Stuart McMillan
Convener
Climate Action Committee

The Scottish Parliament
Edinburgh
EH99 1SP

25 August 2026

Dear Convener,

Today the Scottish Fiscal Commission has published three reports. Our biennial Statement of Data Needs sets out the progress on data availability since our last report in 2024, and the areas where improvement is needed. We make several recommendations regarding the provision of climate change data.

We welcome the updates to the Climate Change Assessment of the Scottish Budget since we last published a Statement of Data Needs in 2024. The new level of detail allows spending to be distinguished as supporting mitigation or adaptation.

In our work, we have highlighted the potential fiscal implications of climate change, including the need for public spending to reduce emissions, adapt to changing environmental conditions, and respond to climate-related damage. We have identified several areas to expand climate change costs data. We recommend that the costs associated with each policy or proposal within the Climate Change Plan and the Scottish National Adaptation Plan should be clearly published. This should include costs for each financial year, and how the cost is split between the public and private sectors and different levels of government.

Additionally, we recommend that the Scottish Government tracks unplanned spending in response to climate change damages in outturn data. The exact path of climate change is unknown, but some damage is inevitable and the provision of unplanned spending data could facilitate monitoring of impact and inform planning and modelling of potential future costs.

Our Fiscal Update has been prepared to assist the Parliament and its Committees with its pre-Budget scrutiny examination of the upcoming Autumn Budget Revision, Budget 2027-28 and Scottish Spending Review. We discuss the economic and fiscal developments since our last report in January 2026 and the potential implications for the Scottish Budget for the remainder of 2026-27 and beyond.

We note that the change in leadership in the UK Government with a new Prime Minister and Cabinet may lead to a change in its fiscal plans. Any changes to UK spending plans, fiscal policy or the balance of spending between devolved and reserved responsibilities will affect the Scottish Government's funding. The effect of any such changes will be confirmed at the UK Budget on 28 October 2026, and we will provide an update in our forecasts for the Scottish Budget.

In our Forecast Evaluation Report, we evaluate our December 2024 forecasts for the economy, fully devolved taxes, social security expenditure in 2025-26, and our December 2023 forecast for Scottish Income Tax revenue in 2024-25.

I am happy to discuss any aspect of these reports and anything the Commission can do to aid the work of the Committee.

Yours sincerely,

Professor Graeme Roy

Scottish Fiscal Commission, The Governor's House, Regent Road, Edinburgh, EH1 3DE

For general enquiries: info@FiscalCommission.scot