



Official Report
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Climate Action Committee

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Thursday 24 September 2026

Session 7



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CLIMATE ACTION COMMITTEE **4th Meeting 2026, Session 7**

CONVENER

*Stuart McMillan (Inverclyde) (SNP)

DEPUTY CONVENER

*Ariane Burgess (Highlands and Islands) (Green)

COMMITTEE MEMBERS

*James Adams (North East Scotland) (Con)

*Claire Baker (Mid Scotland and Fife) (Lab)

*David Barratt (Cowdenbeath) (SNP)

*Martyn Day (Falkirk East and Linlithgow) (SNP)

*Sanne Dijkstra-Downie (Edinburgh Northern) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

James Black (Fraser of Allander Institute)

Professor Graeme Roy (Scottish Fiscal Commission)

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Climate Action Committee

Thursday 24 September 2026

[The Convener opened the meeting at 10:00]

Decision on Taking Business in Private

The Convener (Stuart McMillan): Good morning, and welcome to the fourth meeting in session 7 of the Climate Action Committee. Agenda item 1 is a decision on whether to take business in private. We are invited to take in private item 3, which is consideration of the evidence that we hear under item 2. Do members agree to do so?

Members *indicated agreement.*

Pre-budget scrutiny 2027-28

The Convener: Item 2 is the first of two evidence sessions on pre-budget scrutiny 2027-28. I welcome Professor Graeme Roy, the chair of the Scottish Fiscal Commission, and James Black, senior knowledge exchange fellow at the Fraser of Allander Institute. Good morning to you both, and thank you for your time.

I am conscious that time is very short this morning; we have just one hour for the session, so we will move straight to questions. First, how well do you think that the joint budget review strands have been implemented so far?

Professor Graeme Roy (Scottish Fiscal Commission): I will make some general comments to start. About two years ago, the SFC started to publish work around climate change and the potential fiscal sustainability issues with climate change and how those read through to the Scottish budget. Back then, we made several recommendations about how the Government could improve the quality of data and information that exists around climate change and, crucially, how the policy objectives on climate change and net zero link through to the budget and vice versa.

My general comment is that, relative to then, substantial improvements have been made in the availability of data and how the Government presents it. That is not easy—how the information can be collected and presented is not straightforward. However, progress has been made. We think that there are still areas that we can improve on, and we have made several recommendations on how that could happen, but the immediate answer to your question is that things have improved quite considerably over the past couple of years.

James Black (Fraser of Allander Institute): Thinking back to several years ago, we did not have much of a climate narrative in the budget, but that has now been introduced, which is an improvement. There is now quite a large amount of narrative around what policies are being introduced and some mapping to budget lines, although that is sometimes quite challenging. There are improvements that can be made, but that narrative aspect is still a fairly recent introduction.

We have seen an expansion of the taxonomy, which is an improvement, bringing in both capital and resource, and we have seen general improvements in how budget lines are badged. There is a move towards having a panel, rather than an individual, making the assessments, and there are attempts to look at the magnitude, either

higher or lower, of positive and negative impacts. We are seeing some improvements there, too.

However, in my research for the joint budget review all those years ago, I was quite sceptical that taxonomy would ever be enough to help with scrutiny of the budget. The benefits are that it gives a wide view of the budget, but ultimately it is quite broad and lacks granularity, so my hopes are pinned much more on the net zero assessment that will be brought out. We will hopefully see some of the results of it in the coming year, and those results will be brought into the budget document itself.

I echo Graeme Roy's points about definite improvements, but there is, we hope, more to come.

The Convener: Thank you for that. We will come on to taxonomy and net zero assessments with some further questions later in the session.

To come back to the overall points, are the strands of the JBR worthy of the resources that are required to actually produce them? I start with you, Mr Black, on this occasion.

James Black: I believe that the net zero assessment is the hardest of the three strands with regard to the requirement to apply them across Government and the detail that is required to undertake them. However, the foundation work for that strand should be happening across Government anyway, so all that the assessment is doing is bringing together and formalising a set of processes that should already be undertaken. With regard to the extent of the work that is required to introduce the net zero assessment, if it has required a lot of work, that might reflect the existence of somewhat patchy processes in Government rather than the JBR itself.

I think that the taxonomy has improved, but, as I said, I am somewhat sceptical that it is ever going to be enough. Nonetheless, I can understand why it might have been felt that there was a need to introduce something that was quicker to apply than the net zero assessment—I can understand the logic behind that.

The narrative is an improvement, and I hope that, in the future, it also reflects potential budget lines that might negatively affect emissions. I hope that it also brings some of the net zero assessment results into the text of the budget.

All three of those strands have different pros and cons. Ultimately, a net zero assessment is never going to produce results for everything in a budget, but it will, we hope, get some of the big hitters. Ultimately, a narrative is never going to give a sufficient amount of detail, but it might bring in some of the detail from a net zero assessment and tie it to budget lines. In effect, one of the

challenges that we have between budget scrutiny and what is going on with the assessments is a challenge of linking those things and of mapping. All three strands are important, but I would pin more of my hopes on the net zero assessment.

It has been worth the work so far, but most of the important results will come from the net zero assessment.

Professor Roy: One positive thing that the JBR did, which was a step forward, was that, for the first time, it started to make the important point that we need to link up conversations that we are having around climate policy and climate strategies with the budget document and then, crucially, vice versa. When a budget document is presented, how does that link through to what is happening on climate? How can somebody who is reading the budget materials that come round every year as part of the draft budget have confidence that the Government's actions and the material that is presented are speaking to the climate work and, vice versa, that we are putting forward climate ambitions that link through to the budget?

Before I take your point about resource, there is an important linking and joining up, which I think the joint budget review has done. I emphasise as much as possible that, in thinking about how we take this work forward, that linking of conversations on climate policy with the budget and conversations on the budget with climate policy is a significant step forward. For me, before we think about the resourcing, that is one of the most important things to do, to ensure that there is consistency there. If we take it as a given that it is important to continue that work, what happens next is—to build on some of James Black's points—about the granularity that is provided.

We have taken a step forward by having, in the budget document, some general commentary about whether spending is linked through to climate and the costs of other measures, but that is at a quite high level at the moment. If we are going to take that approach further, granularity down to individual budget lines is going to be important, with a more robust assessment of the level of spend over time.

Similarly, on the climate policy side, we need to be much clearer about actual spend, when spending is planned to take place and the robust costings that go into that. The linking of it has been important, but we must now go even further and provide much greater granularity.

David Barratt (Cowdenbeath) (SNP): The legacy report from our predecessor committee set out that there was a need for the net zero assessment to be mainstreamed. The report said that there had been an assurance that was happening, but there was some doubt around that.

Have you seen evidence that that is being mainstreamed? Is it working? I would like to hear feedback on that from Professor Roy first.

Professor Roy: It is not really something that we, in the Scottish Fiscal Commission, look at or have looked at significantly. Our role is very much at the end point, in talking about the scrutiny and presentation of information. The net zero assessment is much more about the internal workings of Government, where the decisions on policy are made in the first place.

Our role is more ex post, so that we are able to say, "Well, look—once the net zero assessment has taken place, what level of information is the Government feeding out into the broader debate for scrutiny and so on?" The net zero assessment is further upstream.

The general point is that, if this work starts to emerge and the analysis goes into the net zero assessment, that should help with regard to the information that starts to come through in the budget document. By definition, if the work on the net zero assessments has been done, it should be much easier to present the data in the budget document. There is therefore a potential downstream effect. However, we would not work with Government in detail in that particular area; our job is more about taking the information once it has been provided.

James Black: I am aware that the pilot has taken place, that a review of the pilot has happened and that the intention is to mainstream the approach across Government. I do not know where that is in Government right now, but the process to deliver the climate change plan and the policy costings, plus the emissions impacts of those policies, is, in fact, incredibly similar to what constitutes the net zero assessment. In many ways, therefore, those processes have been happening in Government; it is now just a case of seeing them undertaken across the whole of Government.

David Barratt: More broadly, do you feel that the purpose of the net zero assessment is intended to be, or should be, about net zero compatibility, or is it a wider impact assessment of the positive or negative impacts of achieving net zero?

James Black: For me, I suppose the task was about capturing the scale of emissions and ensuring that the trade-offs were understood in any policy making, as well as the potential to draw on that data either for ministers or for budget scrutiny. I do not take a position myself on how the information is used.

Professor Roy: Ultimately, the whole purpose of the process is to help to produce better,

evidence-based policy making in the first place. The Government will then, we would hope, be able to articulate and be much clearer about the decisions that it has taken and the evidence that it has used to inform those decisions. The Scottish Fiscal Commission would typically pick that up at the end of the process, once those decisions have been made, to track the overall spend. We would also be quite clear about what future spend is coming down the line and the potential implications of that for the overall budget.

The question of the broad principles of how net zero assessments work—on which I think everyone would agree—and how they are actually changing decision making in Government, including what decisions have been altered as a result of the work that it has done on those, is a question that the Government, primarily, would be best placed to answer.

David Barratt: That is perhaps one for us to pick up with ministers at some point.

Sanne Dijkstra-Downie (Edinburgh Northern) (LD): Good morning. This question is for Professor Roy in the first instance. One of the recommendations in the SFC's "Statement of Data Needs", which was published in August, is that the "Climate Change Assessment of the Scottish Budget" should

"allow identification of spending on policies and programmes in the CCP and SNAP3"—

the climate change plan and the "Scottish National Adaptation Plan 2024-2029". Professor Roy, could you tell us why that is important?

Professor Roy: It is an important question and an important aspect within the budget. Our work on the long-term fiscal sustainability of the Scottish budget, and definitely the work that we have done on climate, shows that, over the next few decades, significant investment will be needed, particularly on the capital side but also in resource, to deliver our ambitions around the transition to net zero and to pick up the adaptation costs arising from the fact that we have a warmer climate.

10:15

That is important because, given the numbers that are potentially involved, there will be a significant relative growth area of expenditure in the Scottish budget and, given a tight overall Scottish budget, we need clarity about how much money is being invested in those areas, when that investment needs to take place and where the potential funding and resources are coming from. It is important not just from a climate perspective and our ambitions in that area, but in the broader context of having to be aware that, when we make

budget decisions, we have to deliver on our commitments on climate and adaptation. That is the broader fiscal context for why I think that it is so important: it is such an important policy area and such an important area within the budget.

So far, the budget documents have been improved, as we have discussed, to give a broad flavour of where expenditures are taking place. The climate and adaptation documents then set out some indications of spend—for example, in areas of policy—but do not really provide the granularity of particular areas or particular points in time. Lots of uncostered proposals that do not have fiscal numbers attached sit in those plans. Again, I think that we have taken a step forward in that some numbers are now there and there is some clarity, but a lot is left unsaid about where the commitments will be made. We are saying that the Government needs to provide more information on that.

Sanne Dijkstra-Downie: In your opinion, how feasible is it to provide that information to that level of granularity?

Professor Roy: First, I have sympathy with the Government. It is difficult to have clarity about both timing and a particular proposal. However, its being hard should not be a reason not to be up front and transparent about the numbers that are known and the potential uncertainties. At the moment, we have just the idea that there is a whole bunch of stuff that we have to spend on—and that is it. We need a step forward, really, to tease out some of that and look in detail at where we have greater clarity on spending, where there are uncertainties in that and where there are potential uncertainties over timing.

That was a long-winded way of saying that there is quite a step forward still to be taken—and, hopefully, the Government will provide that in the coming months.

Sanne Dijkstra-Downie: Mr Black, will you reflect on that as well?

James Black: I echo Professor Roy's points, and I add that there is value in the costing process itself and in costing any impacts, because doing so makes people reflect on the objectives that they are trying to achieve—what the inputs, outputs and outcomes are. It is very difficult to do any costing without knowing all those things, so there is value in the process, because it makes people recognise them or forces them to put them down on paper and reflect on how policies interact with one another. It is important to have a costing process—not just the outcomes of that process, but the process itself is important.

Ariane Burgess (Highlands and Islands) (Green): James Black, you said that the taxonomy

piece has improved but you are not sure whether it will ever be enough—for example, it labels entire budget lines, such as affordable housing, as a positive thing for climate. You touched on granularity, so forgive me if you have gone into this already, but I am still trying to understand what the whole JBR thing is about. Is there any way in which the system could be made more granular?

James Black: One of the challenges is that, ultimately, budget lines often do not reflect activity. A budget line might reflect a whole suite of activities, some of which might be positive for the environment but some of which might be negative. When we simply tag budget lines, we are trying to tag something that does not necessarily reflect the climate impact at all. That is a challenge.

That is why my hopes are pinned more on the net zero assessment, in which we look at the activities that are happening and then try to map those to budget lines in some way. How we make and lay out budget lines ultimately involves a choice. Perhaps there could be more granularity, and perhaps there could be a way to reflect the activities happening under the budget lines differently. My belief is that some of the budget lines are too broad to be categorised as an increase or a decrease in emissions, because we do not understand what is underneath that line. My problem with a taxonomy is that, while it provides full coverage of the budget in a way, it will never give us that granularity unless we find a completely different way of listing budget lines in the budget. That task seems very challenging, so a completely different approach, such as the net zero assessment, is perhaps more appropriate.

Ariane Burgess: I wish to explore something with you, sticking with the affordable housing supply programme and the budget for that, which is close to £1 billion. Is there something in the JBR—the taxonomy or net zero assessment, or I do not know what—that forces change on the ground? We are excited and proud that we predominantly use a timber-frame structure for building our housing here; that is not the case in England. We still build the walls with concrete block, however, and concrete has a high level of embodied carbon. There is absolute evidence that we could be building with much more timber in our housing. Is there something in the JBR taxonomy somewhere that could require or trigger policy change in building standards that would force a change in how we are building housing, which would then help us with our carbon emissions?

James Black: I do not believe that the taxonomy will create that change, to be frank. Decisions are ultimately a reflection by a panel of individuals just before the budget happens. It is, in effect, just a matter of tagging decisions that have already been taken. Does that process feed back

into policy development so that it looks at how things can be made more compatible with climate targets? If it does, it is probably not very influential.

I will harp on again about the net zero assessment, which is multifaceted. It is not just about producing data; it is embedded right at the start of policy processes. We saw that repeated in the pilot and in the review. The aim is for the net zero assessment to take place right at the start of policy processes. It is not just about producing numbers; it is a matter of thinking about how to do policies differently, working with a climate team.

We have seen examples of good process around the Scottish Government in that someone has helped with assessing emissions, has been involved early in the climate process and has helped to tailor policies to change how they are effectively conducted. There are a few different things going on here. The taxonomy is really a reflection after the fact, but there is an opportunity to bring in the net zero assessment before decisions are made.

Ariane Burgess: What are your thoughts about the appropriateness of summing all the budget lines labelled as positive and suggesting that all of that money is positive for climate change goals? It sounds like you might be saying that it is not appropriate, but I do not want to put words in your mouth.

James Black: Looking at a change in that number year by year might not be reflective of what is happening in the environment. I would add that the vast majority of spend is tagged as neutral. However, that does not mean that it is zero carbon; it just means that it is neutral with respect to the general aims of the Government. Therefore, the vast majority of spend that is tagged as neutral will probably increase emissions on the whole, albeit that that does not necessarily cover the big emissions increases.

That is why I am slightly sceptical about the potential usefulness of the taxonomy. Ultimately, we may be tagging a set of things as highly emitting but missing out the sum of the rest of Government spending, which will have a negative impact on the environment as a whole, but then capturing some of the positive impacts. In my view, that approach involves far too broad strokes.

Ariane Burgess: Thank you. I think that I have used up my time, convener.

The Convener: Would you like to put your question to Professor Roy?

Ariane Burgess: Yes, if there is time. Professor Roy, would you like to reflect on any of that?

Professor Roy: Yes. The only caveat that I would give to that discussion—I do not disagree

with the broad thrust of the arguments—is that the taxonomy has value in linking policy decisions on climate through into the budget. I come back to my earlier comment, which is that these two really important documents for the Government must be able to speak to each other, both on what we are doing on climate through the policy agenda, the net zero assessments and the like and on how that is being tracked into the budget.

The taxonomy is a first step, or at least a good first attempt, at saying that we need to think about how all the decisions that we take in the budget—not just those in particular policy areas—will add up to achieve our ambitions on climate. We should not lose sight of that important point of principle, because, if we do, we run the risk of climate discussions being completely separate from the budget and vice versa. Granularity is important in how to potentially improve that, as is tracking over time and unpicking it. There are some examples, such as in housing, where you can do more detailed work to assess how the spend is potentially changing.

That brings me to another quick point; I will just make it and we might come back to it in more detail. The outturn data and the monitoring of spend over time are crucial. These documents always look forward, and the bit that we often miss is looking backwards and considering whether we did what we said we would do. That sometimes gets missed when we are talking about the delivery of plans and the fiscal elements of plans.

Claire Baker (Mid Scotland and Fife) (Lab): I have a couple of questions on the net zero assessment. It is my understanding that it is applied to policy proposals. Mr Black puts quite a lot of faith in the net zero assessments and is looking for granularity in those figures. A response from the Scottish Government to the Net Zero, Energy and Transport Committee said that the net zero information on policy proposals would not be shared directly; it would be shared only at the point that they became taxonomy. I am trying to explain this and I hope that it is making sense. It suggested that the information from the net zero assessment of policy proposals would not be available; it would not be transparent. It would become available only once it moved back into taxonomy, when it would then be judged as being either a positive or a negative spend. Have I understood the approach properly, and do you think that that is the right way to approach the net zero assessments?

James Black: Personally, I hope that the actual results will be included in the budget document at some point. I can understand why there might be a concern about including some results, because there is a degree of error with any methodology, but I hope that they are included. The climate change policy showed that you can look at

emissions impacts and costings for policies and produce those and include those in documents. I hope that the taxonomy is not the only method used. If the results are reflected in the taxonomy, that would improve it, but then we would not have the additional granularity, as you say.

Claire Baker: I would have concerns that it would not be clear whether the outcome matched the intention of the policy proposal, because it would not be clear what the intention was in the first place. Perhaps Professor Roy would like to comment on this issue around transparency and accuracy in how we present figures. It seems to be a missed opportunity if there is not more clarity and information around the policy proposals that undergo a net zero assessment, so that, once they go—I do not know whether “backwards” or “forwards” is the right description—into the taxonomy and are evaluated to be positive or negative, we can judge whether they achieved what was intended for them to achieve and be confident about that.

10:30

Professor Roy: My answer to that question would be similar to my answer to any such question. My position is that it is valuable to have as much transparency and openness about methodology as possible and to show the workings as much as possible. Even if the Government were to say, “Well, the intention of the net zero assessments is to inform taxonomy,” being open and transparent about that will allow us to look at, say, the quality of information, where it can be improved, how the data can be used in other contexts and, indeed, the opportunity costs of developing a particular policy rather than some alternative.

My answer to you, therefore, is this: the more transparency and openness there is, the better. I do not really see why you would not want to be open and transparent. Of course, you can show all the caveats and concerns and suggest careful reading about how it should be used, but in all policy areas I would encourage the Government to be as open and transparent as possible.

Claire Baker: My other question is about the operation of the pilot, which, it appears, focused on areas where you would have expected to see reduced emissions such as heat in buildings or carbon capture policies. Was that the right approach to take in the pilot? From the examples in our papers, everything seems to have come out as positive, and it is hard to accept that every Scottish Government policy would fall into that category. Should the pilot have analysed a broader range of policies, or do you think that the issue will be resolved as we move forward and that things will broaden out at that stage?

Professor Roy: I do not know the detail about the pilot or the decision making that went into it. Sometimes there are practical reasons that justify having a pilot in a particular area; for example, it is an area where most information is known or where you know, roughly, what the outcome will be, so it is all about sense checking things. There might be more practical methodological reasons for those decisions, but I think that it would be good to ask the Government about the specifics.

However, you are right: this cannot be a way of looking at the big-ticket items if all that it tells us is what we already know. If this tool is going to be useful, it has to be able to shine a light on gaps in our knowledge, our data and our assessments, and one would hope that, as the pilot gets rolled out, it will start to identify that sort of thing.

James Black: My reflection on that would be that, in the pilot, we got slightly caught up in matters of terminology with regard to what a policy actually is. That has never been clearly defined, but there seems to have been a separation between policy, on the one hand, and capital, on the other, as if they were two separate things.

I might be wrong, but my understanding is that the pilot focused very much on policies that did not include capital. However, the fact is that many negative impacts might well come from big capital projects; I am thinking of, for instance, the emissions associated with construction. That is why large negative impacts were not captured in the pilot. It is also my understanding that the net zero assessment will be applied to both—it would be good if that were confirmed—and that will bring both sides of the story together.

The other issue with the pilot is that the initial threshold for emissions was quite high, and it was recommended that that be lowered. That, too, would have had an impact on the policy—or whatever we call the combination of decisions made by Government—and what was brought into the assessment. As setting the threshold is a way of controlling what the assessment covers, it should be another area for consideration.

Claire Baker: Thank you. I understand that the next member will be asking questions in that area, so I am happy to finish my own questioning.

Martyn Day (Falkirk East and Linlithgow) (SNP): Thank you very much for your interesting evidence. I am coming to all of this new, so I am probably approaching it as an average member of the public rather than a seasoned veteran of looking at climate impacts on budgets. However, with the net zero assessments coming in, we seem to have a myriad of different and potentially overlapping mechanisms. Have we overcomplicated the process, and are there ways in which we should be trying to simplify it?

Professor Roy: None of this stuff is simple or straightforward, and you are right to say that the solution can sometimes be quite complicated. To not overengineer and make the process more difficult than it should be is a good challenge.

Stepping back, the most important objective for a committee such as yours is to get the assurance that the Government's policy agenda and the work that it is doing on its climate plan and its climate adaptation plan is speaking to the budget documents, so that, when a decision is made or an ambition is set out in the climate plan, you are reassured that the budget that gets set in December is delivering on that plan.

A mechanism that is able to get those two plans and approaches to speak to each other needs to be put in place, so that ambitions on policy are robustly costed in relation to spend or revenue forgone—or whatever it would be—and so that the budget document has the same material. That sounds simple, but it is difficult to do in practice because, as we have just discussed, you have to think about how to classify different areas of spend and about where the spend appears over time.

The Government has made quite significant steps forward through this taxonomy and net zero assessment, but it is a challenge not only to ensure that the two plans are as transparent and as simple as possible but to get them aligned, which is the basic objective. To not overcomplicate the whole process is a good challenge to the Government, but the process will still have to be quite complicated. The key bit for you, I guess, is to have that reassurance that what you are seeing in the policy documents speaks to the budget and vice versa.

James Black: When I first conducted the research for the joint budget review, my hope was that we would be able to pull emissions impacts from appraisals and business cases. However, the more people I interviewed, the more I recognised that those cases were done quite differently across the Government—sometimes emission impacts were looked at early, quite often they were looked at later and sometimes they were much more patchily applied than intended. What became clear when we looked at some of the best practice was that, often, the impacts of emissions were looked at early in a process and quantified when the potential impact, either positive or negative, was large.

The key feature and intention of the net zero assessment is to ensure that thinking about the climate happens very early in a policy process. It should not add much burden to those who conduct it, because you have to quantify the emissions anyway—it is a requirement of the Scottish public finance manual and part of the green book

processes. Those processes should already be done, but it is about bringing them forward and ensuring that they are done consistently, that they are reported to ministers and officials, and that the quality of the work is sufficient. Yes, it is an added burden, but it should be only a small one if those processes have already been performed as they should have been.

Martyn Day: I am slightly concerned that we, as members of the committee, might be distracted by the changes in how the budget is presented instead of actually tackling reducing emissions. What should we consider in order to ensure that we stay focused on that objective?

Professor Roy: We have repeatedly made this point about the budget process in general: similar to all policy areas, one of the challenges that we have is that, when there are changes in classification and in how the budget is presented, it becomes quite difficult to track.

There are a couple of things that it is important to focus on. One is getting evidence from the Government about plan versus outturn. That is needed not only for climate; it is the same for all policy areas. When the Government has said that, in a particular area of spending, it is going to do X, what reassurance and evidence is there that it has actually done X rather than something different? That is important for things such as the autumn budget revision and the budget document. We need to look back at what the budget in January said was planned to be spent versus what is actually going to be spent in this financial year. That key question cuts across what is presented and allows us to scrutinise the Government and hold up what it has said to what has been done.

My second point is about consistency. When the Government changes the way in which things are presented when they are being done, it must be sure to present that in relation to any new methodology as well as in relation to the old methodology, so that it can be seen where the changes have happened. No one wants to constrain the Government when it is making improvements and doing things differently, more transparently and openly. However, if it is constantly making changes to that presentation, we cannot look at what has happened over time and see whether—as you said—we are actually making progress.

It is important to bear those two points in mind.

James Black: I echo the idea that it is important to know how the budget lines change from budget to budget. I was pleased to see how much more detail there was in the latest climate change plan. It might be a useful exercise to map between what is in the climate change plan and what is in the budget.

James Adams (North East Scotland) (Con):

My first question is for Mr Black. The independent review of the net zero assessment pilot highlighted the potential for the de minimis threshold to be applied to groups of similar policies that may, cumulatively, exceed the threshold. It gives the example of road building. What is your view on taking a cumulative approach, and do you think that that is the right way to go?

James Black: I do. The challenge is that one policy may lead to a set of other policies or that what is treated as a single policy is really a set of policies. It is the right approach to consider them as a whole, particularly if one of them leads on to another. There must be a degree of oversight of how those policies are packaged—given that the current proposal is to work with a central team in the Government to conduct net zero assessments, that is feasible. It is right that, when policies are, in effect, grouped together they should be treated as a group.

James Adams: Professor Roy, what are your views on that?

Professor Roy: I do not disagree with that. The only point that I would add is that it is important in the context of outturn data. I go back to the point about the Government saying what it had planned to do and then what actually happened: continuing to look backwards is the only way to see whether progress has been made. If we keep going back to the ambitions and what the Government is trying to achieve, we can ask whether it is making any progress. Grouping policies makes sense and helps us to look backwards as well as forwards.

James Adams: From this year, all policy proposals will have to consider a net zero assessment. What resource implications will that have across the board?

Professor Roy: I go back to the point that James Black made, which is that a lot of that work should be being done in the first place. The change is about standardising the process by which policy making is done and making sure that the assessment happens early in the policy-making process, rather than getting to the end of the process and working out ex post the assessment of the potential net zero element.

There might be patches of areas that require additional commitments in order to do that. However, net zero assessments are good practice and should be being done anyway. My immediate reaction is that it is not that much of an ask for that to be made mainstream.

10:45

James Black: There is an explicit filtering process in the net zero assessment. Civil servants

are asked whether their policy is likely to have a positive impact, a negative impact or no impact on emissions and, if it is likely to have a positive or negative impact, whether that is likely to be pretty large and basically to go beyond the threshold. They are not actually asked to write down numbers at that point; it is just quite a simple question.

If the answer is below the threshold or if the policy is going to have no impact, people do not have to go forward with the full quantification process. For a lot of policies that do not reach the threshold, people should not have to do much at all. When policies meet the threshold, that will be either because they involve significant emitters or because they are significantly reducing emissions.

The mechanism is there to ensure that the assessment is proportionate and does not apply a full quantification across all Government policies. The Government has a lever to tailor the threshold. That might be done to capture more policies, which might be a little more burdensome—although, as Graeme Roy said, a lot of those quantifications should be happening anyway—or to raise the threshold and so catch fewer policies. The mechanism is there to control how proportionate the assessment is.

Claire Baker: I have a question to get some clarity about the cumulative approach. Road building has been used as an example. Would that approach mean that, although individual projects might not meet the threshold, a group of projects collected together would meet the threshold because of their emissions? Is that the principle? Is that what “cumulative” means?

James Black: Yes.

Claire Baker: There is a recommendation that the NZA should include whole-life emissions, which include national and international emissions rather than just territorial ones. Will you explain that a bit more?

James Black: The pilot looked only at territorial emissions over a specific period, which I think may have been 10 years. The review suggests considering a whole-life period, where possible, although some policies are perpetual. For example, for a capital project, the aim would be to encompass not only the 10-year period at the start but the whole life of the project, so that would mean not just the building of a bridge but the period of its use.

On capturing international emissions, there is a concern that materials that we use might be bought from abroad, which means that the emissions happen elsewhere and that we are in effect importing emissions that are not being captured in our national totals. The idea is to capture the footprint impact, which makes sense

as a way of capturing the full impact of emissions. That can sometimes be a little more challenging, although there are helpful databases that look at materials. How it works will depend slightly on the type of policy that is being looked at—it is more clear-cut for big capital projects but might be easier or harder for some non-capital projects, depending on the project.

Claire Baker: Do you have anything to add, Professor Roy? These are questions for clarification.

Professor Roy: Not really.

The Convener: I have a question in this area. Mr Black, you said that databases might help with the international element of consideration. For example, bringing in steel from China would be part of the climate impact of a project here, but that might not always be easy to measure. Can you give some examples of the databases that you were talking about? What could they do to help?

James Black: I believe that the Institution of Civil Engineers has a set of databases, and others are available. Those databases look at the emissions that are produced by materials from different countries or different groups of countries and go down to quite a granular level. The information is for use at analyst level, although broader approaches can be used. That is why it is important to have a central team in the Government to support the assessments and to point to a centralised collection of databases, rather than having every part of Government finding its own set of databases to use.

The Convener: As members have no further questions, we have managed to finish a wee bit early. I thank James Black and Professor Graeme Roy for their time and for their useful evidence. After some further dialogue, we may write to you with more questions.

That concludes our business in public. As agreed earlier, we will now move into private session to consider the remaining items on our agenda.

10:51

Meeting continued in private until 12:42.

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