Stop Climate Chaos Scotland
Priorities for Scottish Government Budget 2027-28

Stop Climate Chaos Scotland urge the Scottish Government to use this budget to:

- Protect and scale up programmes that deliver substantial emissions cuts, in line with the Climate Change Plan and to meet legally-binding carbon budgets
- Reduce (child) poverty and the cost of living for ordinary Scots by funding progressive climate policies that reduce inequality as well as carbon
- Save public money by reducing spend that exacerbates climate change and/or inequality, and raise revenue for climate action in line with Polluter Pays principle.

Budget lines to defend against cuts - top 3 priorities

1. Housing: Energy efficiency & decarbonisation

Current budget: £325m. In order to deliver a full transition to clean heating, the pace of insulation and clean heat installation must grow dramatically, from fewer than 10,000 homes per year at present to well over 100,000 each year to 2045. [1] To deliver this, the Heat in Buildings budget needs to roughly triple to around £1bn per year. [1] **It certainly cannot decrease.**

2. Transport: Concessionary fares and bus services

Current budget: £528m. This budget cannot be cut, given that policies to reduce car use are a crucial driver in the Climate Plan, and given the promised roll out of the £2 bus fare cap across Scotland, which will require an additional £210m [2]. By the end of this Parliament, a substantial portion of the concessionary fares budget should be reallocated to support the set-up and start-up costs of bus franchising and municipal ownership. This would provide better value for public money, as it would cut the annual cost of subsidising high fares set by private operators, while passengers would benefit from lower fares under a regulated market and/or municipal ownership.

3. Offshore wind

Current budget: £110m. Offshore wind capital investment was cut 25% from 2025-26. It cannot be cut further, if Scottish Government is to maintain its manifesto commitments to "accelerate investment in offshore wind". Supporting renewables supply chains in Scotland is essential to secure the jobs, capabilities and public support that will be needed to transition away from oil and gas, in line with the Climate Change Plan. There should be conditions attached to this investment, including good pay and union rights for workers, and avoiding or mitigating offshore wind's impact on nature.

Specific budget asks (within the budgets above)

1. Energy efficiency & decarbonisation:
    a. At least a **15% increase in the Warmer Homes Scotland budget**. This will reduce (child) poverty as well as emissions. An immediate increase of £20m would help address increasing demand, and Warmworks are confident they could spend it. However, new funding should be **conditional** on Warmer Homes Scotland funding fewer new boilers and more clean heat systems.
    b. **At least £2.2m for additional Council posts (e.g. 2 officers at each Council) to manage and promote the Area-Based Schemes**, given feedback from the public and Councillors that many of the schemes are not well-managed, leading to negative outcomes for the public, the climate and the public purse.
    c. Fund **more quality control assessors** (e.g. through Changeworks) to verify that insulation and clean heat installations have actually reduced bills and energy use/emissions, in line with End Fuel Poverty Coalition's calls for the Warm Homes Guarantee. 100% of homes served by Warmer Homes Scotland and the Area-based Schemes should be assessed.
    d. Increase the budget for **locally-based energy advice and support**, which is particularly important in rural and island communities.

We recommend that the revenue from the Private Jet Tax be spent on the above, to tackle both climate change and (child) poverty.

Savings and economic benefit:
- These measures would **reduce NHS costs**, as it currently costs NHS Scotland between £48m and £80m per year to treat health conditions caused as a result of living in cold homes.
- The transition to clean heating has been estimated to increase GDP by nearly £5 for every £1 invested in energy efficiency. [3]

2. Better Buses

To incentivise reduced car use and cut transport emissions, fares must be lower and services must be improved and extended. The £2 bus fare cap is a good interim measure, but **a more financially sustainable way to keep fares down and services up is through franchising and/or public (municipal) ownership** [4, 5]. Local authorities and RTPs will need initial support from Scottish Government alongside their own spending on this. We are not calling for a specific figure at this point, but for reference:

a. **Set-up costs for bus franchising:** For Strathclyde as an example, this is estimated to cost £100-£200m over 5 years (including fleet and depot purchase and operating services). [4, 5]
b. **Start-up funding for municipal or RTP-owned bus companies:** Highland & Islands Council spent £12m setting up a Council-owned bus company and then an extra £6m to expand it. [6] In a city the size of Dundee, for example, establishing a publicly owned operation would require a one-off set-up cost of £34.4 million.

This compares to the annual budget of £1.15bn for trunk roads. We recommend that spending is **reallocated from new roads** to the above. New roads lead to increased private vehicle use, which increases emissions. The above measures would incentivise increased bus use, decreasing emissions.

Savings and economic benefit:

- These measures should **save public money**.
  - Highland Council have saved £1.8m per year since bringing privately-operated bus services into Council ownership in 2023. [6]
  - Under the £2 bus fare pilot in Highlands & Islands, Scottish Government is reimbursing participating operators 90% - 98% of the differential between the operator's usual adult single journey fare and £2, for each journey taken". [7] If franchising is established in other regions before the £2 fare cap is extended to them, the usual adult single journey fare would be lower, reducing the amount that Scottish Government would need to reimburse.
- These measures would **reduce NHS costs by reducing air pollution**, which currently costs the NHS and social care billions of pounds per year. (In England, air pollution is projected to cost £14.3bn by 2035. [8])
- **Job creation:** Major investment in public transport would almost double the number of direct jobs in the sector and support around 35,000 direct and indirect jobs in manufacturing and infrastructure over a 12-year period. [9]

3. Make it Scotland's Energy: maximising benefit from renewables

Robert Gordon University research shows that reductions in the oil and gas workforce can be matched by increased employment in other energy sectors, but this will require increased public investment in renewables and supply chains [10].

At the least, the commitment to invest £500m over 5 years in the offshore wind supply chain and ports must be maintained.

Savings and economic benefit:

- Scottish Government would receive an **annual return on investment**, once any loans are paid off. ScotWind projects are estimated to generate a 4% - 8% return, for 25-40 years. This would provide a transformative source of long-term revenue.
- Savings for billpayers: By supporting the growth of renewables in Scotland, this will help **reduce energy bills and the cost of living**. In Spain, the cost of electricity has fallen to 32% lower than the EU average due to a swift scale-up of wind and solar.
- By investing in emissions reductions through the above, the Scottish Government will save the Scottish economy up to 20% of GDP per year by 2050.

To enable Scottish Government to invest *more* in Scotland's renewables sector, we support the recommendation from Future Economy Scotland to "Overhaul the investment strategies of the Scottish National Investment Bank, Scottish Enterprise and the Just Transition Fund, and more effectively coordinate public procurement, subsidies and innovation funding towards just transition goals."

Future Economy Scotland propose that **taking a 20% equity stake in future offshore wind projects could be affordable within existing budgets**, with equity injections required gradually as construction progresses, based on the project's cash flow needs. (See p. 33 of their Rethinking ScotWind report.)

Equity stakes would likely be treated as financial transactions. Unlike resource and capital budgets, financial transaction budgets can only be used to create repayable financial assets, such as lending money to or making equity investments in private sector entities. As such, **funding equity stakes in offshore wind projects would not come at the expense of spending on day-to-day public services.**

Recommendations for revenue raising

1. **Private jet tax.** If the rate is set at 30 times the higher APD rate, this would raise nearly £300 million over the course of the parliament if introduced in April 2028.

2. Replace Non-Domestic Rates (NDR) with a **Green Land Value Tax.** If set at 2.9% of market land value, and if the tax base is widened to include forestry land, this could raise an additional £482 million a year. (See Future Economy Scotland report, p. 4.)

3. **ScotWind Wealth Fund.** This should be seeded by the remaining funds from the ScotWind licence auction. Once established, renewables developers (and possibly other sectors) should contribute a small portion of their profits to the fund. A portion of the fund should be invested, while another portion should be allocated to community wealth building projects including community energy, as proposed by Scottish Community Coalition on Energy. This would mean Scottish Government could reduce its spend on the CARES scheme.

In addition, Scottish Government should encourage local authorities to implement new taxes and levies such as **road user charging** (which could raise up to £2.3bn according to the report prepared for Transport Scotland) **and workplace parking levies.** If local authorities raised more of the funds they need, Scottish Government could save money by reducing local authority funding.

The above and other options for revenue raising are included in the below reports:

- Funding Scotland's Future: Tax Reform for a Just Transition (2026), Future Economy Scotland
- Financing Climate Justice (2022), Dr Richard Dixon
- No Home Left Behind: Funding a Just Transition to Clean Heat in Scotland (2024), IPPR
- Tax Justice Scotland's Priorities (2026) (see 'Raising more revenue to invest in climate action').

The Scottish Government should also rule out or scale back subsidies for climate-damaging industries, including AI data centres, airport expansion, and oil and gas companies (including for their development of CCUS and hydrogen).

Finally, we recommend that Scottish Government consider reforming fishing quota, a subsidy which is currently distributed in a way that runs counter to climate and environment policy objectives. Please see the explainer below.

Fishing Quota Reform

The UK Fisheries Act 2020 (section 25) sets out the legal framework for allocating the right to catch fish (catch quota) to fishing businesses. It states that when allocating quota (either existing or additional), governments "must use criteria that are transparent and objective, and include criteria relating to environmental, social and economic factors".

The historic approach to quota allocation is that it is given (for free) to businesses based on who caught what in the 1990s, and has subsequently been traded between businesses, allowing some to control huge proportions of the national share. This does not align with the legal duty to consider social and environmental criteria, and has disadvantaged coastal communities seeking a sustainable future of secure local fishing jobs and a well preserved marine environment. **The status quo of quota distribution reinforces the dominance of a very small number of highly profitable fishing businesses, and fails to ensure that profit is shared equitably or used to incentivise change.**

The Scottish Government should use quota reform to ensure fisherfolk are better protected and recompensed at work and that cases of modern slavery and human trafficking on Scottish vessels be consigned to history. Any business involved in illegal fishing, human trafficking and modern slavery should not be awarded quota and the UK Fisheries Act 2020 provides for this too. **As stewards of public assets and public money, governments should ensure no subsidies go to businesses involved in or investigated for illegal activity.**

Quota reform would ensure that quota (which is a public resource) be allocated as intended under the Fisheries Act UK 2020, would incentivise low-impact fishing methods - meaning that **coastal communities, fish stocks and Scotland's seabed would recover, increasing the amount of carbon that Scotland's seas absorb and store, helping us fight climate change.** Further, many young people wishing to follow in the footsteps of their parents, would be prioritised and benefit from quota allocations, allowing them to make a sustainable living and remain in their local communities. As the Fisheries Act is written to ensure best practice, it would not disadvantage any fisheries.