended Input-Output (EIO) model to estimate emissions.
17. Total emissions associated with the Scottish Budget for 2026-27 are 8.7 million tonnes carbon dioxide equivalent (MtCO₂e). This represents a slight increase from 8.4 million MtCO₂e in 2025-26.
18. The carbon impact of the budget is relevant in relation to the Committee's pre-budget scrutiny. Most Scottish Parliament committees shadowing government spending departments carry out such scrutiny, making recommendations or posing questions on budgetary matters in the autumn before Scottish Government budget proposals are published.
19. The Committee's [pre-budget scrutiny for 2026-27](#) focused on the implementation of the Joint Budget Review (JBR) of climate change and the Scottish Budget. The JBR, which comprised a mixture of Scottish Government and Scottish Parliament officials, aimed "to improve budget information on climate change – to understand and reduce spend that will 'lock in' future greenhouse gas emissions and increase alignment between the budget and climate change plans." The JBR has concluded, and the Scottish Government has committed to implementing its main outcomes.
20. The [Cabinet Secretary for Climate Action and Energy responded](#) to the Committee's letter on 13 January 2026. The Committee is likely to follow up on this exchange of correspondence during the 10 February meeting.

Written evidence

21. The Committee did not solicit written evidence from stakeholders or the public in advance of this evidence session but has received submissions from:
 - [Letter from Mocean Energy, Wave Energy Scotland funding withdrawal - 2026/27 Scottish Budget, 3 February 2026](#)

- [Letter from Dr Peter Dennis, Wave Energy Scotland funding withdrawal - 2026/27 Scottish Budget, 5 February 2026](#)
- [Letter from Dr Ruairi MacIver, Wave Energy Scotland funding withdrawal - 2026/27 Scottish Budget, 5 February 2026](#)
- [Letter from Iain Begg, Wave Energy Scotland funding withdrawal - 2026/27 Scottish Budget, 5 February 2026](#)
- [Letter from Environmental Standards Scotland, Draft Scottish Budget 2026/27, 5 February 2026](#)

Next steps

22. Main scrutiny of the Budget Bill falls to the [Finance and Public Administration Committee](#). However, by taking portfolio-specific evidence in this way, the Net Zero, Energy and Transport Committee contributes to the general public discussion around the Scottish Government's spending proposals and on the final content and future implementation of the 2026-27 budget before the Scottish Parliament is asked to pass the Bill.

Clerks to the Committee
February 2026