Cabinet Secretary for Climate Action and Rural Affairs
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Dear Convener,

Please find enclosed a response to actions arising from the Pre-Budget Scrutiny evidence session on 8 October 2026.

The Committee has asked the Scottish Government to:

- share a breakdown of climate positive spend by portfolio; and
- set out progress against each recommendation of the independent review of the Net Zero Assessment.

Responses to these actions can be found in Annex A and Annex B respectively.

Yours sincerely,



GILLIAN MARTIN

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ANNEX A: Breakdown of 2026/27 climate positive spend by portfolio

The following is a breakdown of the £5 billion of climate positive spend committed in the 2026/27 Budget by portfolio (reflecting the portfolio boundaries existing when the Budget was published earlier this year). This combines both resource and capital committed spend.

Portfolio	**£mn**
Transport	2,838
Housing	1,020
Rural Affairs, Land Reform and Islands	571
Climate Action and Energy	451
Health and Social Care	80
DFM, Economy and Gaelic	50
Finance and Local Government	10
Total	**5,020**

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ANNEX B: Progress against recommendations from the NZA independent review

The recommendations enclosed were provided by Lewis Barlow as part of the independent peer review of the NZA Pilot Report (published in June 2025). Several recommendations were accepted and implemented prior to the report's publication, while others were introduced during the NZA's rollout phase or remain under consideration.

Recommendation	Progress update
1. Include a Definitions section in the Report to ensure consistent terminology.	**Implemented** – a Definitions annex was included in the pilot report.
2. Reduce the threshold for emissions impact in the context of a more holistic view, considering the cumulative impact of multiple policies.	**Implemented** – the emissions threshold was lowered from 100,000 tCO2e/year to 10,000 tCO2e/year.
3. When deriving a revised de minimis value, considering greenhouse gas significance criteria published by the Institute for Environmental Management and Assessment (IEMA).	**Implemented** – the NZA considers greenhouse gas emissions in relation to how they impact achievement of national fair and safe compatible targets. The estimates are quantified and considered in relation to their possible impact on achieving the legally set carbon budgets and wider CCP estimates.
4. Include an additional early step, e.g. as part of Stage 1, to consider whether the policy is likely to increase or decrease carbon emissions, or have no measurable effect.	**Implemented** – the NZA process was simplified from a 3-stage to a 2-stage process. Stage 1 consists of a screening question "is this policy likely to increase or decrease emission by 10,000 tonnes CO2e per year" allowing officials to quickly screen in or out policies.
5. If Green Book carbon values are to be used for assessments (in £/tonne CO2e) values, consider adjusting them to match Scotland's 2045 net zero target year.	**Not applicable** – Green Book carbon values (£/tonne CO_2e) are not applied as part of the NZA, as the assessment does not require carbon emissions to be monetised.
6. Expand the NZA to include whole life carbon emissions (national and international), aligning with policy and best practice.	**Partially implemented** – where a policy can have a direct influence on whole life carbon emissions, these should be taken into account when completing an NZA. International emissions are not included in NZAs as our policies have

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	no influence over these and they are not measured as part of our statutory emissions targets.
7. Consider a minimum 20-year appraisal period for carbon emissions, up to Scotland's net zero target year (2045).	**Partially implemented** – dictating a standard, strict time horizon (e.g. 10 years) for the assessment is not felt to be appropriate. The time horizon to be assessed will be judged on a case-by-case basis. It is the responsibility of the policy and analytical lead conducting the NZA to determine an appropriate timescale.
8. Expand the NZA to cover procurement, capital investment, and business cases, learning from the approach to carbon management in the Scottish City and Regional Growth deals.	**Remains under consideration** – we are currently assessing the feasibility and practicality of expanding the NZA to other areas of work. The results of this will be shared as part of reporting back to the Committee at the 12-month review stage.
9. Expand on the final output of yearly emissions reductions to determine the complete carbon emissions impact (whole life carbon).	**Remains under consideration** – whole life carbon will be considered as part of the NZA only where a policy can have a direct influence.
10. Reference the PAS 2080 (Carbon Management in Buildings and Infrastructure) approach within the NZA, particularly in relation to environmental assessment and the planning process (NPF4).	**Not implemented** – the PAS 2080 structure is more focused on project level assessments rather than government policies *per se*. It would be under consideration if the NZA were to be expanded to cover procurement and business cases. The current assessment embeds similar considerations as used in PAS 2080 such as life-cycle assessments and consideration in line with national targets.
11. Provide details on the likely resources required to complete a net zero assessment, including time taken, skills, experience and possible grade required, associated recording and monitoring, and how these efforts may differ from existing Green Book carbon assessment requirements	**Implemented** – based on the experience of the pilot project, the guidance sets out estimated time requirements for completing Stage 1 and Stage 2, with a steer to be proportionate to the potential impact. It also sets out the skills required (i.e. a collaboration between the lead policy and analytical official). There is no grade requirement for conducting a NZA. The guidance also sets out the role of the NZA coordination team in recording, monitoring and reporting on NZAs.

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12. Expand on the point within the Report that intensive resources are required for the rollout across government	**Implemented** – this point was expanded in the Pilot Report (point 56 a,b,c). Substantial internal engagement and awareness-raising activity has been carried out to ensure officials are prepared to implement the assessment process at the earliest opportunity. A range of resources and support mechanisms have been established to facilitate the effective rollout of the NZA. Comprehensive guidance has been published on the Scottish Government, Transport Scotland (as was) and Scottish Forestry intranets and training sessions were held for officials from across these organisations.
13. Recognise the potential resourcing issue for complex policies that may require external technical expertise	**Implemented** – the purpose of the NZA is to provide an early estimate of emissions impact, and therefore should require indicative analysis, rather than more in-depth modelling. NZA guidance provides resources such as UK Government greenhouse gas conversion factors to enable officials to carry out this analysis in-house. As the policy develops (for example to a Strategic Environmental Assessment), it will advance its analysis and external technical expertise may be required.
14. Clarify how the results of the NZA are intended to be used, e.g., notably through advice to ministers. Likely scenarios could be discussed and templates developed for efficiency. This includes advice to ministers on how to interpret outputs from an NZA.	**Implemented** – NZA guidance sets out the reporting process. NZA outputs (for Stages 1 or 2) are included in advice to Ministers relating to all new or materially revised polices. This allows Ministers to have clear information on the potential emissions impact of actions and the mitigation options available to them.
15. Confirm the source of carbon emissions factors, e.g. adopt Green Book carbon assessment guidance but be clear about elements of the Green Book process that are not included in the NZA, e.g. the translation of carbon emissions into economic values.	**Implemented** – the NZA guidance sets out the UK Government carbon emissions factors as the preferred tool for undertaking the assessment.
16. Consider linking the NZA process to the budget, thereby allowing carbon emissions and public	**Remains under consideration** – we are currently exploring the feasibility and practicality of expanding NZA to other areas of spend, beyond

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sector spending to be considered simultaneously.	government policies, for example, capital projects and business cases.
17. Provide details on how the Review Panel would be chosen, its terms of reference, and checks and balances to ensure consistent and transparent assessments	**Not applicable** – following the pilot report and subsequent peer review it was decided that the NZA would be a self-assessment tool carried out by individual policy and analytical leads, meaning there is no longer a requirement for a review panel. The NZA coordination team will provide quality assurance for all completed NZAs.
18. Clarify how the most appropriate option for governance of the NZA process will be chosen	**Implemented** – the NZA guidance sets out the governance arrangements. The NZA coordination team will report to the Climate Action Delivery Board (chaired by DG Net Zero) every six months and to the Climate Action Committtee annually.

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