



Net Zero, Energy and Transport Committee

Tuesday 10 February 2026

Session 6



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Pàrlamaid na h-Alba

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NET ZERO, ENERGY AND TRANSPORT COMMITTEE **6th Meeting 2026, Session 6**

CONVENER

*Edward Mountain (Highlands and Islands) (Con)

DEPUTY CONVENER

*Michael Matheson (Falkirk West) (SNP)

COMMITTEE MEMBERS

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)

Monica Lennon (Central Scotland) (Lab)

*Douglas Lumsden (North East Scotland) (Con)

*Mark Ruskell (Mid Scotland and Fife) (Green)

*Kevin Stewart (Aberdeen Central) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Gillian Martin (Cabinet Secretary for Climate Action and Energy)

Edward McHardy (Scottish Government)

Dan Merckel (Scottish Government)

Philip Raines (Scottish Government)

Karen Thomas (Scottish Government)

Annabel Turpie (Scottish Government)

CLERK TO THE COMMITTEE

Peter McGrath

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Net Zero, Energy and Transport Committee

Tuesday 10 February 2026

[The Convener opened the meeting at 08:40]

Decision on Taking Business in Private

The Convener (Edward Mountain): Good morning and welcome to the sixth meeting in 2026 of the Net Zero, Energy and Transport Committee. We have received apologies from Monica Lennon and unfortunately her substitute is unable to make it because of other commitments.

Our first item of business is a decision on whether to take items 7, 8 and 9 in private. Item 7 is consideration of today's evidence on the draft climate change plan, item 8 is consideration of today's evidence on the budget, and item 9 is consideration of the committee's work programme.

Do members agree to take those items in private?

Members indicated agreement.

Subordinate Legislation

Chemicals (Health and Safety) (Amendment, Consequential and Transitional Provision) Regulations 2026

REACH (Amendment) (No 2) Regulations 2026

08:41

The Convener: Our second item is an evidence session on two consent notifications relating to proposed United Kingdom statutory instruments: the Chemicals (Health and Safety) (Amendment, Consequential and Transitional Provision) Regulations 2026 and the REACH (Amendment) (No 2) Regulations 2026.

I welcome to the meeting Gillian Martin, Cabinet Secretary for Climate Action and Energy, and her supporting officials from the Scottish Government: Dan Merckel, chemicals team leader; Lucy Drummie, lawyer; and Greig Walker, project lead.

We will take evidence on both instruments under this agenda item before discussing whether we are content for consent to be given under two separate agenda items: items 3 and 4. Cabinet secretary, would you like to make a brief opening statement?

The Cabinet Secretary for Climate Action and Energy (Gillian Martin): Thank you, convener, for inviting me to give evidence on the two UK statutory instruments.

Chemicals safety regulation, which the UK has inherited from the European Union, is complex. It is organised around how chemicals are used. However, as well as that sectoral approach, some regulations apply across the piece and introduce interdependencies between regulations. Such legislation encompasses reserved and devolved competencies, so Scottish ministers play a role in many aspects of decision making within a common framework governance structure. Neither UK SI diminishes that role in the UK regulations that it amends.

The first SI, which I will refer to as the HSE SI for brevity, concerns amendments to three separate pieces of chemicals safety legislation that operate across Great Britain and which the Health and Safety Executive has responsibility for, on behalf of the Department for Work and Pensions. Details are contained in the notification that I submitted to the committee, but, briefly, those concern: the classification, labelling and packaging regulation, which is about communicating the hazards of chemicals in the supply chain so that they can be transported, used and disposed of appropriately; the biocides regulation, which is about the placing on the

market and safe use of biocides; and the prior informed consent regulation, which controls the import and export of specific highly hazardous chemicals. The HSE SI amends those three regulations in a number of ways that either improve efficiencies or address specific issues related to the resource required to operate them in a GB-only setting.

The second instrument, which I will refer to as the REACH SI, concerns deadlines by which companies must register their chemicals under the UK registration, evaluation, authorisation and restriction of chemicals regulation—the REACH regulation.

Registration is a cornerstone of how the UK REACH regulation works. Not only does it allow companies to demonstrate that their chemicals can be used safely; it furnishes regulators with the information that they need to see what further controls might be required. However, without a delay, we run the risk of GB businesses not being able to register under UK REACH or, at the least, of companies incurring large needless costs, which I imagine is something that none of us wants.

08:45

This is the second time that the committee is scrutinising a proposal to postpone the transitional registration deadlines in UK REACH, and the further extension of deadlines is essential to allow work to be completed on a longer-term fix for the issue, which is taking much longer than anticipated due to the sheer complexity and on-going in-depth industry engagement on what is called the alternative transitional registration model—or the ATRM. The Department for Environment, Food and Rural Affairs is leading that work, but devolved Governments are involved in it, too.

The HSE statutory instrument will maintain protections for people and the environment, support HSE's delivery of regulation and, in some cases, should allow us to increase alignment with the EU. Under the UK REACH SI, companies supplying and using chemicals will still adhere to the conditions laid down for use under EU REACH. Any new chemicals introduced since Brexit need to be registered without delay under UK REACH, so they will not come within the scope of this instrument. As such, I am satisfied that we are maintaining standards set when the UK was still in the EU with both these instruments.

My officials and I are happy to take any questions.

The Convener: Thank you very much, cabinet secretary. I have just a quick question. As you have said, we have looked at the REACH regulation before, and now we are looking at it

again. I will not be here if it comes back a third time. Do you think that it will come back a third time, or do you think that this instrument represents a final nailing down of the dates?

Gillian Martin: My officials will be able to instruct you on what reassurances we have had from the UK Government on this. With regard to the second amending instrument that I have spoken to, I have said that a great deal of work still needs to be done in that regard, and that is why there have been delays. Anyone who was here when we exited the EU would have had concerns, certainly when it came to this area of policy, that any transition away from the EU REACH arrangements was going to be highly complex.

Did we think that it would take this amount of time? I do not think that we would have thought that it would have taken nearly 10 years, although, given the REACH arrangements and the need for a mirroring system at UK level, we always knew that this was going to be extremely complex. That said, I am convinced that, as long as the EU arrangements are in place up to the point at which we have a UK REACH system, there will be no danger of any diminution of standards associated with the chemicals.

The Convener: Thank you for your reassurance, but you did not quite get to the point of saying whether there will be another amending instrument on top of this. You said that your officials might be able to give me confidence that this will be the final one.

Gillian Martin: When it comes down to it, it is an issue for the UK Government, but if my officials have any intelligence on what it has said about things coming back, they can come in now.

Dan Merckel (Scottish Government): We are confident that this will not come back again. From our point of view, it would be unacceptable if it did, given that it took the EU just under a decade to implement its own transitional registration arrangements. Taking longer than the EU over a GB-only system is not really acceptable, so we would be very keen not to see this again and for the alternative transitional registration model to be in place as soon as possible.

The Convener: That might be of some comfort to my successor, whoever that may be.

Mark, I think that you have some questions.

Mark Russel (Mid Scotland and Fife) (Green): I am interested in finding out where we are with divergence from EU standards. How are you monitoring that? What are the main areas where we are starting to diverge from the EU?

Gillian Martin: The extension means that we will not have a comparable database until a year

later, so in this transitional phase, we will continue to rely on conditions that were set out when we were still part of the EU. The EU registrations database is still publicly available and is still the resource for those outside the UK who are looking for information on chemicals. Therefore, the HSE SI will not have a negative impact on alignment, compared with the current situation.

You are right, to a certain extent, that the HSE has asked for flexibility and discretion. For example, the CLP regulation will be implementing an internationally agreed system for classifying hazards, which, I should point out, comes under a United Nations environment programme.

When it comes to requiring flexibility, you know my views, Mark. I would rather that we were still in the EU and part of the EU REACH system. You and I were on the same committee in the previous parliamentary session, when we discussed the concerns that you are bringing up now about any deviation from EU alignment being a very real risk and dependent on the flavour of the UK Government from one session to the next.

The Health and Safety Executive is the regulator, and I expect that it takes its duties on the control of hazards associated with chemicals absolutely seriously. I expect that there would be an intense mirroring of the standards at EU level as much as possible, but, of course, it will be a UK system that is governed by the UK Government of the day.

Environmental non-governmental organisations are right to point to the fact that, with a separate system, we might have a UK Government in the future that does not want to align with the EU. The Scottish Government wants to align as closely as possible with EU regulations and standards.

I am satisfied, as it stands, that the flexibility that the HSE is asking for would be for very particular circumstances, and that it would have to get agreement from all Governments in the UK for any deviation to happen.

My officials might have further information on what has been set out by the HSE.

Dan Merckel: I will add to what the cabinet secretary said. It is just really complicated, even for things that should be easy to monitor, such as REACH restrictions, which we have talked about in previous sessions. We have progressed two of those restrictions, whereas the EU has progressed 13. Even with those two, there are necessary differences from what the EU has done. Therefore, even with something that should be easy to track, it is not straightforward.

In the case of the HSE instrument, to date, we have deviated on about 10 per cent of the EU classification and labelling outcomes. That is

because, in the current system, the HSE forms its own opinion on the same data that the EU has used to get to its classification. Most of the time, we agree, but not always. The new fast-track system that we are putting in place should get rid of that deviation when we have straightforward, fairly simple cases.

Mark Ruskell: One of the areas of deviation is hazard classes. This is complicated, but let me break it down into something that is quite simple to understand. Endocrine disruptor chemicals are in children's toys. My understanding is that the EU is banning those—it has put them in a hazard class, which means that they cannot be sold. My understanding is that, in this country, the view of the HSE is that it is fine to continue to sell toys with endocrine disruptors. Is that an area of divergence, and how do you justify it?

Gillian Martin: The HSE's view is that hazard classes should be adopted at UN level before they are implemented domestically. It has told us that it has identified some problems with how the hazard classes are defined. The HSE is working at UN level to look at how those problems can be solved. I am afraid that I do not have any detail on the particular example that you give, Mark; however, that is the rationale that the HSE has set out to us.

Mark Ruskell: The convener has already raised the fact that amendments to the REACH regulations have been back to the Parliament twice. Is that an indication to you that the system is working?

With an eight-year delay in implementation, it seems to me that the system is broken. It was set up as a Brexit fix, but it has been impossible to implement. I do not see where the data is coming from to get the system functional and up and running.

Gillian Martin: It is fair to say that the HSE has not been publishing as much information on this as we would all like. My officials and I have certainly had conversations about that. As you rightly say, we are talking about decades of regulation at EU level having to be unpicked and a system having to be built from scratch in the UK. The HSE is taking time to do that in a way that is robust and with the amount of resource and capacity that is required. Five years ago, we said how much of a task that would be, and that has been borne out by the fact that we now see delays. It is so complex to build a new system at UK level that replicates decades of regulation. It used to be at EU level and all the systems used to lie at EU level, as well.

Mark Ruskell: Are you saying that, if we give it another couple of years, it will be fixed? Is the HSE telling you, "It's fine; we've got it under control"? The industry does not know what it is meant to be collecting right now.

Gillian Martin: The HSE is saying—my officials can correct me if I am wrong—that it needs more time to bottom out all the work that is associated with creating a new REACH system in the UK.

Mark Ruskell: Which is what the HSE has been saying since 2018.

Gillian Martin: Yes, which is unsurprising, given the task that it has had to undertake because of EU exit.

Mark Ruskell: I want to move on briefly. There is a lot of focus here on HSE. I am seeing a regulator that is also a policy maker. I am seeing increasing responsibilities. Where does the Scottish Government sit in terms of HSE proposals, because it looks as though, under the CLP regulation, the amount of time that the Scottish Government will have to respond to HSE proposals is reduced?

Gillian Martin: You are perhaps referring to the notifications that have to go to ministers. I can address that. We would not have agreed to that if we thought that there would be any diminution in standards associated with it. We are satisfied that the notification of ministers is not really an issue or a requirement that will make any material difference in terms of the standards that will be upheld by the HSE.

What you are saying about the role of the HSE at UK level is really a question for the UK Government. If you are questioning whether the HSE has a number of roles that are in conflict with one another, that is something that you would have to take up with the UK Government.

I worked in energy and had to adapt quite a lot of HSE protocols into courses for the oil and gas industry, and I find it to be a very well-respected Government agency with a great deal of expertise. The question is whether it is ready and has the capacity to take on the massive task of regulation as a result of EU exit, and that is a question for the UK Government. The HSE requires more time to get things right, and it is the body that is tasked with doing that by the UK Government.

Mark Ruskell: You are obviously content—you are moving the motions on the SIs today—with everything that the HSE is doing.

Gillian Martin: Yes, I am.

Mark Ruskell: Finally, on transparency with the HSE, I note that the committee has not had a copy of the consultation summary and responses in relation to the CLP regulation. Have you?

09:00

Gillian Martin: We have had all the information that we need. You are right that the HSE has not

published the consultation responses. We have been going via DEFRA to get all our questions answered about these statutory instruments. We have said that one of the things—

Mark Ruskell: Sorry—I am a bit confused as to who is leading on this. Is it DEFRA or is it the HSE?

Gillian Martin: The publication has been delayed. We have been assured that it is imminent and that it will happen before the statutory instrument is laid. My officials have seen the draft text of that; it has been shared during the drafting of the SI. You are right that the final publication has been delayed, but we have been assured that the HSE will publish that before it is considered by the UK Parliament.

Mark Ruskell: Okay, but the committee cannot see it.

Gillian Martin: If the HSE has not shared it with the committee and the committee has asked for it, the committee may want to take that up with the HSE.

The Convener: I do not think that we have asked at all. This came up in the committee's discussion before the meeting. Mark Ruskell was concerned that the SI was being laid before the Health and Safety Executive had published the consultation, and therefore we were not in a position to ponder what came out of that consultation—if I have that right, Mark. The committee's concern, and mine, is that the SI has to be reported on without our seeing or having the opportunity to see the consultation. Is that the point that you are trying to make, Mark?

Mark Ruskell: Yes.

The Convener: So we have not asked for it yet, cabinet secretary.

Mark Ruskell: I am finished, convener. I will let other members come in.

The Convener: I do not see that any other committee member wishes to ask a question, so we will move on to the next item of business. Before we do so, I thank you, cabinet secretary, and your officials for the evidence that you have given. I will now give you the opportunity to leave the table while we make our decision on the instrument. Once we have done so, I will pause the meeting for five minutes and we will then go straight back into the next part, when you will be on again.

Gillian Martin: Do you want me to leave?

The Convener: No, I do not want you to leave—I am offering you the opportunity, if you want it, to take a breath of fresh air while we discuss what we are going to do on the instrument, because that is

up to the committee with no input from you. It is up to you whether you want to stay put or to move.

Agenda item 3 is consideration of the Scottish Government's proposal to consent to the UK Government legislating in a devolved area, as set out by a proposed UK statutory instrument: the Chemicals (Health and Safety) (Amendment, Consequential and Transitional Provision) Regulations 2026.

The committee's role is to decide whether it agrees with the Scottish Government about the proposed change. We can express a view both on whether we agree in principle to the UK Government legislating in this area and on whether we agree with the specific manner in which it proposes to do so.

If we are content for consent to be given, I will write to the Scottish Government accordingly. When writing to it, we also have the option to draw matters to its attention, pose questions or ask to be kept up to date on particular matters.

If the committee is not content with the proposal, however, it can make one of several recommendations, which are outlined in the clerk's note. I will not go through those, because they are set out in the members' papers.

I will ask members for their views. Mark Ruskell, I will come to you first, because you have asked a few questions.

Mark Ruskell: I think that this is a mess. The UK REACH process was set up in 2018, and I do not think that it has ever worked. I appreciate the comments that the cabinet secretary has made. This is a situation that Scotland does not want to find itself in with Brexit.

The Convener: I am going to be a bit pedantic—although I try desperately hard not to be—but this item is on the chemical regulations rather than the next document on the agenda.

Mark Ruskell: No, that is fine. I have problems with both of them, but I will start with that one. I have concerns in relation to the role of the HSE. It is acting as both a regulator and a policy maker, which feels a bit like a power grab.

There is certainly a lack of transparency. We do not even have a consultation document for the regulations. I am concerned that decisions are being made without transparency. I do not know what is meant by alignment with the wider UN rules. I do not know whether we are going to end up aligning with the regulatory regimes of other nations, rather than with those of the EU. There are particular concerns about certain classes of hazards, such as children's toys and endocrine disruptors. There might be other cases where we are effectively falling out of alignment with the EU,

which would have serious implications. It would also have implications for trade.

I am concerned. I do not think that we have been presented with the full picture, and the HSE should, at the very least, be in front of the committee to answer questions before we agree to such a far-reaching set of chemicals regulations that could take us further out of alignment with the EU.

The Convener: I am looking around at other committee members. Bob Doris would like to say something.

Bob Doris (Glasgow Maryhill and Springburn) (SNP): I have a brief observation, convener. I am not sure that, once approval is given, the die is cast for evermore, so to speak. The committee will be in another form in a few months and we will leave a legacy report.

I also sit on the Social Justice and Social Security Committee, where we frequently use the expression "shared space". In consenting to the making of regulations, we make a shared space for our successor committee. I am not sure that our scrutiny of these regulations will be on-going if we agree to them being made. Notwithstanding the massive volume of work that the committee has within its current remit, I wonder whether we could leave a breadcrumb of work in our legacy report about bringing the HSE in at a later date for the committee to find out what the regulations will mean in practice.

I get that that would happen after we agree to the making of the regulations, and that is problematic for Mark Ruskell, but I am trying to think how we could take a responsible view and follow up some of his concerns in the next parliamentary session. That might not be helpful in relation to this agenda item, but I am trying to find a way forward.

The Convener: That is helpful, and we can certainly highlight our concerns about the regulations. The problem is that we have to make a decision on the SI today that will allow the Scottish Government to consent, and I think that that has to be done by somewhere around 20 February—I apologise if I have not got the date quite right—so that the UK Government can decide on it and move forward.

In relation to Mark Ruskell's concerns, it might be that the subsequent committee should consider the recommendation that the HSE be brought before it.

Kevin Stewart (Aberdeen Central) (SNP): None of these situations is ever ideal, and that is the difficulty with the devolved settlement and Brexit. It is fine to get the HSE to come to the committee at a later point, but we are not going to

be able to do that during this term. There is just no way that that will happen, given the level of work that the committee still has to do. Let us be honest—if the HSE consultation responses are in draft only, they might not be fully formed before the end of this parliamentary session anyway.

I suggest that we take some comfort today in the fact that the cabinet secretary's officials have seen the draft consultation responses. I am quite sure that if there were any red flags in those, they would have let the cabinet secretary know about them. We need to trust the good offices of the cabinet secretary in that regard. I am sure that she can give us further assurance today—I think that she has already done so—that the Government will continue to look at all of this. We are not in an ideal position. We do not know who wanted these changes—I certainly did not—but we are where we are, given the way in which all this operates.

The Convener: Thank you, Kevin. That is a helpful suggestion. When we make a decision, we could include a letter to the Government, saying what our concerns have been about HSE. The difficulty is that we need to make a decision on the statutory instrument and on whether to give our approval.

I am trying to find a way for you to be content, Mark. However, if you are not—

Mark Ruskell: I am not going to be content with what is before us.

The Convener: Okay. That is helpful. We can just go straight to a decision. As much as I dislike seeing the committee divided, I do not think that there is any way round it.

The substantive question is, that the committee is content that the provision set out in the notification be made in the proposed UK statutory instrument, which is the Chemicals (Health and Safety) (Amendment, Consequential and Transitional Provision) Regulations 2026. Are we agreed?

Mark Ruskell: No.

The Convener: We are not agreed.

I just want to clarify this. You are not going to agree to the proposal at all, Mark, but are we in a position to say that the committee is not agreed, with one member objecting—which we would have to say—and that we would like further details to be made available at a later date, when the HSE has made its consultation public to any subsequent committee? Would that be sufficient? I am looking at the clerks.

I have to ask, Mark: are you objecting in principle, or would you rather that the Scottish Government did that?

Mark Ruskell: I am objecting in principle to what is before the committee this morning.

The Convener: I think that is clear. Only one member is against the proposal but, as we are not agreed, we will have to go to a vote, I am afraid.

For

Doris, Bob (Glasgow Maryhill and Springburn) (SNP)
 Lumsden, Douglas (North East Scotland) (Con)
 Matheson, Michael (Falkirk West) (SNP)
 Mountain, Edward (Highlands and Islands) (Con)
 Stewart, Kevin (Aberdeen Central) (SNP)

Against

Ruskell, Mark (Mid Scotland and Fife) (Green)

The Convener: The result of the division is: For 5, Against 1, Abstentions 0.

The proposal is therefore agreed to. We will make our point in our covering letter.

Item 4 is consideration of a second proposal by the Scottish Government, to consent to the UK Government legislating in a devolved area, as set out in the UK statutory instrument proposal for the REACH (Amendment) (No 2) Regulations 2026. As before, the committee's role is to decide whether it agrees with the Scottish Government about the proposed change. We can express a view both on whether we agree in principle to the UK Government legislating in this area and on whether we agree with the specific manner in which it proposes to do so.

If we are content for consent to be given, I will write to the Scottish Government accordingly. In doing so, we have the option to draw matters to the Government's attention, to pose questions or to ask to be kept up to date on particular matters. Some options have been set out in the clerk's note.

Mark, I would like to understand whether you are objecting to this proposal, and if so whether you are objecting in principle. Is it exactly the same situation as before?

Mark Ruskell: It is quite clear that the system is broken. I have sat in this committee and in our predecessor committee, and we granted extension after extension. I do not see the system ever working. It is important that the UK Government thinks again about whether having a separate UK REACH database will ever get us to the point of having up-to-date data about public health and safety. I do not think that we will ever get to that point.

It is for the UK Government and other ministers around these islands to think about what the next system should be. If, in two years' time, we get to a point when the Government cannot meet the deadline and is seeking to extend it again, I do not know what that will look like. Perhaps the system

could fully align with the EU. Perhaps the Government could take another approach.

Right now, there is no alternative but to add another two years on to the deadline. I want it to be noted that we have a completely and utterly dysfunctional system, which is not gathering the data. Industry does not know what kind of data it should be gathering. The whole system is broken, and serious concerns need to be raised with both Governments about the adequacy of that system. It is a joke to have an eight-year extension for something that was envisaged as taking only two years, in replicating the database. We are effectively being forced to vote for something that is redundant, inoperative and dysfunctional. I will do so through gritted teeth.

The Convener: I hear what you are saying. I have to put the question: is the committee content that the provision set out in the notification be made in the proposed UK statutory instrument that is before us, which is the REACH (Amendment) (No 2) Regulations 2026?

Members indicated agreement.

The Convener: We are agreed on that, and we can write and express our concerns on the matter. I suggest that we draft a letter. [*Interruption.*]

The clerks are raising a good point: that it would be useful to copy the letter to the HSE, so that it understands our concerns. I also take the point about pointing our successor committee towards the matter.

Members indicated agreement.

The Convener: That is decided, then.

09:15

Meeting suspended.

09:20

On resuming—

Draft Climate Change Plan

The Convener: Item 5 is an evidence session on the Scottish Government's draft climate change plan, which sets out how the Government intends to meet its carbon emissions reduction targets. The committee is leading a cross-committee effort to scrutinise the draft plan. The Government has said that it will lay a final plan by the end of March.

This will be our final evidence session on the plan. We will explore key themes that have been identified throughout this committee's scrutiny, as well as issues raised by other committees. It is also an opportunity to explore the two main parts of the plan that are in the cabinet secretary's remit: energy supply and waste.

I welcome back to the meeting Gillian Martin, the Cabinet Secretary for Climate Action and Energy. I also welcome her supporting Scottish Government officials: Philip Raines, who is the deputy director for domestic climate change, and Edward McHardy, who is an economic advisor. Thank you for attending. Cabinet secretary, I think that you are going to make a brief opening statement.

Gillian Martin: I thank the committee for the opportunity to give evidence on the draft climate change plan, and I thank this committee and other committees for the tremendous amount of work that has been done in scrutinising the plan over previous months.

I will bring to the forefront why we are here. The draft climate change plan has two key objectives: to provide a pathway for the Scottish Government to reach our greenhouse gas emissions reduction targets and to do so in a way that delivers our aspirations to improve the wellbeing and economic opportunities of the people of Scotland in a just way.

We rightly hear a lot about the costs of climate action, but we know that the potential benefits from climate action are significant. The benefits are wide ranging: low-carbon jobs that stakeholders in the offshore wind industry tell us about; stronger communities from improved public transport, which equalities organisations have highlighted; the improvement of our natural resources and our health and wellbeing through cleaner air; and warmer homes, helping to tackle fuel poverty across the country.

The Edinburgh Climate Change Institute at the University of Edinburgh estimates the value of those co-benefits for Scotland as totalling £6.3 billion over the period of the plan. If you wanted to break that down, it would equate to around £1,150

per person in Scotland. That is also a preventative spend for our public services and, in particular, our national health service, because the health benefits are significant.

Reminding ourselves of the benefits is critical to how we bring people with us on this journey. I recently heard from community leaders in our climate action hubs about the importance of highlighting the benefits if we are to maintain public support for climate action. I fully agree, which is why I have sought to ensure that the benefits feature strongly in the draft climate change plan. It is also why I am today reopening the climate engagement fund to increase understanding of climate change and to empower people across Scotland to take action in their local communities.

Here in Holyrood, I recognise that the Parliament has worked in collaboration with Government to get to this stage. Since publishing the plan, I have met MSPs from across the chamber to hear their views on our policy choices and priorities, the costs of climate action and the massive benefits that climate action can bring.

I have been clear on the importance of hearing directly from our communities. As such, we have funded five partner organisations to act as trusted messengers in their communities to deliver further public engagement and make the consultation as active and inclusive as possible. Those partners have delivered workshops and events to encourage people to respond to the public consultation, reaching people the length and breadth of Scotland.

We have, at the same time, received more than 500 responses to the public consultation, and I expect the independent analysis of those to be published soon. In addition to the evidence that the committee has heard, that feedback will improve the final plan. I am grateful to all who have shared their views with the Scottish Government or as part of the committee's own call for views.

I am under no illusions and know that the hardest part of our transition is ahead of us, but I also know that, through the endeavours, skills and strength of our people, who are our greatest asset, we can deliver.

Although the Scottish Government will do all that it can, I must point out that it is simply not within our gift to control some of the challenges and that that will shape what we want to do with the plan. The UK Government must move much faster and do more in the key areas that are reserved to Westminster. I hope that we all agree on the need for urgent reform, not least on the price of electricity, which is a point that has consistently been made by contributors to the committee's work.

I am grateful for the opportunity to answer your questions today.

The Convener: I begin by placing on record the fact that the committee is extremely grateful to the eight other committees that have fed in their responses—some in draft and some more fully—before today's meeting. All those committees have concentrated on the climate change plan and have taken evidence, which shows a huge amount of interest and diligence. I record our thanks for that.

Help me, cabinet secretary. When you were drawing up the draft climate change plan, was each cabinet secretary who has a relevant brief told to write one section, or was it all written centrally, with them signing it off?

Gillian Martin: It was a collaboration from the get-go. There has been collaboration for years; it has not happened just in the past year.

We have a Cabinet sub-committee on climate change that is attended by key cabinet secretaries who have climate action embedded in their portfolios. As you would expect, that includes the Cabinet Secretary for Rural Affairs, Land Reform and Islands, Mairi Gougeon; Fiona Hyslop, who is the Cabinet Secretary for Transport; and Mairi McAllan, the Cabinet Secretary for Housing, but we also have the Cabinet Secretary for Finance and Local Government and the Deputy First Minister as part of that group.

We started with a blueprint. I am able to identify the actions that we can take within the climate action and energy portfolio, but the bulk of emissions reductions will come from changes in land use and transport. We looked at policies and commitments within those portfolios and took those into account as part of the blueprint, and we reached out to those cabinet secretaries and their officials, particularly when we got advice from the Climate Change Committee in May last year. When we were working on the carbon budgets, we went back to those cabinet secretaries and portfolios to see what more they could offer by way of emissions reductions, particularly in order to be able to meet the first carbon budget and to look at how they could contribute further to the climate change plan. We do not dictate what those portfolios should do: there is conversation and collaboration across the whole of Government.

The Convener: Perfect. Let us look at annex 3, which is my favourite part of the climate change plan. Are you telling me that the Cabinet Secretary for Rural Affairs, Land Reform and Islands and Mr Fairlie, her minister, will have worked on pages 67 to 89 of that and will understand all the facts and figures because they have worked on that from the beginning? I am trying to understand whether the whole plan is not produced just by you but comes from each cabinet secretary's portfolio.

Gillian Martin: We take a whole-Government approach. As I said, the portfolios that are able to do a lot of work on emissions reduction have to reach out to their stakeholders while looking at all the other things that they have to achieve and must ensure that the decisions they are going to make are also part of the just transition. It is not as simple as thinking only about emissions reductions; they have to take into account the impacts of the decisions that they are making. They come back to the subcommittee to have discussions with me and my officials about the climate change plan, and we work through that to decide what is possible and what it might be less desirable to do.

The Convener: Okay. It is just that, when I look at it, I am struggling to understand. Last week, I particularly asked questions of the Cabinet Secretary for Transport, and she was unable to answer the questions on the figures, which we will come to at a later stage. If we look at page 67 of annex 3, it is accepted that all the figures are provisional, because there are no details there. Would that be Mairi Gougeon's fault? Is it attributable to her that the figures have to be provisional, or is that attributable to you, because you do not have the details? I am trying to work out where the responsibility is.

09:30

Gillian Martin: Year on year, the responsibility for the action in portfolios is determined by the budget decisions, but we will feed back on the policy that each cabinet secretary wanted to put forward to us in relation to emissions reduction. They would also have to take into consideration any Government costs associated with that. We are talking about not just the costs, but the cost benefits. That is why we were working very closely with officials in those areas to get their expertise, not just because of the policy decisions and suggestions that they might make for the climate change plan, but because of the implications for how that would be delivered and costed.

The Convener: Page 67 of annex 3 says:

"it has not been possible to fully assess the costs and benefits to industry of all elements of the policy package"

and that, therefore, the figures are "provisional". Will they be tight in the final plan, when it is laid before the Parliament?

Gillian Martin: The Climate Change (Scotland) Act 2009 asks us to set out

"an estimate of the costs and cost benefits",

so it is always going to be an estimate.

There are so many aspects to estimating the costs associated with all the actions associated with climate change. Some of them will be funding

Government policies and initiatives, and others will lie in the investment space for private enterprise. We set them out as a whole-economy cost. We are not required by legislation to break that down, and, although none of this is easy, I suggest that, fundamentally, the cost could not be broken down into which element of the economy will have the benefits associated with action and which will have the costs associated with action. That is a whole-economy cost. We are the only country in the UK that has in legislation a requirement to estimate costs and cost benefits. The other nations in the UK do not have that. Whether they will change or adapt, I do not know, but we have set out our estimate on the whole-economy cost and the whole-economy benefits associated with the climate action that we have put into the plan. Some of it will be in Government spend, but it is impossible for us to predict what that will be, as it will depend on year-to-year budgets and what the programme for government is for the next however many years of the plan.

The Convener: I am sure that we will come back to costs later in the session, but we have repeatedly heard in the evidence that the draft climate change plan lacks specific detail and is failing to deliver at the required scale and pace. How will you ensure that the final climate change plan, when it is laid, is clearer and more open about the specifics of who, what, when, where, how and at what cost? At the moment, you are accepting that the cost is a bit "stick your finger in the air and see what happens".

Gillian Martin: It is absolutely not a question of sticking a finger in the air. It is a whole-economy cost that has been estimated. The climate change plan is an overarching document on emissions reduction. It is very wide in scope and spans the whole economy and society. It is broken down across seven sectors. A breadth of detailed sector and analytical information is provided in annexes 2 and 3 of the plan, and five separate impact assessments accompany it. We have heard through the consultation that a lot more detail can be set out on the how, and we absolutely take that on board. With the final climate change plan, we want to be able to set out a lot about the delivery mechanisms that could be used to deliver on the aims of the plan.

That will be supported by sector-specific strategies and delivery plans. We have 150 new policies. We also have detailed continuing actions that build on the achievements of the previous climate change plan. We will be analysing all the consultation responses. Detail and delivery are themes that have been coming through. I have the whole climate change plan here. Embedded within it we have the front part of the plan, annexes, and links to many of the policies that are already in

existence. It is very detailed, but we take on board that people are asking for more detail on the delivery mechanisms associated with the plan.

As I have mentioned, it is an overarching plan—it has to be an overarching plan, because it will span three different parliamentary sessions, and the Governments will set out their policies with the climate change plan in the background.

The Convener: Thank you. I gently remind you, cabinet secretary, that the committee wrote to you to ask for any updates that came about as a result of the consultation. We are particularly pushed for time to get our report completed before the end of February, so that it can be debated in the Parliament in early March. We asked for early sight of those updates, so I remind you that that letter is there.

It is also disappointing that we cannot have a public evidence session with the Climate Change Committee until after we have reported, but that is the way it is.

Kevin Stewart has some questions.

Kevin Stewart: Good morning. Cabinet secretary, in your opening remarks, you said that there are obviously challenges, but you also highlighted opportunities. Professor Graeme Roy, chair of the Scottish Fiscal Commission, said:

“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.”

In all this, you have the challenge of delivering the plan, but you cannot shape the public policy or the resourcing that rest with the UK Government. I will concentrate on a few things that are extremely important here, and you might want to add to them. You mentioned electricity prices. If there is no a change to the electricity pricing regime, the transmission regime, contracts for difference, standing charges—the list goes on—how much more difficult is it for the Scottish Government and the Scottish Parliament to reach our goals?

Gillian Martin: It is tremendously difficult, particularly in a just transition context. We would like to have as much decarbonisation across industry and domestic life as possible. As you rightly say, the reform of the electricity market that the previous and current UK Governments said that they would undertake has not yielded anything by way of plans to bring down the costs of electricity. I was hopeful that that piece of work would result in a plan or solution associated with that problem.

For example, we might want to put in place policies that enable households to decide to have a heating system that is not based on burning fossil fuels, whether through an oil tank in their back garden, which many people in our part of the

world still have, or through a natural gas boiler. At the moment, if someone wants to go with an electric solution and they phone up to ask for advice on changing to an electric boiler, they will often be asked whether they are aware that they would be paying four times the running costs.

At the moment, Scotland is producing around 70 per cent of the renewable electricity in the UK. We have plans to do an awful lot more, but communities are rightly asking where the benefit to them is and why they are still paying the highest electricity costs in the whole of the UK. Why are the standing charges in the north of Scotland a great deal more than the standing charges in more populous parts of the UK, particularly the south-east of England? They cannot connect the need to decarbonise with the cost of living. As we all know from speaking to our constituents, the cost of living is the main issue for people right now.

I found it disappointing that the false coupling of the price of gas with electricity that the previous UK Government took off the table was not brought back when the Labour Government came into power and was looking at the reform of the electricity markets. That is an arrangement that was made, and it is not based on real-world costs. It means that gas is cheaper than electricity. The electricity market should be separated from the gas market, and the more electricity that we produce in Scotland, the lower the cost should be for the consumer.

Kevin Stewart: As someone who has an all-electric house, I am well aware of the bills. Although I would like to see others move in the same way as I have done, it is difficult to tell folk who are on their uppers that they should do that. That is one challenge. In order for us to meet our climate change targets, we need that change at the UK level.

I will move on to another challenge. Those of us from the north-east have looked at carbon capture and the Acorn project, and carbon capture features in the draft plan. How difficult would it be for us to achieve our targets if carbon capture is not resourced by the UK Government and does not become a reality?

Gillian Martin: The advice that the Climate Change Committee gave to all Governments in the UK has factored in carbon capture and storage as a fundamental need if Scotland is to achieve net zero by 2045 and the UK is to achieve net zero by 2050. Negative emissions technologies and carbon capture and storage are baked into the CCC's modelling, particularly to allow industry to decarbonise.

It is also a massive economic opportunity for Scotland. I am not telling Mr Stewart anything that he does not know because he will know that the

many people have been working on the Acorn project and the many guises of a carbon capture utilisation and storage industry and sector in the north-east of Scotland for the past 15-plus years. The Acorn project and the Scottish cluster are fundamental to the plans that are associated with our net zero ambitions.

We have seen some movement there because the UK Government has pledged some funding to the Acorn project, but it is not of the significance that it requires for it to get going. We have recently seen carbon capture and storage money being given to other projects in the rest of the UK that are not as well advanced as the Acorn project.

The big prize in carbon capture and storage in Scotland is the size and capacity of the empty reservoirs in the North Sea that used to hold natural gas and oil. They are now depleted and have perfect geological qualities for the capture of carbon.

09:45

The capacity in Scottish waters is not only sufficient to capture the carbon that will be generated in the UK, but large enough to enable a sector that can import carbon from other parts of Europe that do not have such capacity, so it is a major economic opportunity. The work that is associated with carbon capture and storage for oil and gas workers and for the people who are skilled in the relevant technologies also presents an opportunity for a just transition.

However, on the fundamental point about emissions and the capture of the associated carbon, I would be very interested to hear what the Climate Change Committee says about that when you speak to it, because that is baked into its modelling and into the carbon budgets that it has recommended that we achieve.

Kevin Stewart: For my third point, you probably think that I am going to weigh in on hydrogen, as I normally would, but I will not. I am trying to tease out what our challenges are. Obviously, we all want us to deliver, but the UK Government also has challenges when it comes to meeting its climate change targets and, in some areas, it might be more difficult for that Government to do so than it is for us. Has there been discussion between the Scottish and the UK Governments about the UK Government changing some of the resourcing in order to help meet the targets in the UK as a whole? Investment in peatland restoration is an example. There is more peatland in Scotland than there is elsewhere in the UK. Peatland restoration could do a huge amount in reducing emissions—it is so helpful for that. Has there been discussion about the UK Government funding more of that, as

doing so would actually help the UK Government to meet UK climate change targets?

Gillian Martin: That is a continual ask that we have of the UK Government. You rightly point out the carbon sequestration that is associated with peatland, but the work that is being done to re-wet former peatland, because such land is an emitter, is also significant. In addition to the carbon capture capacity that has been mentioned before, Scotland's ability to get to net zero by 2045 is a result of the scale of the peatland that we have that could sequester carbon and from which we could stop the emissions associated with peatland that is degraded. We have also have tree planting and forestry; 70 per cent of the UK's tree planting has been done in Scotland.

Scotland is punching above its weight in terms of the actions that we can take, but that is not reflected in the funding that comes from the UK Government in relation to its net zero targets for 2050. I think that that is a helpful argument, because, as I always say, the UK will not reach net zero by 2050 unless Scotland reaches net zero by 2045. Given that Scotland is doing a significant amount of the heavy lifting, in carbon sequestration as well as emissions reduction, I think that there is a legitimate argument to be made that more spend should be given to the Scottish Government in order to realise the potential in those areas, particularly through tree planting and peatland restoration.

Kevin Stewart: I have a final point. I served for a while on the Cabinet sub-committee on climate change. At that time there was a great degree of co-operation across Government, which, by the sounds of it, is still the case, and that is grand. Does that same level of co-operation, communication and collaboration exist between the devolved Governments and the UK Government, such that we can achieve those targets, or is part of the challenge that you face that there is not enough of that working together?

Gillian Martin: I suppose that I would split it into two eras, given that engagement with the current UK Government has absolutely been a lot better than it was with the previous Governments. However, is that engagement at a surface level? I would say yes. There are interministerial groups involving the four Governments—I am trying to remember whether they meet quarterly or every six months; certainly, I have one soon—and the Governments in Wales and Northern Ireland and the Scottish Government have been pressing particularly for actions to decarbonise the gas grid and on electricity costs. Again, that is not just the Scottish Government, but the Welsh Government and the Northern Ireland Executive, too.

We have also been calling for a decision to be made on hydrogen blending in the gas grid. We have the potential to inject hydrogen; in fact, those injections would happen in our area, Mr Stewart, at the facilities up in Westhill, and they would go into the pipeline and then the gas network. They would do two things: significantly reduce the emissions associated with the natural gas that most people across the UK use to heat their homes, which would mean a significant emissions reduction for us all and would create what would be a massive offtaker for hydrogen projects. I do not feel that we are going fast enough on those areas or that we are getting the answers that we need from the UK Government on a lot of the potential that is sitting waiting for us.

Is engagement better than it was? Yes, it is. Is it at a deep enough level, or at the sort of collaborative level that it needs to be at? No, I would say that there is a long way to go before we have that.

Kevin Stewart: I could ask lots of questions about hydrogen, convener, but I know that we are pushed for time.

The Convener: There might be time at the end—who knows? The deputy convener is next to ask questions.

Michael Matheson (Falkirk West) (SNP): Good morning. In some of the evidence that we have received, witnesses have highlighted that the headline figures on emissions, costs, benefits and so on in the draft plan do not give sufficient detail. Can you explain how the Government arrived at those figures? Did you use disaggregated figures to arrive at what appears to be an average in your emissions figures?

Gillian Martin: Yes. Please forgive me—I need to get this information in front of me. Perhaps Phil Raines can say something first of all about the process by which the Government arrived at the figures, and then I will give you some more detail.

Philip Raines (Scottish Government): Just to be clear, deputy convener, is it the emissions that you are asking about? After all, there are the emissions and the costs, and there are different processes involved in getting those figures.

On emissions, Teddy McHardy might be able to back me up with some of the finer detail, but every set of policies will come with an estimated set of emissions, some of which comes from our experience of working through the decarbonisation of heating systems, electric vehicles and what have you. There is a well-understood analytical modelling basis for that. With new policies, we have estimated the emissions on the basis of the best knowledge available. Therefore, depending

on what the policy area is, there will be different methodologies involved.

These things are brought together, and I imagine that there is a wee bit of checking to ensure that there is no duplication of effort—the sort of thing that you might expect to arise when you compile that kind of emissions technical data across a range of policies. That produces the figures that are set out in the annex.

I will stop there, because there might be specific detail to give you. Apologies, cabinet secretary.

Gillian Martin: Phil has rightly pointed out that, when we bring together the costs associated with anything, we always have to ensure that we are not double counting in any areas or duplicating any work.

We have estimated the net cost of delivering the policies in the draft plan at £4.8 billion over the period from 2026 to 2040, and that net figure was produced by deducting the estimated cost savings and financial benefits from the estimated costs. The cost and benefit estimates were produced by analysts across the Scottish Government. It was a whole-Government approach. It was not just the climate change directorate; it involved working with other policy officials and also with the finance portfolio. It involved using methodologies that are consistent with HM Treasury's green book guidance.

The figures that are presented in the plan represent the additional direct financial impacts of proposed policies relative to a status quo situation. As I said, 150 additional policies are associated with the draft plan, but there is also the financing of existing policies that we are building on and that will continue. We are not dropping all the existing work; we are building on work that has happened.

We made sure that our assessment of costs and benefits is in line with the net cost projections that were worked out by the Scottish Fiscal Commission and the Committee for Climate Change. We did that for the very reason of avoiding confusion. We wanted to be consistent with them. We are not consistent with the Committee for Climate Change in terms of the policies that it suggested to us, so we had to do quite a lot of work on the different track that we have taken, particularly with regard to livestock numbers.

The expected distribution of costs and benefits is very difficult to lay out, but that is also not required by the Climate Change (Scotland) Act 2009. What is required is an estimate of the costs and a whole-economy plan. The act does not ask for a cost or a budget for Government spending—that is not what is required. Indeed, that would be impossible, because, as you know very well, you

are deciding on the budget every year. It cannot possibly take into account innovations in technologies. It can only make an estimate based on market creation for particular innovations that would bring down emissions. It certainly cannot possibly take into account the future direction that the UK Government might take, as Kevin Stewart helpfully set out.

Michael Matheson: It is encouraging to hear that there has been a lot of cross-directorate working in drawing together the data and in modelling how that will look in different areas.

In evidence, witnesses have raised concerns about the presentation of information in the draft plan. I will give you a flavour of that. Lloyd Austin from Stop Climate Chaos Scotland said:

"the draft plan unfortunately lacks the details and the transparency that will allow us to reach any conclusion. We cannot tell how the modelling has been done, how the analysis has led to the predicted emissions reductions and so on."

Dr Mark Winskel from the University of Edinburgh and the UK Energy Research Centre said:

"I share many of the concerns about the way in which the plan has been presented and the fact that the evidence trail is not really there when it comes to the connection between the analysis, the policy costs, the overall policy package and the effort across different sectors."—[Official Report, *Net Zero, Energy and Transport Committee*, 16 December 2025; c 13, 11.]

Those are direct quotes from a couple of our witnesses. Given that you have clearly used disaggregated data to support the modelling that you have undertaken to come to the emission figures in the plan, will you publish the details of that modelling in order to provide the transparency that some witnesses have said is lacking?

Gillian Martin: It is a reasonable ask to have more information about the modelling. However, the legislation does not compel me to provide the disaggregated figures that are associated with that. It is an estimate—a whole-economy cost. There are very good reasons for that, because it is a moving picture. For example, it is difficult at this stage to estimate the likely share that will fall to the Scottish Government without knowing key elements of the UK Government's intentions and without being able to foresee whether there will be market movements in terms of private investment and private sector market creation. If you consider EV charge points, which I know you know very well—

Michael Matheson: For clarity, can I just check whether you are prepared to publish the modelling that is associated with arriving at the emission figures?

Gillian Martin: We will take on board a lot of the discussion that has been had on that. Stop Climate Chaos Scotland, actually—

Michael Matheson: Is there a reason why you would choose not to publish that data?

10:00

Gillian Martin: Because it is very difficult to put figures on what the Government might have to spend on the basis of not knowing what the UK Government will do in some areas. For example, not knowing what the electricity cost is going to be in five or 10 years makes that very difficult, so you can only ever give an estimate.

On policy decisions, we might decide that there are Government interventions that we want to make now in areas where there has not been a market or private investment. EV charging is a good example of that. Looking at the EV charging money that the Scottish Government put in in the past and what has happened since in terms of private investment, things have moved on significantly.

My worry about our modelling and setting out the figures associated with that at the moment is that the figures might be out of date very quickly, based on market movement, public sector investment and market creation, as well as UK Government interventions in key areas that have costs associated with them.

Michael Matheson: We understand that things change. However, you have arrived at figures in the draft plan, and what we are asking for is the modelling and the data that you used in order to arrive at those figures. I understand that things will change and that policy options have an implication, but I do not understand why we would not publish the workings. At school, when you did your maths, you had to show your workings and how you arrived at the answer. I do not understand why we would not publish the modelling and the data that we used to inform the modelling outcome.

Gillian Martin: We will take that away. The legislation does not compel us to put disaggregated data into the public domain. A lot of it is sensitive data and a lot of it could be misleading in that people may assume—I am not saying that anyone in this room would—that the costs associated with something will fall to the Government, and that might not be the case.

We know enough about some of the noises outwith this Parliament from people who do not believe that the drive for net zero should be a priority for any Government that people may use some of that data in a misleading way in order to shake confidence in the drive for net zero.

However, no other Government in the UK has to produce its financial modelling or give cost estimates that are associated with its climate change plan. We do so because, in the 2009 act, an amendment was taken forward that asked for an estimate on cost, and that was not Government cost. We also have the taxonomy associated with every budget.

Michael Matheson: I think that taxonomy will come up at a later point in our questions. On the issue of data potentially being misused as a reason for not publishing the data, data is published all the time. You would publish very little if you thought that it was potentially going to be misused. I am at a bit of a loss as to why we would not publish the modelling data that was used to inform the figures that we arrived at in our draft plan, so that people can see the workings that underpin how the Government has arrived at a particular figure that is set out.

For transparency purposes, it would serve the Government well if it published the modelling, and the data that informed that modelling exercise, that were used to arrive at the figures within the draft plan. That is the evidence that we are receiving—that was the suggestion about what should happen.

Gillian Martin: There were other consultation responses, including from Stop Climate Chaos Scotland, which said in its consultation response that the costs and cost benefits were set out very well. Phil, you wanted to come in with some additional information?

Philip Raine: It is merely to set a level of expectation. To use your analogy, Mr Matheson, pupils might be asked to show their workings, but it would be perverse to single out one pupil when other pupils are not doing it. What I mean by that analogy is that the Climate Change Committee does not set out how it reaches its net cost by looking at gross versus other things. Underneath its report, there is a massive methodological underpinning that is below the surface and is not transparent. The UK Government does not do it. My understanding is that we do not really set out that information for the budget either.

You are right that there is always an argument for providing more and more information, but I guess that the question is, if it is not required or expected for those other things, where does it add to the consideration at this stage?

Michael Matheson: It certainly adds if you can see the workings. I must confess, I find that argument quite bizarre—nobody else does it, so we are not doing it. It is not a case of, “Well, we don’t do it”; it is a case of whether you should do it. That is the point, so I find that quite a bizarre approach.

Let me move on—

The Convener: Sorry, I will just come in. The deputy convener has raised some of the points that I raised earlier. We are asking people over the next 25 years to make huge changes to their lifestyle and to make huge contributions towards the ability of the UK to reach net zero by 2050 and of Scotland to reach net zero by 2045. Showing your workings would give them confidence in the Government’s plan.

We used to have a saying when it came to costs: “scientifically wildly assessed guess”. I think that there was another word in there, too. We cannot see the workings; we do not understand them. Therefore, to pick up on the deputy convener’s point, although providing that information might not be required, it would give credence to what you are trying to achieve. That is the point.

Gillian Martin: I understand that. I also want to point to some of the work, which has also been challenging, to ascertain the wider cost benefits associated with this. We have asked the Edinburgh Climate Change Institute to do some work on that. It has estimated that the financial benefits total £6.3 billion, but we have asked the institute to do additional modelling work and to take that into account.

This area of work is extremely challenging for the reasons that we have set out, and an awful lot more work needs to be done, given that we have a statutory responsibility to set out the costs and cost benefits associated with the climate change plan. I think that this is the first climate change plan for which we have had to do that. It has been very challenging.

Do we have to be more transparent about the modelling that we have used? Yes—I take that on board. Do we need to do further work on the modelling associated with estimating the costs and cost benefits of something that will fall not just to the Government but to a whole economy? Absolutely. Do the other Governments that can have an impact on our climate change plan, such as the UK Government, similarly have to do that work? I suggest that that would be very helpful, because then we could look at what is being done at a UK level to invest in climate action and what money is needed in order for us to get to net zero at both UK level and Scotland level.

I have heard and take on board those criticisms. We are looking at what we can put out to give more detail on that.

The Convener: Okay. Bob, I know that you want to come in. My final comment to the cabinet secretary is, if you want somebody to sign up to a plan, they have to understand the costs. That way, they can buy into it.

Bob Doris: I was listening to that exchange, and I sympathise with what the deputy convener said, but we had a citizens panel on climate change—sorry if I have got the terminology wrong, convener—and the panel said that if they read everything about climate change only in the newspapers and the media, it seems like an insurmountable challenge and they feel very negative about it. However, when they engage with practical things on the ground across Scotland, they are quite upbeat and positive about what is happening.

I understand the nervousness about providing additional detail and modelling work because, let us be honest, certain individuals, groups and politicians would just look for any flaws in that modelling work in order to rip it to shreds, rather than be fair-minded about it. That is not a reason not to publish that information, but I can see why there might be a nervousness about doing so. I think that there is a balance to be struck here, cabinet secretary, and I ask you to reflect on what more information you can give on the modelling work, including where the uncertainties are. For example, you might, in that modelling work, have to predict what you think UK Government investment will look like in certain areas, when you actually have no clue what such investment looks like from one week to the next, let alone what it will look like in 10 or 15 years' time.

If you are going to provide more information, that would be welcome, but you will have to think carefully about what you provide to us. That is not a reason not to share it, but you should be a bit careful about how, and in what fashion, you share it.

I wonder whether you can reflect on those comments, cabinet secretary.

Gillian Martin: That was very helpful. My biggest concern is that it might be portrayed as showing the Government having to front up all the costs associated with climate action, when, in fact, a lot of the proposals and policies in the climate change plan will create economic activity and investment that will overtake any kind of Government action and lead to a market that will drive down emissions while creating new sectors and economic growth.

An awful lot more work needs to be done on estimating the preventative spend related to climate action and emissions reduction, particularly in the area of health. For example, the cost of air pollution to people's health, UK-wide, is estimated at £27 billion, and it accounts for 30,000 deaths a year, according to the Royal College of Physicians. There is a lot of information, analysis and data out there, but it changes. Indeed, Mr Stewart made the fundamental point that one of

the inherent difficulties in arriving at a cost estimate associated with climate action is the cost of electricity. At the moment, it is very high; we are told that it will come down in the future, but we do not know when and by how much. A lot of that is estimated.

That said, I do take on board the point that you have made, Mr Doris—indeed, the point that everyone has made, including the deputy convener. Can we provide more information on the modelling that we used to show how we arrived at the figure? I think that we can. Do we have to be careful about what goes into the public domain with regard to internal Government processes, thinking about the compulsion that we have in law in that respect? I think that, if we provide that information, it will have to come with a little bit of a health warning about how accurate the figures are and how accurate they will be over a 15-year period.

Edward McHardy (Scottish Government): On the back of that, I should say that, in drafting the analytical annex to the plan, we have to consider the fact that we are using this document to communicate a lot of detail to a public audience. I know that quite a lot of people are very much into the technical details, but trying to communicate all of that would quadruple the length of the annex, and I do not think that any member of the public will read through information at that level of granularity.

The Convener: Some members of the committee might.

Michael Matheson: I have to say that I do not think that many members of the public will read the draft climate change plan at all, never mind the actual data.

The cabinet secretary provided a good illustration when she mentioned health. A modelling process will have been used to arrive at the health statistics, as will disaggregated data, and that is the sort of data that is being asked for with regard to how you have arrived at some of the headline figures in the draft climate change plan. That is what we are looking for—the disaggregated data and the modelling used to give substance to those figures.

Another point that has been raised with the committee is the level of detail in the draft plan. Some of the sectoral emission levels have been set out in the plan on a policy basis, under headings such as "Business and Industrial Process", and then there are other areas, such as buildings, where there is a higher level of reporting. What is the thinking behind having broader areas such as business and industry rather than areas that are more contained, such as buildings? How

do you intend to create the right type of oversight on those different levels of policy?

10:15

Gillian Martin: As you know, emissions associated with public and commercial buildings sit within my portfolio, but emissions associated with domestic buildings sit within Ms McAllan's housing portfolio. She has set out what she would like to do in the next session of Parliament with regard to heat in buildings and some of the areas of work that the Government is looking into, particularly in compelling connection to heat networks. There is more cross-Government work that I would like to do, particularly on things such as private wire.

We know the scale of the challenge associated with decarbonising Scotland's buildings, and we can estimate what that challenge looks like, but, in the solutions space, there are lots of different areas in which we would like some clarity.

I will give you an example that I am sure you will be familiar with. Obviously, we have constrained wind payments for the generation of electricity, and this is something that really exercises the public when they find out about it. There are payments going to electricity generators not to produce, because they cannot get capacity on the grid. Why are we not incentivising the diverting of some of that electricity to areas that need decarbonisation? Why is there not an incentive to do that, rather than to switch off and not generate electricity? That is one area that I want to look at with the UK Government, particularly about incentivising private wire supply to, for example, heat networks, which would decarbonise heat, particularly in urban areas, and would also get away from this ridiculous situation where payments are being made for non-generation of the green electricity that we want to use.

Of course, there are also the Government's Home Energy Scotland programmes, which incentivise individual households to install heat systems, such as heat pumps, that will decarbonise their home heat. Grants and loans are available, and I know that you know that very well. Do we want to say that the Government will pay for people to do all of that? No. We would like to have a situation where the electricity cost comes down, so that installing low-emissions systems becomes a choice that makes economic sense for households. That is where the discussion with the UK Government is very important. As it stands, we have made an estimate of the number of households that we believe to have high-emitting heat systems, and the scale of the challenge is worked out from that figure. We are able to see how many households have access to Home Energy Scotland advice and, indeed, have taken

up the grants and loans that are associated with it, but that number is nowhere near high enough, given the scale of the challenge. We have to look at a range of interventions that can be made.

I also mentioned the injection of hydrogen into the gas network. At the moment, it is talking about only 2 per cent, but, if the UK Government were to make the decision with regard to what a lot of experts say can be done with 10 per cent, that would not only take down the emissions associated with people who have yet to move away from gas boilers into electric-based heating, but reduce household emissions by 10 per cent very quickly, as well as creating an industry for hydrogen and a massive offtaker for that. There are a lot of moving parts in the decarbonising of buildings. We have set out a number of proposals associated with that, but each Government will decide on its policies.

One of the frustrations that we experienced in putting together the climate change plan was that we did not have early sight of the UK Government's "Warm Homes Plan", which has only just been published. I would say that it is still lacking in detail. That is another area where the UK Government is investing that will make a material difference to our climate change plan.

Michael Matheson: I go back to my earlier point about the different approach that you have taken on identifying emission levels in policy areas such as business, industry and, more specifically, buildings. Is the analytical approach that you have used to arrive at the figures for the different sectors the same analytical approach, or have you taken a different one?

Gillian Martin: Sorry—the same as what? The same one as the approach taken by the Climate Change Committee?

Michael Matheson: No. You have set out emission levels for broad policy areas such as business and industry and for more specific policy areas such as housing. Is the analytical process that you have used in the Government to arrive at those different sectoral emission levels, for those different policy areas, the same?

Gillian Martin: For each sector?

Michael Matheson: Yes.

Gillian Martin: I ask Phil Raines to come in.

Philip Raines: As the analyst who probably did a lot of the work, Teddy McHardy might be able to answer that question.

Gillian Martin: Can I go to the analyst to answer the question, so that you can get a level of detail, Mr Matheson?

Michael Matheson: Yes—sure.

Edward McHardy: The divisions are based on our interpretation for greenhouse gas inventory and how we cut big blocks of emissions as they are reported. The methodology is specific to each area, however. We do not just apply a wrote process. In industry, we might use a modelling system based on the CCC's emissions trading scheme model. In buildings, we might have a more specific policy where we take our knowledge of the housing stock across Scotland and model into the detail there. We try to go into the detail in approaching each area. An individual approach is taken for each sector, based on what the best approach is.

Michael Matheson: Okay. That makes sense. You will want to take specific aspects into account for stuff to do with housing within a Scottish dynamic.

That brings me to the question of oversight of the figures for the targets. Do you have a similar oversight mechanism to see what progress has been made in meeting the emissions reduction levels in the different sectors? You will be using a slightly different analytical approach to arrive at the figures for them. What is the oversight mechanism to ensure that those sectors are making progress? Is that different, given the different nature of the analytical process that you have used?

Gillian Martin: Are you talking about Government oversight of our progress?

Michael Matheson: It is the Government's plan, so yes.

Gillian Martin: The Government has a number of vehicles for checking our progress. We need to report to Parliament on our progress every year, and we have a Cabinet sub-committee, the climate delivery framework oversight group—which includes the Cabinet Secretary for Finance and Local Government, transport, climate action, the Convention of Scottish Local Authorities environment and economy spokesperson and its vice-president and Scottish Cities Alliance representation. Obviously, we work with local government on that. We have set up the climate intelligence service to assist local government, and it produces a lot of the advice for each sector on where emissions occur and on what work needs to be done.

We have our regular Cabinet sub-committee on climate change and, at director level, the director for net zero has oversight of all the portfolios, with the exception of housing, which sits in another portfolio but reports directly. Those portfolios are climate change, agriculture, transport, forestry, marine, rural economy and energy. Those are the Government vehicles.

More broadly, Cabinet reports on that, and there are regular updates to the Parliament—the statements to Parliament on the progress that has been made, based on all the analysis that has been done in all those areas using internal mechanisms within Government.

Michael Matheson: That is helpful—thanks.

Philip Raines: Could I add to that?

Gillian Martin: I may have missed one thing out. Phil Raines wants to come in.

Philip Raines: Perhaps the deputy convener would welcome a more technical answer. We can measure the emissions by sector and regularly do so, but one issue that has been pointed out is that the emissions data that we collect is quite a few years out of date. The early indicators are therefore the key thing and it is important to get a sense from each sector of how we will know whether we are making progress. For example, if we decarbonise a certain number of heating systems per year, we know what that might mean in terms of being on track with reducing emissions. The cabinet secretary has talked about things such as the programme board and the Cabinet sub-committee. We present that data to them and use those indicators to show how each sector is doing on emissions reduction.

Gillian Martin: If the committee would find it helpful, we can write to you with more detail about the modelling per sector. I have some details here in front of me, but they are probably not the details that you are looking for.

Michael Matheson: That would be helpful; thank you.

The Convener: The good news is that we are a quarter of the way through the questions that people want to ask but more than halfway through our time. If anyone can help me to get back on target, that would be useful.

We move to questions from Douglas Lumsden.

Douglas Lumsden (North East Scotland) (Con): I will be brief because Mark Ruskell is going to ask about something similar.

Cabinet secretary, there are various sectors where the climate change plan diverges significantly from the emissions modelled by the Climate Change Committee. What are some of the key areas where the modelling assumptions from the Climate Change Committee and the Scottish Government diverge and why did you choose to diverge in those areas?

Gillian Martin: Give me a moment to get some details in front of me.

That has happened particularly in agriculture. When we got the advice from the Climate Change

Committee, we fundamentally disagreed with the pathways associated with livestock numbers. Livestock emit some difficult and potent greenhouse gases, particularly methane, so the Climate Change Committee set out where it wanted to see reductions in livestock emissions and suggested some policies that might make that happen.

We fundamentally disagree with anything that would have an impact on agriculture or on Scotland's rural economy because of the significance of that sector to Scotland's economy and to our culture more generally. You and I both know how important agriculture is to the north-east, and it is important by no means just to that area.

There were also some assumptions about Scotland's landscape and geography that were, with the greatest of respect, not quite right. For example, there was a suggestion that we could reduce the number of sheep and could plant crops instead, but planting does not work in a mountainous and difficult terrain like that in the Highlands and Islands. The convener has a great deal of background knowledge about that landscape, which is suitable for sheep grazing but not for harvesting crops. The advice made some assumptions that were not really based on Scotland's geography. I say that with the greatest of respect to the Climate Change Committee and I know that it does get advice from independent experts, but the fundamental thing that we came back to was the just transition element.

Mairi Gougeon and Jim Fairlie are doing a great deal of work with the sector on reducing emissions without reducing livestock numbers, and Mairi Gougeon went to the Rural Affairs and Islands Committee to talk about the climate change plan. We think that the policies and proposals outlined in the draft plan present a realistic pathway to delivering the required emissions reductions and meeting our first carbon budget. Agricultural emissions have already decreased by 13 per cent since 1990. They have a long way to go, but the plan is based on things such as the use of fertiliser or the types of animal feed associated with emissions reductions in livestock and there might even be the potential to capture some emissions reductions because of technological advances.

10:30

We want to work with the industry in order to roll out the support through the whole farm plan and make sure that it is supported through knowledge sharing and indeed the farm payments in order to be able to do low-emissions activities on farm. Some of that might be in the vehicle space; we have done some work on non-road vehicles and the use of biofuels.

Mairi Gougeon has been reviewing how farm payments are worked out. It will be about more than just yield, production and area. There will be a number of factors that will mean that farms get payments. In terms of a just transition, that work is much better than any policies that deliberately reduce the amount of livestock.

I am sorry, convener, I know that I am going on at length, but another thing that is not calculated in the inventory of greenhouse gases domestically is whether there is any potential for offshoring any of the policies that we put in place.

Let us say that a Government was to put in policies that reduced the number of beef herds. The country still eats beef and, in my view, it is better that it comes from local sources, inputs into our economy and has the standards that we expect in Scotland for something that is put into the food chain. Also, the air miles associated with importing food, including beef, from other countries, such as Argentina, would be substantial. You would be reducing the emissions associated with methane in Scotland, but you would be offshoring them elsewhere. I do not think that that is a responsible thing to do.

Douglas Lumsden: Okay. Thank you.

The Convener: Because we mentioned agriculture, which is a subject that is close to my heart, I remind the committee that I have an interest in a farm and in a beef herd—great beef it is, too. I am not going to say any more than that. I will move straight on to Mark Ruskell.

Mark Ruskell: Thank you for reminding us, convener. *[Laughter.]*

This is about a megatonne of emissions, if we look at the choices that the Government has made to not reduce livestock numbers and to not go for the recommended level of peatland restoration. It is about a megatonne a year—that is probably a conservative estimate. Where does that megatonne get taken up within the plan? Which other sectors are having to go further and faster to make up for that?

Cabinet secretary, you talked about the whole farm plan and making changes there. Are you suggesting that the megatonne will be met within the agriculture sector, or will other sectors take up that megatonne? If so, what will those sectors have to do to up the ambition and to maybe go beyond what the CCC thinks is possible or credible in order to make up for that amount of emissions?

Gillian Martin: You have just set out the issue that was in front of us as soon as we decided that having policies to reduce livestock numbers was a no-go area for the climate change plan. We then looked at what had to happen in terms of emissions reduction. We reconvened all the

cabinet secretaries, who had the opportunity to produce and offer more policies in that area to make up for that decision.

Carbon capture, use and storage was considered along with negative emissions technologies in my portfolio. We looked at how much further we could go in that area. I was very clear with my officials that we wanted to look at areas in which there was potential for innovation and growth in an economic space.

In particular, my thanks go to Ms Hyslop for coming back with a raft of new policies that she worked on with her transport officials, including on the ramping up of EV use, the additional support for a more rapid roll-out of EV charging points and the EV infrastructure fund of £30 million. I know that she went through all that with the committee last week.

In addition, Ms Hyslop is considering the issue of 24 additional public charging points by 2030 and using the non-domestic rates regime to further our net zero ambitions by introducing a relief for qualifying EV charging points for 10 years. She has looked at transitioning to zero emissions heavy goods vehicles, which is an area in which there is already quite a lot of movement. Ms Hyslop said that we could be in a position to accelerate that by Government intervention and by drawing in more commercial finance. Further, £800,000 was put into the development of skills in heavy duty vehicle decarbonisation.

Mark Ruskell: I am sorry to intervene, but there is a missing megatonne of emissions. You have identified some policies that were accelerated or improved on, or for which there was greater ambition. Can you provide the figures on that? To go back to the deputy convener's point, there is a need for a bit of transparency. There is a clear implication for a policy change, and there has been a conversation among the Cabinet. Other cabinet secretaries have stepped up and said that they can provide a third of that through increasing the roll-out of zero emissions HGVs, spending money in certain ways or investing in CCUS. Can we see how that megatonne breaks down and the thinking around the bidding process, with cabinet secretaries coming in and saying, "We can make this work by increasing our ambition; this is what we're putting on the table in terms of carbon emissions—it all adds up"?

Gillian Martin: Before I bring in Philip, I note that the emissions that are associated with all the policies are already in the plan. However, if you specifically want us to provide you with what the additional policies were from the point in time when we made that decision, as well as with the emissions that are associated with them, we can give you that. It is not set out in that way in the

plan, but, if you want to see it in that way, we can do that.

Mark Ruskell: That would be great.

Philip Raines: Just to clarify, are you asking for figures on where we differ from the Climate Change Committee?

Mark Ruskell: No, I am not. That was my starting point for the question.

Philip Raines: The policies that are set out in the plan take advice and consideration from a range of things, and they set out the trajectories and things that are required.

Mark Ruskell: Yes. That is not my question, but I think that the cabinet secretary will answer that, which would be good.

Gillian Martin: I think that I know what you are asking for. You are looking for detail on what additional policies were brought in as a result of the decision that we made on livestock.

Mark Ruskell: Yes.

The Convener: Douglas, are we back to you for a question?

Douglas Lumsden: Yes, we are back to me, convener. Cabinet secretary, when we were talking about beef, you said that it is better to produce locally than to offshore our emissions and support farmers in different countries. I guess that the same applies to oil and gas: it is better to produce it ourselves than to rely on imports. Is that right?

Gillian Martin: In relation to natural gas, as long as we continue to burn natural gas, it is obvious that having a supply of it from our own resources makes the most economic and energy-security sense.

The climate change plan is very much about reducing emissions that are associated with the workings of our society rather than those arising from energy production.

We looked at the emissions that are associated with how we fuel our transport and our heating; and we considered how to prevent emissions from going into the atmosphere, how we sequester carbon and how we bring down emissions in all the sectors that we rely on in daily life.

With regard to production emissions, we have no powers at the Scotland level over licensing for oil and gas projects—either exploration or production. We have asked and advised the UK Government to take a climate compatibility approach to future licensing.

However, the Scottish Government's climate change plan is about the reduction of emissions that are associated with all the aspects that we are

looking to reduce. Only the production emissions that are associated with the recovery of oil and gas would have any impact on the figures, and they would be relatively small compared with all the other emissions that are associated with transport and heat.

Douglas Lumsden: Will you clarify that? The climate change plan makes no difference—or a very small difference—to our emissions, whether we use our oil and gas, which is produced in this country, or we import oil and gas. Is that what you are saying?

Gillian Martin: Broadly, I would say yes. It is a case of what fuel we use for all the different parts of society, whether it is for heating or for transport. Is it electricity, which has relatively small amounts of emissions associated with it, or is it the burning of fossil fuels? The inventory would be the same whether that fuel came from outwith with the UK or within it. It is the usage of the fuel and the emissions that are associated with it that are in the inventory.

Douglas Lumsden: We do not take any consideration of the fact that we might be substituting UK-produced gas with imported shale gas from the US, which has a far greater footprint. That is not taken into consideration, because you are considering only the actual usage of it, not how it was produced and the carbon footprint of that gas.

Gillian Martin: You say “you”, but it is effectively—

Douglas Lumsden: I mean the Scottish Government.

Gillian Martin: The inventory that is associated with how we calculate the emissions that we have to report on is set out as being the domestic emissions that occur.

You started off with the point about beef. We cannot factor in the emissions that are associated with importing beef from Argentina, but we can factor in the emissions that are associated with beef that is reared in Scotland.

The position on anything to do with oil and gas production is around the production emissions. There is a drive that many countries are taking part in, and Norway in particular is lowering its production emissions by avoiding the use of diesel and keeping platforms operating. That is why we have introduced the option of the innovation and targeted oil and gas licensing round, which would allow oil and gas production platforms to be connected with floating offshore wind—or offshore wind in general—to take power cables, so that the production emissions, which are largely diesel based and high emitting, are reduced.

There are obvious reasons for doing that, but one of the considerations that is important for oil and gas producers is that they want to decarbonise their production as far as possible, in line with all other sectors that want to decarbonise as far as possible.

Douglas Lumsden: Cabinet secretary, it seems strange that, according to the climate change plan, our emissions would be lower if we just imported oil and gas, because that would take away all of our production emissions. We are not taking that into consideration.

Gillian Martin: No. I do not really get that logic. The production emissions that are associated with oil and gas are quite small compared with all the emissions that are associated with heat and transport. It is about the burning of fossil fuels and other greenhouse gas emissions. Those are the things that need to be reduced in order for us to get to net zero.

No one is saying that it would be preferable to import anything, and that issue really does not have much of an impact on the climate change plan, in which the sectors that are associated with the highest emissions have been set out. Those sectors are where we are making interventions to reduce the emissions to get us to net zero.

10:45

Douglas Lumsden: We do not take into consideration emissions from the production of imported oil and gas, but we do take into account emissions from domestic oil production.

Gillian Martin: The way that it is inventoried—not just in Scotland or the UK but in every country—is that each country must report on its domestic emissions.

Douglas Lumsden: Yes, and I think that that is why some people look at the climate change plan and lose confidence in a lot of the process. We are almost turning a blind eye to production emissions when we import stuff. Is that not the case?

Gillian Martin: Your issue seems to be with the calculations that are set out in the plan and the way in which all countries are asked to report on their own emissions. I do not agree that anyone should lose confidence in a climate change plan because of that issue.

On the other point that you make more generally, the context that you have to understand, which is the context that I and my officials work in, is that, even though it does not make a difference to our calculations, we would not want to do anything that would unnecessarily offshore our emissions—to do with agriculture, I suppose—but that aspect is not factored into our calculations,

because that is not the way that the inventory works.

It is not Scotland or the UK that decided on the inventory. Phil Raines will know the detail of who has set down how things are calculated, but it is a global framework for the calculation of emissions domestically.

Philip Raines: Maybe the simplest rule of thumb to follow is that the goal of the climate change plan is to reduce the emissions in Scotland. That is what the law requires, so that is why the plan has been designed that way. The measures have been designed so as not to increase emissions around the rest of the world—not to offshore them; however, the plan has to focus on the emissions in Scotland. Given that the production of oil and gas is not the biggest source of emission associated with oil and gas, how they are used is the critical thing in the plan. There are very relevant points about climate change and about where oil and gas come from, but the climate change plan may not be the place to capture all that because of the way that the law requires the climate change plan to be done.

Gillian Martin: Energy security is also an aspect. The more we reduce our reliance on the burning of fossil fuels in all aspects of our life, the more we are protected from global economic shocks. Look at the situation that Germany was in when, overnight, because of the illegal invasion of Ukraine, it made the decision that it could not take Russian oil and gas. The impact that that had on many European countries was severe, and they had to look to other sources.

The best way that a country can protect itself is to produce green electricity and hydrogen at scale, by ramping up efforts in relation to hydro and ensuring that it has the storage that is needed for that electricity so that it can have as much energy security as possible. At the same time as all those efforts, infrastructure has to be built out to provide the capacity for more electricity so that that can displace the burning of fossil fuels.

We also have to take into account, sadly, that peak oil and gas in the North Sea is decades behind us. To protect ourselves against the energy security aspects of a decline in oil and gas production, we need to put mechanisms and replacements in place. That is why there is such a drive for renewables in Scotland and why we are doing so well at that compared with the rest of the UK.

Douglas Lumsden: Given that, in relation to global emissions, it would be better if the UK produced as much of its own oil and gas as possible rather than rely on imports, should the Scottish Government's position on granting new oil

and gas licences in the North Sea be changed to encourage the granting of such licences?

Gillian Martin: That is not included in here—we are talking about the climate change plan.

You have just given a summary that I do not necessarily agree with. I have explained the reason for protecting Scotland against global economic shocks and the reason why production emissions do not feature particularly heavily in the climate change plan. It is an emissions reduction plan that is associated with the heaviest emissions figures in Scottish society, which largely lie in the areas of heat, land use and transport. As a devolved Government, we do not have responsibility for oil and gas licences, but we do have responsibility for emissions reductions in all the sectors that I mentioned, and the climate change plan sets out our ideas for how we might do that.

Douglas Lumsden: Thanks.

The Convener: We are progressing well towards the timescale target but not on reducing the number of questions. Kevin Stewart wants to come in with a brief question.

Kevin Stewart: We are beginning to conflate a number of things here, which is understandable. There were similar questions and discussions when the convener and I were in Aberdeen just a few weeks ago.

It would be extremely useful, not only for the committee but for others, to get a better sense of the global conventions for measuring all this, and to separate that from energy-security policy and other environmental policy areas. I wonder whether that could be provided in simple language, so that people can understand how all this is calculated.

Gillian Martin: Certainly. Any production emissions that are associated with oil and gas are in the UK's inventory as well. That is another reason why they are not factored into the climate change plan. It is Scotland's climate change plan to reduce emissions, but I am happy to set out how countries are asked to account for their emissions.

Kevin Stewart: Thank you.

The Convener: Putting it in a letter would be even better—that would great.

We move on to the next question. We are back to you, Mark.

Mark Ruskell: I want to ask about negative emissions technologies, which are a massive part of the climate change plan. Your modelling shows 12 megatonnes of carbon reduction as a result of NETS, which is double the 6 megatonnes that the Climate Change Committee recommends. You

just outlined how, with some of the policy choices over livestock and peatland restoration, NETS will be picking up some of the slack, although we will find out exactly how much later on.

Given where we are with Acorn, and that the Fife ethylene plant at Mossmorran and the Grangemouth refinery have now shut, there are questions about where the emissions will come from to make Acorn viable. What is your thinking on the viability of Acorn? Is it viable if the Peterhead gas-fired power station does not feed into it?

Gillian Martin: First, Acorn was never predicated on one or two sites. The Scottish cluster involved looking into sectors—particularly hard-to-decarbonise sectors—throughout the whole of Scotland that might benefit from having CCUS. It was never predicated on the untimely closure of the places that you mentioned. Forgive me, but I am not going to talk about any potential plans. I cannot and will not do that.

Acorn is not only viable but absolutely necessary. If the UK Government does not provide substantial funding for it, we will miss out on a massive economic growth area for Scotland, as well as put in jeopardy the UK's climate change ambitions more generally. It is one of the most mature of all the projects in the UK, and it has the scale that we need. I have already made that point, so I will not repeat it.

You mentioned that the Climate Change Committee recommended half of the figure that we have gone for, but it always said that we could go further—it did not say that its figure represented the limit of the negative emissions technology. We had those discussions with the CCC, and it said that we could go further.

I will explain how we arrived at our position. We take a bottom-up approach to NETS modelling. We have had a lot of input from industry round-table discussions and academic research, as well as information from companies that already capture CO₂ in Scotland about where they could scale up and what more they could do. The consensus was that a target of 3.3 megatonnes per annum by 2040 was stretching but achievable.

The CCC used NETS to balance residual emissions from other sectors and fill in the gaps, but we are actively looking at this as a real growth area for Scotland. Such is the capacity that we have that it would be less a case of taking residual emissions and more a case of providing a source of carbon capture not only for Scotland's emissions and its hard-to-abate sectors, but for the whole of the UK and beyond.

We will set out our preferred route to NETS deployment later this year. Obviously, there will be

the election. The UK Government has not published its policy on NETS deployment. At the moment, we are factoring into all our calculations the fact that we cannot count on any funding from the UK Government until we know what it sets out.

We will publish a route map for the deployment of negative emissions technologies at scale by 2040. That area of work is one in which we thought that we could go further.

Mark Ruskell: Do you recognise the difficulty that exists because of the fact that the plan relies so heavily on NETS and, by default, Acorn? You cannot answer questions about Peterhead power station because of the Scottish Government's responsibility for giving or denying consent, but it is really hard to answer the question about whether the 12 megatonnes figure is viable without understanding whether Acorn is viable and without understanding whether Peterhead is critical to Acorn.

You are not offering a view on Peterhead, but I cannot see how what happens in that regard will not have a major bearing on whether Acorn will be viable and, therefore, on whether a major part of your climate change plan is viable. I appreciate the situation that you are in, but is it not a bit of a conflict for the Government to present a climate change plan in which you cannot really talk about the options because some of those are dependent on the Government's role as a consenting body?

Gillian Martin: In its modelling and assumptions, the Climate Change Committee has made the assumption that the Acorn project will proceed. I am supportive of it proceeding. I think that that is not only a necessity but a massive economic opportunity. The Scottish Government will do all that it can to advocate for funding for the Acorn project at UK Government level, and to provide funding, where we can, to accelerate its development.

The project is long overdue—it should have been up and running. We all know the history of carbon capture and storage in the north-east of Scotland. It has had the rug pulled from under it so many times. The fact that we still have partners who are absolutely committed to the project is testament not only to their tenacity, but to the potential that they see in the technology and all the businesses that are associated with it.

Mark Ruskell: So it could go ahead without Peterhead gas-fired power station.

Gillian Martin: I am not going to talk about Peterhead power station.

11:00

Mark Ruskell: Right. I am reading into it that there may be a route to Acorn being viable without Peterhead. However, we are where we are.

Let us imagine that Acorn does not get the go ahead or is not viable. Is there a plan B? Is there a contingency plan? You will remember that the Climate Change Committee has been calling for years for Government to have such a plan. Is there one? I know that you want to talk up Acorn—that is fine and I understand—but let us imagine that it does not happen. It may be unimaginable but, if it does not happen, what is the contingency plan?

Gillian Martin: If CCUS did not develop at the level that the Climate Change Committee has modelled in its calculations, that committee would have to go back to its assumptions and provide additional advice, which we would look at. In successive pieces of advice to the UK and Scottish Governments, the Climate Change Committee has factored in negative emissions technology and CCUS at scale.

Mark Ruskell: Okay, but it has asked you to develop the contingency plan should Acorn not go ahead. The question has come from the Climate Change Committee to you to develop the contingency plan, but you are now saying, well, that is not for us but would be up to the Climate Change Committee to develop. Whose responsibility would it be?

Gillian Martin: It is pretty obvious that, if CCUS at the scale of Acorn were not to happen, we would have to look to other sectors for further emissions reductions. I would rather not be in that position.

Mark Ruskell: So it would be back around the table, with other cabinet secretaries chipping in as to how many megatonnes they could contribute to the process.

Gillian Martin: It would have to be. If CCUS does not happen at scale for the UK as a whole, not just Scotland will have to take another look at its climate change plan; every part of the UK would have to take another look, including, possibly, at their targets.

Philip Raines: Maybe I can add something on contingency planning—

The Convener: Sorry, I just want to say—

Mark Ruskell: I have one more question.

The Convener: Time is up for this session, so I will push on a little. We are half way through our questions, and others have some, so I will gently push you on; after one more question, I will come to the deputy convener about waste issues.

Mark Ruskell: I wanted to link to a question about energy-from-waste sites. We do not have a

lot of time to get into detail, but there is an assumption that 45 per cent of energy-from-waste sites will install CCS by 2032. I am assuming that that means that carbon will be taken off from energy-from-waste incinerators and go up to Acorn. Are there concerns about the ability to meet that reduction in carbon emissions, and how many megatonnes would have to be reconsidered if that does not happen by 2032?

Gillian Martin: There are smaller-scale carbon capture and storage options. We already have carbon capture in a number of small sites throughout Scotland. The Scottish cluster was brought together in order to look at emissions from a lot of processes, not just energy from waste—from concrete production, for example—using Scotland's existing pipeline infrastructure, some of which is not being used and could be repurposed. The Scottish Government has been working on that with the industry—with SGN in particular.

Obviously, we want a Scottish cluster to exist. We want Acorn to go ahead. There are smaller-scale opportunities as well but, at scale, we want Acorn to happen.

Mark Ruskell: Are you confident that 45 per cent of energy-from-waste sites can be pushed to CCS by 2032?

Gillian Martin: The emissions that are associated with energy from waste come to about 0.3 megatonnes, so are relatively small compared with those from other areas.

Mark Ruskell: Thanks.

The Convener: Over to you, deputy convener.

Michael Matheson: Sticking with energy from waste, the draft plan assumes that those emissions will peak this year. From what I can see in the plan, that appears to be based on some underlying assumptions, including that the landfill ban would have already come into force and that no new sites will come online. What levers do you have to ensure that energy-from-waste emissions will not increase this year?

Gillian Martin: At the moment, energy-from-waste capacity in Scotland allows for the vast majority of waste carriers not to have to use landfill. We were able to go ahead with the effective ban, but some small waste carriers do not have places in the queue and do not have the relevant contracts with energy-from-waste sites. Some of the new energy-from-waste plants have been delayed, which means there is not as much capacity. That is mainly as a result of inflation, and some of it is to do with Brexit. Those plants are due to come online this year and next year. We know that 0.3 megatonnes of emissions are associated with energy from waste.

The Scottish Environment Protection Agency has been very helpful with this. As the ban approached, we realised that smaller carriers that did not have contracts with existing energy-from-waste sites were in danger of having no way to deal with their waste other than putting it to landfill. SEPA has granted a temporary allowance for those carriers that have engaged with it to allow them to put waste to landfill, with a phased process once energy-from-waste capacity becomes available. The larger waste carriers have also been very helpful in that. I have had a number of meetings with them in the run-up to the ban. They have helped smaller carriers to consolidate their waste and allowed them to piggyback on their contracts for the tonnage that goes to energy-from-waste sites.

A small amount of waste is still going to landfill, but it will be tapered off. It has been done that way to stop any cliff edge that would have impacted smaller businesses. The emissions that are associated with that are very small. We are on track for all the waste to go to energy-from-waste sites, once the new facilities are up and running. Once that happens, we will have all the capacity in place for all the waste in Scotland to be dealt with and there will be no need for any future planning applications. In fact, they will not be allowed.

Michael Matheson: That seems to be a pragmatic way of dealing with it for the small operators. What does the tapering timeline look like? So that I am clear, is the issue for the smaller operators that there is a lack of capacity in energy-from-waste facilities, or do they not have the contracts in place?

Gillian Martin: It is a capacity issue.

Michael Matheson: So, those places are full and cannot take the materials, even if they wanted to enter a contract with a business.

Gillian Martin: Exactly. They are full. The sites that are in planning should have been operational by now, but for various reasons to do with private financing, inflation and construction costs going up, as we have seen, they are taking a bit longer. SEPA and the Scottish Government have a line of sight as to when those sites should be available. When they are in operation, that will make up for the shortfall.

Michael Matheson: Is the tapering dependent on those facilities being operational?

Gillian Martin: We are looking at that happening in the next couple of years.

Bob Doris: I will try to be as brief as I can, given the time constraints. I want to look at some of the cross-committee scrutiny of the climate change plan. In particular, I want to look at identifying skills gaps and the workforce planning that will be

required. It was drawn to my attention that there was a climate emergency skills action plan for 2020 to 2025 from the then Cabinet Secretary for Environment, Climate Change and Land Reform—who was, believe it or not, Roseanna Cunningham—and the Minister for Business, Fair Work and Skills, Jamie Hepburn. There was quite a detailed route map around identifying the skills gap and how to address that. Is similar work under way across Government for the current iteration of the five-year plans?

Gillian Martin: Yes, there are a number of initiatives. I worked very closely on this with Graeme Dey, when he was Minister for Higher and Further Education, and you will have seen the settlement that has been made in the budget for colleges.

We are continuing the programmes to invest in skills for net zero more broadly. We have the support for the Energy Skills Partnership—ESP—which has been instrumental not only in advising Government on what is required, but in the analysis that it has been doing on skills gaps. It is the college sector agency for net zero and energy transition, and it has had a particular focus on energy, zero-carbon transport, engineering, construction and wider science, technology, engineering and mathematics education. There has also been a reform of Scotland's post-school education skills system, to make it more flexible and adaptive to some of the industry requirements that have been created. We also have the offshore wind skills priorities and action plan. I was delighted to go with the First Minister to the opening of North East Scotland College's new offshore wind sector skills hub. I think that an area of that was formerly a warehouse that was used for oil and gas facilities.

Kevin Stewart: It was a dairy.

Gillian Martin: It was a dairy. There you go. That does not sound as good as my narrative, but, basically, it was full of pigeons and it has now been transformed into the offshore wind skills hub. Crucially, it is not just for school leavers. It is for skilling up young people, but also for upskilling or reskilling people who are already in the workforce, mainly in oil and gas, and to fill in the gaps that they have.

We have the skills and priorities action plan. A couple of weeks ago, I was at Edinburgh College, which is leading on the skills associated with heat decarbonisation—the work is cutting edge and involves partnerships with industry. Indeed, NESCol also has partnerships with industry in welding. We need a tremendous number of welders for the deployment of ScotWind in particular.

Companies are working with colleges, too, and we are helping the colleges to expand. Forth Valley College has been instrumental in assisting in respect of the closure of Grangemouth refinery: we have given substantial pots of money for the college to work with those who are facing redundancy so that they can upskill and reskill, even if it is just about analysing the transferable skills that they already have in order to apply for jobs. A great deal of work is going on at the moment. We have the Energy Transition Zone in Aberdeen, and work is going on with universities, particularly Robert Gordon University and the University of Aberdeen, to make sure that they have the analysis that the Government is getting, and that we are able to respond to their analysis of what they need in their areas to address any skills gaps.

Bob Doris: I am getting the sense that you are fully across your brief, cabinet secretary.

Gillian Martin: I know—I am sorry.

Bob Doris: Thank you for putting that on the record. I will ask my next question shortly, but, before I do so, I want to make some comments that do not require a response. Yesterday, I was at Glasgow Kelvin College, which is really enthused about the budget settlement. People spoke about being able to move quickly to meet market demand in the area and about short-term capital investment to allow the college to grow and expand what it is doing as it pivots towards areas where businesses are looking for a flexible approach to training and skills. The work that has been done is really welcome, but there is a wee bitty more to do to get there. It is a transition period for that sector, of course.

I will ask about what the Economy and Fair Work Committee has told us in its very welcome scrutiny in relation to some of this stuff. It talks about a “direct, participative role” for key groups, such as trade unions and professional bodies. Maybe you can offer a brief answer to that, cabinet secretary. Can you offer reassurance that, rather than just reacting to events, such groups will be part of the story?

Gillian Martin: We provide annual funding to the STUC to support just transition capacity. However, I can give you a direct example of what work with the unions has achieved on just transition with regard to Grangemouth. Unite the Union came to us with a jobs guarantee proposal. It wanted to put in place a jobs guarantee for any business that was receiving Government funding as a result of the work that we were doing there. The union sought first refusal for interviews for those who were losing their jobs. That is a potential blueprint for further work, and I am keen to work with the unions on that.

11:15

Bob Doris: Thank you, cabinet secretary. We heard that from the Economy and Fair Work Committee. There should be proactive co-production and co-design—rather than unions having to just react in what is a worrying period for some in relation to the sustainability of jobs—with the opportunity to create many more well-paid fair work opportunities.

I will pick up on a comment that Edward McHardy made, that we would not want to have another 15 annexes to the climate change plan and that we want to be sure that ordinary people in communities can understand it.

The deputy convener also asked about all the disaggregated data. I suspect that, as Mr Stewart said, very few people read the plan in the first place, although I am sure that his constituents have.

Is there any chance that, despite all the extra detail that the committee is asking for, we could get a slimmed-down, jargon-free, accessible, practical, realistic and tangible plan that the public could engage with in a meaningful way? You are damned if you do and damned if you don’t, cabinet secretary. You slim it down too much, and we criticise you. You pad it out too much, and we criticise you. It is about getting the balance right, but could there be multiple versions to make the plan more accessible?

Gillian Martin: The simple answer is yes. We have an easy-to-read version, a version for young people and children and a Gaelic version. You are right that some people want a lot more detail, but I had a discussion with the climate change hubs, and they said that the plan was too large, complex and detailed, and that they wanted something more accessible. They also made the point that they have to respond to local authority climate change plans, so they felt a bit of overload.

Phil Raines has just reminded me that, in order to make such a large document accessible, we put all the sectoral detail in the annexes, so that somebody who just wanted an overview of the plan could read the first part of it—the condensed summary—and somebody who wanted additional detail could go into the annexes.

Bob Doris: Okay, thanks. That response is reasonable, but I think that the point has been well made by others about making the plan accessible, tangible and meaningful to individuals.

The Convener: It is fair to say that the evidence that the committee heard from young people on the version for them was not entirely in favour of what had been produced. There were a lot of comments that it might have been too simple and that there was not enough detail. That evidence

was taken at various meetings that we had with the Scottish Youth Parliament and others. You will be able to reflect on that, cabinet secretary.

Gillian Martin: My officials are engaging with the Scottish Youth Parliament on that.

Bob Doris: I would hate to incur the wrath of the Scottish Youth Parliament, but most young people will not be engaged with the Scottish Youth Parliament, as it would acknowledge. We just need to make the plan accessible to all. I commend the Scottish Youth Parliament for its scrutiny role and for trying to represent young people, but there is a wider group out there who will not want to be involved in any scrutiny. They will just want to understand the plan and want it to be meaningful to them. I will leave that sitting there.

Gillian Martin: That point was made to me by the representatives who came into Government for the young people's Cabinet takeover in the two years that I have been there. They wanted more resources to be put into schools. As a result of that, I had conversations with Jenny Gilruth about making sure that schools had all the necessary materials available for work on climate action more generally.

Bob Doris: That is helpful. Some young people want to be all over the detail, while some just want a broad-brush summary, and we should make sure that we do not lump them all together as one group.

Gillian Martin: Exactly.

Bob Doris: Jess Pepper established the Climate Café network across Scotland. She and others told the committee that it is important to ensure that communities have the capacity to engage proactively and meaningfully in relation to what climate change means for them, and that they can do so in a way that can benefit them and which enables them to embrace the process. However, they also wanted to make sure that there was enough resource to ensure that that community capacity could be built up over a long period. Do you have any reflections on that?

Gillian Martin: The domestic climate change resource package in this year's budget has a further £22 million investment, which includes £6 million to continue the network of community climate action hubs and £1 million to support the Scottish Climate Intelligence Service, which I mentioned. Today, we have reopened the climate engagement fund, which has £275,000 to support activities such as climate festivals. Even if someone is not involved in the great hubs that you have mentioned, a lot more can be done in terms of training and showcasing clean technologies.

It is all about increasing people's understanding of what action they can take. Analysis shows that

the annual fund has supported 24 projects from its launch in 2023 and has reached about 22,000 people since then, and I hope that that will only increase.

I had a call with the climate hubs—Jess Pepper was on that call, too—in which I was able to get feedback on their views on the climate change plan, on accessibility and on the capacity that people have to deal with the issues around climate change locally.

Bob Doris: That is helpful.

In my final question, I will again reflect the work of other committees, so I thank the Citizen Participation and Public Petitions Committee and the Local Government, Housing and Planning Committee, which have made points about how we ensure that we get correct evidence about community benefit.

Will the final climate change plan set out a clear approach to defining, delivering and evidencing community benefit from energy developments, including how communities will be involved in co-designing initiatives and having meaningful input into energy developments rather than those developments simply going ahead, but with a wee bit of community benefit tacked on at the end in a sort of tick-box approach? That would deliver more substantial benefits for communities.

Gillian Martin: It is a huge area of work, and I really prioritise it. It will not be in the climate change plan, because it involves a separate piece of work on the good practice principles.

There are two areas of work. We have the voluntary good practice principles that are associated with community benefit in Scotland. We like to think that developers will sign up to those, but they are advisory, because we do not have the powers in that area.

There has been some movement on the issue from the United Kingdom Government, and the Planning and Infrastructure Act 2025 will allow community benefit and the principles associated with that to be mandated. I did not want to wait for community benefit to be mandated, because I did not have success in convincing the previous Government to mandate it, so we went ahead with the revision of our good practice principles. The consultation on that is closed, and my officials and I will do a separate piece of work on refreshing the good practice principles and looking at how we can embed some of the developments at the UK level that now allow us to mandate levels of community benefit and industry engagement with communities.

That will not be in the climate change plan, because that work will not be completed until after

the plan is in place. Also, it does not necessarily have an impact on emissions.

Bob Doris: I will ask you to reflect on one final thing. I cannot recall which witnesses gave this evidence, but, in a discussion that we had with witnesses on what community benefit looks like, it was suggested to us that a community in close proximity to a wind farm can hoover up the community benefits, even though there is a low-income community with significant deprivation not that far away. We also spoke about offshore wind, and the concern was raised that, particularly as floating technology is developed further, it can be hard to identify which community should get the community benefit.

As an MSP who represents an urban area that is far away from that activity, I point out that we will still have large low-income and high-energy-cost communities who would also like to benefit from Scotland's renewables revolution, which we all want to see. How can we get community benefit right and in a way that does not create inequalities or inequity?

Gillian Martin: You have hit on points that I discussed at length at the Citizen Participation and Public Petitions Committee a few weeks ago, when that issue came up and specific issues were raised. The good practice principles are currently for onshore technologies, and the ones for offshore are still to be developed. You are right that the issue is complex. Some communities will be concerned that developments have a direct impact on them and will want to see benefits. However, I take on board what you say about communities that are perhaps not in the line of sight but that want to benefit more broadly.

Bob Doris: Thank you.

The Convener: I think that Kevin Stewart has a question.

Kevin Stewart: It is a very quick one.

Earlier, Mr Raines touched on early warning indicators and just transition indicators. The introduction of those is welcome, but how will you build a system or dashboard that is public facing and that makes sense to members of the public and the Parliament? How do we take the findings from all that to allow us to make adjustments and be as flexible as possible to achieve targets?

Gillian Martin: I will need to take that point away. We have not considered a dashboard. We have various ways in which we report on progress, including reporting to Parliament. The monitoring approach for the CCP will build on the range of public scrutiny that is already there. An annual monitoring report on the CCP is published, and there is an assessment of progress towards implementing proposals.

You mentioned the monitoring indicators on just transition. I was pleased with the response that we had on that from the Just Transition Commission, which was welcome. I am very proud that we have 14 social, environmental and economic indicators, which are the first of their kind to be included in a Scottish climate change plan.

I will take away the suggestion about a dashboard. We have all the reporting mechanisms that are laid out in statute but, if the committee thinks that there is a need to have something more public facing, I would have to look into the resource implications of that.

Kevin Stewart: It does not have to be particularly complicated. To be honest, a dashboard has not been discussed a huge amount at the committee, but it certainly featured in some of the public meetings that I have been at.

Again, it is the simple scenario about folk knowing exactly what is going on. It does not have to be complicated. You mentioned areas where there is already reporting, and I agree that that is good, but it is not the kind of thing that your average Joe and Josephine will take a look at.

Gillian Martin: I hear you.

Kevin Stewart: Thank you.

The Convener: Other members have no more questions, but I have a few quickfire ones for you, cabinet secretary, before we come to the end of this session. First, will the Parliament and the committee see a summary of the responses to the draft climate change plan before the debate on the plan, which will take place somewhere from 3 to 5 March?

Gillian Martin: I will need to get back to you on that. [*Interruption.*] Actually, we can say now.

Philip Raines: That report will come forward at the end of February.

Gillian Martin: Phil has obviously got that organised.

The Convener: It would be helpful to get an early indication before we produce our report.

Philip Raines: There was quite a surge in response.

Gillian Martin: There have been more than 500 responses, but Phil says that we will have it to give to you.

Philip Raines: That will be by the end of February.

The Convener: Okay.

It has been an interesting session. There have been a lot of key questions from the committee regarding further explanation, more detailed

costings and the need for clarity. How will those points be incorporated into the draft climate change plan when it becomes the climate change plan?

Gillian Martin: We will look at the committee's report and carry out our analysis of the responses. I imagine that we will have a debate with all the committees that are reporting on the plan, and we will take all of that into consideration. I can say no more than that.

11:30

The Convener: The committee debate will probably be in the first week in March. You are not due to lay the climate change plan until the end of March. Will you still lay it before the end of this session of Parliament? Will there be time for the plan to be debated in the Parliament when it moves from draft to full?

Gillian Martin: As you know, time for debating in Parliament is for the Parliamentary Bureau to decide. I have said throughout the entire process that my intention is to lay the final climate change plan before the dissolution of Parliament.

The Convener: You, of course, would like to debate it, would you not, cabinet secretary?

Gillian Martin: I will debate anything.

The Convener: Perfect. That is one signed up to that.

My final point is that there appears to be a lack of detail on a route map to net zero. You have claimed that that is down to the moving parts. Will you attempt to produce a route map in the climate change plan to take into account the early warning indicators that Kevin Stewart talked about?

Gillian Martin: We have already identified that many of the responses have said that they would like more detail on delivery, so we will take that forward.

The Convener: Before we end this session, I want to put on record that this committee has engaged with the Climate Change Committee to try to take evidence from it. The CCC offered a private session. As a generality, this committee felt that, if we are going to take evidence from the CCC, that should be in public. Sadly, that public evidence session will not take place until 3 March, which will be after we have produced our report. Personally, I find it deeply unhelpful that we cannot take evidence before then. It is also disrespectful to this committee, which is trying desperately hard to work to extremely tough deadlines, with a huge workload. I hope that, if nothing else, those comments will be reflected on by the Climate Change Committee, which has not served the Parliament well by its decision.

We will take a five-minute break before we move on to the next item.

11:32

Meeting suspended.

11:40

On resuming—

Budget Scrutiny 2026-27

The Convener: Welcome back to this meeting of the Net Zero, Energy and Transport Committee. Our next agenda item is an evidence session on the budget with the cabinet secretary.

The cabinet secretary would like to make a brief opening statement, so I will hand over to her.

Gillian Martin: Thank you. It is always helpful to be able to summarise before any questions are asked, so I am grateful for the opportunity to do so. Today's meeting is part of a much longer and wider process and I know that the committee has already done a great deal of pre-budget scrutiny.

It is important to set our conversation in the context of the Scottish Government's overall approach to the budget. As the First Minister and the Cabinet Secretary for Finance and Local Government have made clear, the budget focuses on a fiscal programme that will deliver for the people of Scotland and that is balanced, sustainable and impactful. Our focus is to align Government spending with the delivery of our four priorities: eradicating child poverty, growing the economy, tackling the climate emergency and ensuring high quality and sustainable public services.

However, it is clear that the Scottish Government continues to face significant pressures that are outwith our control, including a constrained funding settlement from the UK spending review, rising costs across public services and demographic trends that increase demand for health and social care. Following the UK autumn budget, resource funding is expected to grow by an average of only 1.1 per cent in real terms each year across the forecast period. For capital funding, which makes up the majority of my portfolio's requirement, the position is even more challenging, with Scotland's capital block grant due to reduce in real terms by 0.3 per cent per annum until 2029-30. Nevertheless, the budget and the Scottish spending review protect and build on the substantial investments that this Government has already delivered for the people of Scotland.

I am proud that the 2026-27 budget commits record funding of more than £5 billion for activities that will have a positive impact on the delivery of our climate change goals, including those to deliver on the potential of renewables, help tackle climate change, increase climate resilience and protect and restore nature. That underlines the important cross-portfolio approach that we take to tackling the climate crisis, recognising that reducing our emissions and mitigating the impacts

of climate change offers an unprecedented opportunity to build a more resilient and prosperous economy that is fit for the future. Action to minimise our country's contribution to global warming also brings with it innovation and systems change that can provide jobs, improve human and environmental health, reduce the cost of living, create energy and food security and position Scotland as an exporter of expertise.

As part of that, my portfolio will provide £436 million to support initiatives accelerating the transition to net zero, restoring nature, and enabling communities and businesses to build resilience to climate impacts and, crucially, will do so while unlocking responsible private investment and supporting skilled jobs across Scotland.

The budget supports policy development and public engagement for climate change and adaptation. I have protected the funding to support climate action hubs that directly involve communities—something I view as essential in our journey towards net zero. We now have 24 such hubs active across Scotland and those have held a total of 781 training and learning events, reaching more than 10,500 people, as well as providing non-financial support to 1,048 community groups.

The £26 million for nature restoration stays at the record levels of last year, keeping us on track to deliver the ambitions set out in the Scottish biodiversity strategy and delivery plan.

The activities in my portfolio to help tackle the climate and nature emergencies have an impact on wider Government priorities, particularly on growing our economy. The budget provides £93 million to maintain momentum in building critical offshore wind infrastructure and developing the supply chain, leveraging significant private investment to maximise economic impact and create thousands of jobs.

The budget provides £16 million for the just transition fund, responding to the particular needs of the north-east and Moray by delivering benefits for businesses, workers and communities. That means that we can continue supporting initiatives like the energy transition zone's energy transition skills hub, which was opened by the First Minister in September and was delivered with £4.5 million of Scottish Government just transition funding, combined with ETZ investment.

I am determined to secure Grangemouth's just transition, and the budget builds on work that we have already announced, which includes supporting the construction of MiAlgae's new omega-3-producing bioreactor at Grangemouth, which looks to create up to 130 direct jobs by 2029. The £6.2 million of Scottish Government funding to support Celtic Renewables' new biorefinery

project in Grangemouth will create up to 149 direct roles.

11:45

I recognise the importance of our regulators, public bodies such as SEPA, which keep us safe from environmental harm and help to keep our air and water clean, alongside playing a pivotal role in providing flood warnings to families and businesses across Scotland, and NatureScot, in ensuring that we all flourish in Scotland's landscape.

The Convener: Thank you, cabinet secretary. Your two officials will be thinking that I was extremely rude in not introducing them, so let me do that now. They are Annabel Turpie, director in the Scottish Government's directorate-general for net zero, and Karen Thomas, head of climate action and energy portfolio finance. Welcome to you both, and excuse my rudery.

My first question will be short, like your opening statement, cabinet secretary. Tackling the climate emergency is classed as one of the four key priorities, but the climate action and energy portfolio allocation is flat in cash terms in the spending review. Are you concerned?

Gillian Martin: I would always like more money—and every single cabinet secretary will say the same thing. We have to work within our constraints and the settlement that we have been given. The spending review does not replace the annual budget processes, where I will be negotiating with Cabinet colleagues on future budget settlements.

Some programmes that have previously been funded are coming to a natural end. The recycling improvement fund comes to an end this year. It has allocated £66 million to 48 projects. The Scottish industrial energy transformation fund is ending, with focus shifting to development of the new industrial decarbonisation programme. Our investment to support the national flood resilience strategy has concluded; flood defence schemes continue to be funded through local government.

We are facing a very challenging fiscal environment. Like every cabinet secretary, I had to come forward with priorities. I want to prioritise actions in the climate change plan to deliver on the first carbon budget, and I think that the settlement that I have been given as part of the budget allows us to do that. A great deal of work will certainly be done over the next year to ensure that we reach the carbon budget.

That said, I have had to make some very difficult decisions about some of the things that we can no longer support, because of the fiscal settlement. Some areas of work that were expected to be at

commercialisation by this point, such as wave energy, have been given £72 million since 2014. It is a matter of great regret to me that I was not able to fund them further, although I am discussing what could be done in the future.

I have had to make some very hard decisions, as has every single cabinet secretary, but I am content that I am able to carry on. I am particularly pleased that I was able to protect the nature restoration fund of £26 million, meaning that it has been at that level for two consecutive years. What that delivers in halting biodiversity loss is significant and important to the people of Scotland.

The Convener: In summary, are you saying, "hard but fair," and that you are not concerned?

Gillian Martin: I am saying that I would have liked not to have to cut things where I have done, but I have had to prioritise certain actions that deliver on halting biodiversity loss, reducing emissions and supporting the just transition for the north-east and Moray, Grangemouth and Mossmorran.

The Convener: So, delivering net zero in your portfolio is all on target with the budget, is it?

Gillian Martin: We also have to recognise that around £5 billion is going towards climate action across the whole of Government. Climate action does not just happen in this portfolio. I was happy to support Mairi Gougeon, Mairi McAllan and Fiona Hyslop on their allocations, as they will be delivering significant emissions reductions.

Kevin Stewart: As you have pointed out, cabinet secretary, it is always difficult to balance the books, but the just transition, which is close to my heart and yours, is something that we have to get right, particularly for the north-east of Scotland. Can the committee be assured that that investment will continue in the north-east to help with the just transition? Is the Scottish Government continuing to pressurise the UK Government in that area? Is there any ability to be more flexible with that funding to allow, for example, some revenue funding for community projects, in particular, which can make a real difference not only in the shift to net zero but possibly in securing future job opportunities?

Gillian Martin: The answer to all those questions is, I think, yes. Every year, I ask my officials to carry out an analysis of the just transition funding to see what it has been able to achieve and every year—certainly since I have had it in my portfolio—I have wanted to ensure that it is adaptable with regard to the types of projects that are covered. In some years, we have, in effect, focused the funding. Last year, for example, we focused it on skills and job creation, and we were able to help some companies invest in new

equipment to allow them to pivot to different technologies and sectors for their order books, particularly in the supply chain.

As you have said, we have previously had a large focus on community action. I have been able to look at the analysis of what has been funded, and that is an area where I want to be able to do more. It can be quite difficult to quantify some of the actions that the funding delivers in terms of just transition, but there are wider associated benefits such as job creation and community resilience for voluntary groups alongside the reductions in carbon emissions and the ability to pivot to different activities.

Every year of the just transition fund, I ask for that analysis, but we also look at the trends and the feedback that we get from those areas on what is needed. Last year, we focused particularly on skills gaps, because we were hearing from people that that issue had to be addressed, and a great deal of that focus was on funding courses associated with reskilling and upskilling, providing training opportunities and allowing companies to diversify so that they could employ more people.

Kevin Stewart: The ambition is to reach 40GW of new offshore wind capacity in the next 15 years. What will be the impact of reducing the budget for supporting the supply chain? Is there any way out of that? Do you think that that is sending the right signals to companies? Obviously, it will be somewhat frustrating for them, considering that they are also having to put up with CFD, transmission charges and everything else that is in the mix. Is there any way that more support, and more comfort, can be given to secure the future and jobs on that front?

Gillian Martin: Last year, because of the way in which developments with CFD and auction rounds were going, there was overcapacity in supply chains as a result of the support that was given to them. All of that money had been spent, so we adjusted it this year in view of the situation that we are in and what need there is for supply chain support. There is still substantial support for the supply chain, but it is a blend of capital and financial transactions that amounts to £93 million.

We are going to take a commercial-first approach, as we have done with all the supply chain money when there has been a need for it and when it has been deployed. This year, we have adjusted it and have been able to make a small reduction. In future years, however, there might be more demand for it. As I said, we will take a commercial-first approach. We have been able to support Kishorn Port's supply chain and port facilities, for example, and we have leveraged in £150 million of private investment on top of the moneys that have been given to the supply chain.

We have also assisted Sumitomo to get its factory up and running. It is really based on that commercial-first approach. We are not going to put out money to where it is not needed. We want to be fleet of foot and get the money to where it is needed.

Kevin Stewart: I will ask a brief question, because I know that we are short of time. Does the fact that it involves a combination of resourcing, including financial transactions, give you more flexibility to shift that money about if the commercial opportunities arise?

Gillian Martin: Yes.

Kevin Stewart: Thank you.

Gillian Martin: Annabel Turpie would like to come in.

Annabel Turpie (Scottish Government): Just to clarify, £150 million of Scottish Government money has leveraged in £670 million of private investment.

Gillian Martin: Sorry—I got the figures wrong.

Annabel Turpie: Yes, I thought that you would want that corrected, cabinet secretary.

As we see across the portfolio, we are really focused on how we make our money work as hard as it can. It is about private sector investment, getting money out to communities and providing the flexibility that you talked about, Mr Stewart, but it is also about how we can work with the UK Government in quite a complicated reserved and devolved area to make sure that we are leveraging funding for Scotland.

Gillian Martin: For just transition fund money and offshore wind money, we are able to track where there has been inward investment. There are also our Scottish Development International activities. Three Government ministers went to the Osaka expo, and we have been able to quantify that £23 million of inward investment came into Scotland as a result of those three interventions. We can track where Scottish Government investment leads to greater investment from the private sector.

Kevin Stewart: Thank you.

Douglas Lumsden: We are halfway through the 10-year period of the £500 million transition funding for the north-east and Moray. Can you clarify how much of that £500 million has been committed so far?

Gillian Martin: I need to find the exact figure. I think that it is just under £100 million at this point.

Karen Thomas (Scottish Government): It is £83.5 million.

Gillian Martin: A lot more needs to be done. The fiscal situation that we are in has made it difficult to deploy as much money as was set out by previous First Ministers who made that commitment.

Kevin Stewart made the point that we need to look to where we can get assistance from the UK Government on just transition. You are right that we are committed to that just transition funding, but the fiscal settlement has made it very difficult.

Douglas Lumsden: Are you still confident that we will get to that £500 million figure within the 10-year period?

Gillian Martin: I would like to be able to deploy that—of course I would.

Douglas Lumsden: It seems strange that only 20 per cent of that figure has been committed but we are almost halfway through the timescale.

Gillian Martin: That is a reflection of the fiscal difficulties that we have right now.

Douglas Lumsden: Okay. Thanks.

The Convener: That was a bit quicker than I anticipated. Michael Matheson has a question.

Michael Matheson: What was the rationale behind ending funding for Wave Energy Scotland?

Gillian Martin: That was very regrettable, and I wish that I did not have to make decisions like that. We are in discussions with Wave Energy Scotland about that.

Wave Energy Scotland was expected to be at commercialisation by this point. It still has an ask of Government, but I was unable to provide that in the budget. I had to go to Cabinet with a note of areas that were prioritised and areas that, sadly, could not be prioritised. The rationale lies in the constraints that I have been under when it comes to delivery, which the finance secretary has asked every cabinet secretary about.

I would like to be able to find a way to support Wave Energy Scotland. I feel very strongly that Great British Energy should be assisting technologies that are yet to achieve commercialisation. GB Energy seems to be going after technologies that are already commercialised, when it is the ones that have potential, such as wave and tidal, that need Government assistance. I have made that point to the energy minister at UK Government level, and I have said in public where the UK Government could assist the Scottish Government in getting some of those technologies to commerciality. I believe that the UK Government also needs to look at why those technologies are not getting to commercialisation—there need to be favourable conditions and they need assistance. It is

regrettable that I was not able to put any funding towards Wave Energy Scotland but I was in a very difficult position.

12:00

Michael Matheson: My understanding is that they were looking for about £3.08 million over the next two financial years—£1.7 million this year and £1.3 million next year—which appears to be a very small part of the £436 million in your budget. From what we have been told, the consequence is that Wave Energy Scotland—which the Scottish Government set up in 2014—will be closed down and 10 full-time-equivalent jobs will be lost. Mocean Energy, a company based in Edinburgh, has said that it will have to close down, with 13 direct jobs being lost. What message does that cut send out about our ambition on marine energy in general, if we are quite literally pulling the plug on the key parts of trying to deliver wave energy?

Gillian Martin: My officials have been working with Wave Energy Scotland to get more clarity around future planning to get them to commercialisation. That has been happening since September 2024. My officials advised that the Scottish Government put forward a budget proposal for limited funding, but we were clear that it would have to be contingent on budget affordability. Those conversations will continue. We need to see a business plan from Wave Energy Scotland that shows how it can get to commercialisation. We have not had the clarity on how it is going to do that.

I do not want to cut anything. I do not want to be in a position in which I have to make such decisions. I had to make some very hard decisions around that, about what we could prioritise. We are still talking to Wave Energy Scotland about future funding options.

Michael Matheson: WES has told us that, given that the funding ends next month, it has to start giving people statutory notice. I am not sure what the timescale is for the conclusion of the discussions with Wave Energy Scotland, but it would appear that, if that is not resolved in the very near future, it will be lost. Cabinet secretary, are you saying that funding in the next financial year is contingent on having a business case and a business plan that satisfy you?

Gillian Martin: It has to be able to set out a business plan that takes it to commercialisation. My officials are speaking to Wave Energy Scotland and if there is anything that can be done to stop what you have just outlined, I want to be able to figure out whether we can support them. I cannot say any more than that because those discussions are still happening.

Michael Matheson: Okay. When do you expect them to be concluded? Wave Energy Scotland is basically saying that it is going to have to lay folk off now. There is no tailing off of the money, it just ends at the end of March.

Gillian Martin: I am not going to commit to anything without speaking to my officials on the latest situation and the discussions that they have had with Wave Energy Scotland.

Michael Matheson: It would be helpful if you could keep the committee up to date on that matter, given the correspondence that we have received from Wave Energy Scotland and from the sector.

Gillian Martin: I will do.

Michael Matheson: My second area of questions is on the issue of the energy transition budget, which is seeing a 45 per cent reduction going into the next financial year. Can you advise us where that 45 per cent reduction is being secured from?

Gillian Martin: The £48.2 million energy transition budget is capital resource supporting that shift. Some of the projects that I mentioned are coming to a natural end, which results in that decrease. I mentioned the recycling improvement fund; the Scottish industrial energy transformation fund is ending as well, as is the investment to support the launch of the national flood resilience strategy.

The budget has been reconfigured to reflect projects that we have taken forward and other, existing projects that are continuing. That is why there is a decrease. We were able to fund everything that we committed to in the programme for government. The reason for the reduction is those other projects coming to an end.

Michael Matheson: Okay, so the 45 per cent reduction is all associated with projects coming to an end.

Gillian Martin: On whether it is all associated with that, I would need to bring in Karen Thomas.

Karen Thomas: That budget covers a range of different programmes, and there is some reduction beyond. Basically, the projects that are coming to an end—forgive me until I find the right set of figures.

Gillian Martin: It may be helpful for me to mention some of the new things that we are funding in that space. There is a £15 million package of funding for MiAlgae to build its site in the Grangemouth industrial complex, and there is funding for Celtic Renewables as well. We are doing a great deal of work on good practice principles to put things in place that will create more community benefits. A lot of work has been

done on that in the space of transition, given the economic shocks that we have faced.

Michael Matheson: I think that Karen Thomas can now give us a breakdown of the 45 per cent reduction.

Karen Thomas: Yes. The 45 per cent reduction is predominantly made up of the Scottish industrial energy transformation fund coming to an end, which was £4.5 million; the emerging energy technologies fund, which was £6 million; and hydrogen investment of £10.5 million. Those have been coming to a conclusion. There is continued investment in Grangemouth to the extent of £15 million within that budget line. Those transition funds are moving into the new space of the industrial decarbonisation strategy, which is in development alongside the climate change plan.

Gillian Martin: They are also being used to fund the community and renewable energy scheme, which enables communities to have more access to the expertise and the associated capital that they might need for community energy.

This is not so much in the budget space, but you will have noticed that we also have a pilot programme on repowering opportunities, which is happening in Forestry and Land Scotland, for communities to have an option to have those opportunities first.

Michael Matheson: Thanks. My final area of questions is the funding and resourcing of the energy consents unit. That remains in the energy transition budget line, but ministerial responsibilities will move to the Minister for Public Finance. I want to understand the rationale for that. Are you satisfied that the ECU has sufficient resource to meet the demand that it is facing? Alongside that, are you satisfied that the statutory consultees such as NatureScot have the necessary resources available to them to meet the increasing demand that they are facing and ensure the timely discharge of consent applications?

Gillian Martin: We are continually monitoring that. In a period in which there was a moratorium on spend, the ECU capacity uplift of more than twice the amount of personnel was the only area in which we were able to spend money, and we did that because of the demands that you mention.

Michael Matheson: I think that I started that process, if I recall correctly.

Gillian Martin: Thank you. The ECU has more than twice the capacity that it had, in order to deal with the demand. We want to be able to deliver those consents within a year, and we are certainly on target to do that. On your point about the other statutory consultees such as NatureScot, we continually monitor their workload that is associated with this area.

Another area that we have put investment into is the national planning hub. That is still in the early stages and it is focusing only on hydrogen at the moment. It supports expertise and addresses capacity gaps that might exist for local authorities to be able to deal with the very complex applications that might happen in that space. At the moment, it is in the hydrogen space, but it could be expanded, because a lot of the applications and the resources that are associated with it are very complex, and we want to be able to give assistance to local authorities as well.

There are a number of reasons why the ECU budget is still in my portfolio. Obviously, the permanent secretary wants to keep it in the structures that remain, but it is also the case that the policies that are associated with the good practice principles and with consents, as well as new policies that are developed as a result of movements in the UK Government, will affect the ECU. Ivan McKee has taken on responsibilities for final consent decisions, but not policy.

The Convener: Right—it is my turn. Let us talk about the Crown Estate. The ScotWind leasing round generated about £750 million, and it is all being spent very quickly. How much have you got to help your budget to tackle the climate emergency?

Gillian Martin: On numbers, I might have to turn to my officials, but what happened was that we were able to use money from ScotWind for climate action not just in my portfolio, but in portfolios that are associated with climate action, such as Mairi Gougeon's portfolio.

I have been passed a note of the numbers. In finance and local government, the Convention of Scottish Local Authorities has asked for funding to respond to the climate emergency, and £70 million was associated with that.

The Convener: How much?

Gillian Martin: It is £70 million—ScotWind capital was £52 million, and ScotWind resource was £18 million, coming to a total of £70 million. In my portfolio, support for offshore wind capital investment, the nature restoration fund and the energy transition fund received £179.9 million of ScotWind capital and £5 million of ScotWind resource, coming to a total of £184.9 million. In the rural affairs, land reform and islands portfolio, there was ScotWind capital of £30.6 million for progress on transformation and reform of the agriculture and food and drink industries, including energy efficiency and improved resilience. In the transport portfolio, there was ScotWind capital of £78.5 million for capital investment for sustainable and active travel programmes and low-carbon programmes.

The Convener: I am just doing the maths—I am not as quick as I should be.

Those figures suggest that approximately half of the money from ScotWind has gone back into work to tackle the climate emergency. The other half has already gone in the resource budget, has it not?

Gillian Martin: I can only speak to what is in my portfolio and the information that I have before me. We can get that information from the Cabinet Secretary for Finance and Local Government and write to you.

The Convener: We can see that £286 million is going in the next two years to the resource budget, and some went last year as well.

Gillian Martin: I made the argument that it was right to use ScotWind money for climate action and the associated economic benefits that can come from that.

The Convener: I think that, if we are putting wind turbines out at sea, it is right to use that money to help us with our progress towards net zero. However, about 50 per cent of it seems to have been spent elsewhere.

Mark Ruskell has some questions.

Mark Ruskell: Last week, we asked the Cabinet Secretary for Transport about how the net zero assessment was working. She indicated that it is used in the early development of policies but that you would be the best person to talk about how it is being rolled out across Government.

Gillian Martin: Thank you, Fiona.

Mark Ruskell: I am just passing that on.

You will be aware of the long time that it has taken to get the three elements of the joint budget review in place. The net zero assessment is really the critical bit, as it helps us understand how climate change is being embedded into those early decisions about policies. I will leave it to you to fill in the gaps.

12:15

Gillian Martin: You and I need to take some credit for that—

Mark Ruskell: I will not take the credit, but you can—

Gillian Martin: —because we put forward the argument to former cabinet secretaries for a climate change taxonomy to be associated with budget spend. The taxonomy is non-statutory, but it is a useful supporting budget document that provides a read-across of where funding is contributing to climate action across several

portfolios, and it sets out how the budget will impact the priority of tackling climate change.

The taxonomy is divided into two parts. There is an overarching climate narrative that highlights key spending areas from multiple portfolios that contribute to the response to climate change. The second part provides a carbon taxonomy assessment and commentary on the capital and resource budget.

That work is always improving, because it is quite nascent. I am not sure whether other Governments do such taxonomies. I am not aware of the UK Government doing anything similar, although I would certainly love to see a taxonomy of the UK Government's budget. Given our ambitions, the question of how we can assess every Government's budget spend across different areas is something that can potentially be fleshed out more widely in the interministerial intergovernmental groups of the four nations.

The net zero assessment has been designed to be proportionate. It operates on a threshold of a minimum of 10,000 tonnes of CO₂ per year and includes forecast emissions that are based on the impact of policies. Annual reports about that come to me, and the outputs of any individual net zero assessments are used internally in the Government.

Therefore, I understand why Ms Hyslop said that. She operates within the net zero assessment for transport and reports back to me, but it is my directorates that collate all that information and, with finance colleagues, produce the final taxonomy.

Mark Ruskell: It would be great to see more detail about that, particularly if there is early thinking about capital infrastructure projects or programmes. This goes back to the conversation that we had about the climate change plan. If the work is being done, it would be good to know whether it is being done across the whole Government, with the 10,000 tonne threshold being the trigger for the work, or whether it is being done just in the transport and housing portfolios. If there is such evidence and information, that would be good to see.

Climate change is clearly not the only factor in making decisions, but, if a policy decision results in going over the 10,000 tonne threshold, it would be good for that work to be considered and for us to see the output. That would let us know the impact of the policy and whether it is positive or negative. The taxonomy just puts the spend into groupings; it does not tell us the extent of the impact of policy decisions in a positive or negative way.

Gillian Martin: I understand that you would like to see a breakdown of the taxonomy detail. A lot of the material for the taxonomy is for internal governmental purposes to allow us to make decisions on the budget. However, I confirm that it is not just for my portfolio or for transport or rural affairs, land reform and islands; it is across the Government. For example, it is also applied to health spend—a great deal of work has been done in the health space to reduce the emissions that are associated with health spend.

The taxonomy is at the level of detail that we can provide to the public, but I will not commit to producing any more documents without taking that request away to consider. However, I can provide more detail on how the taxonomy is being used.

Mark Ruskell: Okay.

Douglas Lumsden: My question is similar. In the response to the committee's pre-budget report, the Scottish Government suggested that there will be annual reporting on the outputs from the net zero assessment. Will you say more about when that annual reporting will take place?

Gillian Martin: Annual reports will be made, and the next annual report will be in 2027. It is not possible for me to give a date as the next Government is not yet in place, but it will be in 2027. If I have any more granular detail on when the report is planned, I will let the committee know.

Douglas Lumsden: Will you tell us a bit more about how it will provide us with a deeper understanding of the costs and benefits of net zero policy when we are scrutinising the budget?

Gillian Martin: It will include the emissions impact and the mitigation and reduction options that are implemented and how all that is reflected in the climate change taxonomy. I will write to the committee with the detail of what that will look like so that you know what to expect.

The Convener: Bob Doris has some questions.

Bob Doris: Mark Ruskell has exhausted most of the taxonomy questions, which is relatively new for me to see. I take no credit for the development of the climate change taxonomy, cabinet secretary, but I can look at the capital taxonomy of the budget and see that, for example, £543 million is earmarked as negative high or low expenditure, and £2.9 billion is positive high or low. We get a breakdown of where the money will go and the impact of it, but there is a narrative around that. There could be essential spend under the negative high category—it could be an essential road safety project or a resilience project that just needs to be done. What is next for the taxonomy? There needs to be more of a narrative that explains that, sometimes, the Government just has to do things that do not always fit in the budget line that you

want them to go in, which would be positive on the taxonomy front. There should be more understanding of what is next and a narrative around some of it.

Gillian Martin: That is an important point, because the Government has to make lots of considerations about what it spends. Climate change is one of the Government's four priorities, but it is not the only priority. If something that we did to reduce emissions had the knock-on effect of child poverty rising, we clearly would not want to do that, so we have to take everything in the round. You mentioned road safety. The dualling of the A9 is a road safety measure that has been taken because of the catalogue of serious accidents that have taken place on that road. You would not want to look only at the climate taxonomy; everything has to be taken in context, as you rightly point out.

Bob Doris: That is very helpful.

The Convener: I am just seeing whether anyone else has any questions. I will ask a quick one. How did this year's budget for the Scottish Environment Protection Agency compare with last year's?

Gillian Martin: Oh, gosh, right. This is where I need to bring in Karen Thomas. These are the quick-fire questions.

The Convener: I like to ask them at the end of the meeting, cabinet secretary—just to make sure.

Gillian Martin: I know that you like them. SEPA—we will need to get the spreadsheet out.

Karen Thomas: Compared with the autumn budget revision comparator, SEPA's budget has dropped slightly, by 3 per cent. When you compare that against the budget bill for last year—the initial allocation—it has increased by 1 per cent. It is a £1.8 million increase on last year's budget bill for resource. In particular, it relates to setting up the flood advisory service.

The Convener: The evidence that we heard from SEPA during the course of this past year is that its workload is forever increasing. There will be more stuff for it to do, especially when it comes to climate change and things such as water abstraction, yet the budget is flat. Will SEPA be happy with that? Will it be able to deliver all the things that it has to deliver in its portfolio?

Gillian Martin: We have to look at that every year. We always have to take into account what we are asking our public bodies to do and whether they are well resourced to do it.

The Convener: Given that SEPA still does not have its computer system up and running, that it still does not have all the data in front of it and that it is being asked to do more and more things, I am

suggesting that it is unlikely that it will ever be able to deliver.

Gillian Martin: I meet SEPA regularly, so it can take those issues and we can discuss them when we have those meetings.

The Convener: I am sure that SEPA will bring them to you. Mark Ruskell has a quick question to ask.

Mark Ruskell: The £3 million a year for Mossmorran for the next three years is very welcome. I am trying to get a sense of where that sits and whether there are funds in your portfolio that could be used to invest in Mossmorran, whether that is investment in new industry coming to the site or transition funds that the community could benefit from. Having been involved in some of the task force meetings with Fife Council, the UK energy minister and Richard Lochhead, it feels that we are now at a point at which investment needs to be crowded into the site, and it could come from different parts of both Governments.

Gillian Martin: Both Governments have a responsibility for the future of Mossmorran. The budget line is not in my portfolio because it is not strictly energy related, but the budget lines for the just transition and the project willow spend are in my portfolio because the refinery is in the energy space.

A lot of work has been done across Scottish Enterprise as a result of the work that has been done on all the many projects—more than 100—that have made representations in relation to Grangemouth. Some are not suitable for the Grangemouth complex, so we always look at other areas of Scotland where they could be deployed and supported.

It is the economy budget that has the £3 million, and there are various fora in which that is being discussed, as you have just said. The Deputy First Minister is leading on that. However, I take your point. There are two Governments involved, and, if I can put it bluntly, there has to be a look at the reasons why ExxonMobil made the decision that it did, including its commentary on the fiscal set-up that prompted that decision.

The Convener: Thank you for all your answers. It has been quite a marathon session for you, cabinet secretary. The good news is that the committee's work will continue beyond this point as we move into private session.

12:26

Meeting continued in private until 13:20.

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