Published 3 November 2026
SP Paper 34
1st Report, 2026 (Session 7)

The Scottish Parliament
Pàrlamaid na h-Alba

Climate Action Committee

Pre-budget scrutiny 2027-28: the Joint Budget Review



Published in Scotland by the Scottish Parliamentary Corporate Body.

All documents are available on the Scottish Parliament website at:
www.parliament.scot/documents

For information on the Scottish Parliament contact Public Information on:
Telephone: 0131 348 5000
Textphone: 0800 092 7100
Email: info@parliament.scot

© Parliamentary copyright. Scottish Parliament Corporate Body
The Scottish Parliament's copyright policy can be found on the website —
www.parliament.scot

Contents

Executive summary 1
Background 3
Overall assessment of the JBR 6
The climate narrative 12
The climate change taxonomy 14
The Net Zero Assessment 18
Conclusion 30

Climate Action Committee

To consider and report on matters within the responsibility of the Cabinet Secretary for Climate Action and Rural Affairs, with the exception of rural affairs.



climateaction.committee@parliament.scot

Committee Membership



Convener
Stuart McMillan
Scottish National Party



Deputy Convener
Ariane Burgess
Scottish Green Party



James Adams
Scottish Conservative and Unionist Party



Claire Baker
Scottish Labour



David Barratt
Scottish National Party



Martyn Day
Scottish National Party



Sanne Dijkstra-Downie
Scottish Liberal Democrats

Executive summary

The Joint Budget Review (JBR) was a joint exercise by the Scottish Government and Scottish Parliament that looked at the presentation of information relating to climate change in budget documents. The JBR recommended three ways to improve understanding of how budget decisions across the Scottish Government affect action on climate change:

- a climate narrative, describing how spending supports the Government's response to climate change;
- a climate change taxonomy, rating each budget line according to its expected climate impact; and
- a Net Zero Assessment (NZA), assessing the emissions impact of new policies before decisions are taken.

The Committee welcomes the progress made in the implementation of these strands. Witnesses and the Cabinet Secretary agreed that the climate information in the Budget has improved, and that Scotland is one of only a few countries doing this work. As the Cabinet Secretary acknowledged, however, this is the start of the process, and more needs to be done.

The Committee's main findings are:

- Climate plans and the Budget are not yet linked. The Budget does not show which lines fund which policies in the Climate Change Plan (CCP) or the Scottish National Adaptation Plan (SNAP3), so it is not possible to tell whether the plans are funded. Nor do the Budget documents show whether money allocated to climate was actually spent as planned.
- The climate narrative tells only half the story. It sets out spending that supports climate goals, but none of the 18 budget lines rated as negative for reducing emissions.
- The taxonomy is too broad to show the real climate impact of spending. A "positive" rating means that spending is in line with the Government's goals, not that it reduces emissions, and neutral spending may still increase emissions. The total of positive spend is therefore not a measure of climate progress. For example, the whole £836 million Affordable Housing Supply Programme line is rated positive.
- The NZA is the most promising strand, but it is not yet proven. It applies only to policies, so it does not cover infrastructure projects, including those in the £10 billion-plus infrastructure pipeline, which can be carbon intensive, or existing commitments. Its results are not published, and the Government has not yet given an example of a decision that an NZA has changed.
- Ownership is unclear. A central team now co-ordinates the NZA, but no one has been named as accountable for it across Government.

The Committee's key recommendations are that the Scottish Government should:

- Map CCP and SNAP3 costs to the budget lines that fund them, starting with the largest areas of spend in the draft Budget 2027-28 and covering both plans in full by the draft Budget 2028-29 (paragraph 31);
- Set out how it will assess whether adaptation spending is enough to meet the needs identified in SNAP3 (paragraph 33);
- Publish planned and actual spend for the main climate related spending lines alongside each Budget, from the draft Budget 2028-29 (paragraph 39);
- Identify spending that may increase emissions in the 2027-28 climate narrative (paragraph 46);
- Publish the outcome of its review of the taxonomy, and the estimated emissions of the largest neutral lines, no later than the draft Budget 2028-29 (paragraph 55);
- Stop presenting the total of positive spend as a measure of climate progress (paragraph 61);
- Send the Committee the outcome of the six-month review of the NZA by the end of January 2027, and set out the resources committed to it (paragraph 81);
- Name the minister and department or team accountable for the NZA across government (paragraph 91);
- Consider how the NZA could apply to capital projects, publish the emissions assessments of the ten largest infrastructure projects by the draft Budget 2028-29, and consider whether the NZA should connect to the planning system; and
- Publish, in each annual NZA report from March 2027, the policies assessed, examples of decisions changed, and any decision to proceed with a policy that would increase emissions (paragraph 113).

The Committee's overall message is that the JBR has laid good foundations, but the Parliament and the public cannot yet see whether the Budget is delivering the Government's climate plans. Its recommendations aim to close that gap proportionately, mostly by asking the Government to publish information it already holds.

Background

The High-Level Carbon Assessment and the JBR

1. Section 94 of the Climate Change (Scotland) Act 2009 requires the Scottish Ministers to report on the emissions impact of their expenditure proposals. Since 2010-11, this requirement has been met through a High-Level Carbon Assessment of each Budget. This estimates the direct, indirect and imported emissions associated with resource spending (day-to-day running costs) and capital spending (investment in assets) on each Level 3 budget line (paragraph 6). In the 2026-27 Budget, it attributed 7.6 million tonnes of carbon dioxide equivalent ($MtCO_2e$) to resource spending and 1.0 $MtCO_2e$ to capital.[i]

2. However, the assessment covers only the short-run emissions from the spending itself, not those that result from its outcomes. For example, it counts the emissions from building a cycleway, but not the savings from people switching to cycling as a result. As the Scottish Government acknowledges, it does not "provide any indication as to the consequential impact of specific policies".[ii] The Joint Budget Review (JBR) was intended to improve the climate information in the Budget, including by addressing that gap.[iii]

3. The JBR was a joint exercise by the Scottish Government and the Scottish Parliament. It followed a commitment made during Stage 2 of the Climate Change (Emissions Reduction Targets) (Scotland) Bill in 2019 to review how budget information relates to climate change. Research to inform it was carried out by the Fraser of Allander Institute, commissioned in 2021 by ClimateXChange on behalf of the Scottish Government, and published in June 2022.[iv]

4. The JBR recommended three developments:

   - a climate narrative in the budget documentation, setting out the relative impact of spend that supports progress towards statutory climate change commitments;
   - an enhanced taxonomy, identifying and categorising all spending lines in the Budget by their climate impact; and
   - a Net Zero Assessment (NZA), applied across government at the early stages of policy development, to provide greater depth and detail on the climate impact of individual policies and their associated budget allocations.

5. The climate narrative was introduced in the 2023-24 Budget and the enhanced taxonomy in 2024-25. The NZA was piloted in 2025 and rolled out across

---

i Scottish Government, Scottish Budget 2026-27: High Level Carbon Assessment;
ii Scottish Government, Scottish Budget 2026-27: High Level Carbon Assessment.
iii SPICe Spotlight, How can we track the impact of public policy on emissions in Scotland? 12 December 2023.
iv Fraser of Allander Institute, Improving emissions assessment of Scottish Government spending decisions and the Scottish Budget, June 2022.

Government in April 2026 (paragraph 82).[v]

6. The Budget is set out at four levels of detail, from portfolios (Level 1) down to Level 4, which separates the resource and capital funding of individual schemes. The High-Level Carbon Assessment works at Level 3 and estimates emissions. The taxonomy works at Level 4 (paragraph 47). Rather than estimating emissions, it rates each line according to how it aligns with the Government's intended outcomes, separately for mitigation (reducing emissions) and adaptation (preparing for the effects of a changing climate). The climate narrative and the taxonomy are published together in the Climate Change Taxonomy of the Scottish Budget, which the Scottish Fiscal Commission (SFC) refers to as the Climate Change Assessment.[vi]

The Committee's scrutiny

7. In its legacy report, the Committee's predecessor, the Session 6 Net Zero, Energy and Transport (NZET) Committee, described the JBR as the topic it had "pursued most consistently" in its pre-budget work. It described the NZA as the most significant of the three strands, because of its capacity to improve how the Scottish Government takes decisions on climate change before specific interventions are chosen. It added that it would be possible "to begin drawing conclusions" only in this session, and "only if all three strands continue to be developed and become a mainstream part of budget planning".[vii] The Climate Action Committee has therefore made the JBR the focus of its pre-budget scrutiny for 2027-28.

8. The Convener wrote to the Cabinet Secretary for Climate Action and Rural Affairs on 4 September 2026 with the Committee's questions on the JBR, and the Cabinet Secretary replied on 30 September 2026.[viii] The report also draws on the Scottish Government's correspondence with the NZET Committee in June 2025, January 2026 and February 2026.[ix]

9. The Committee took evidence on the JBR at three meetings. On 24 September 2026 it heard from James Black, Senior Knowledge Exchange Fellow at the Fraser of Allander Institute, and Professor Graeme Roy, Chair of the Scottish Fiscal Commission (SFC).[x] On 1 October 2026 it heard from Lewis Barlow, Decarbonisation Head of Profession at WSP and author of the independent review of the NZA pilot, and Josiah Lockhart, Chief Executive of Changeworks and a member of the Climate Emergency Response Group (CERG).[xi] On 8 October 2026 the Committee heard from the Cabinet Secretary for Climate Action and Rural Affairs, Gillian Martin MSP, supported by Phil Raines, Deputy Director, Domestic Climate Change; Helen Carter, Portfolio Finance Lead; and Sean Neill, Director,

---

v Letter from the Scottish Government to the Net Zero, Energy and Transport Committee, 13 January 2026; letter from the Cabinet Secretary for Climate Action and Rural Affairs to the Convener, 30 September 2026.
vi Scottish Government, Scottish Budget 2026 to 2027: climate change taxonomy.
vii Net Zero, Energy and Transport Committee, Legacy Report (Session 6).
viii Letter from the Convener to the Cabinet Secretary for Climate Action and Rural Affairs, 4 September 2026; letter from the Cabinet Secretary for Climate Action and Rural Affairs to the Convener, 30 September 2026.
ix Letters from the Scottish Government to the Net Zero, Energy and Transport Committee, June 2025 and 13 January 2026; letter from the Cabinet Secretary for Climate Action and Energy to the Net Zero, Energy and Transport Committee, 19 February 2026.

Energy and Climate Change.[xii] The Committee is grateful to everyone who gave evidence.

x Climate Action Committee, Official Report, 24 September 2026.
xi Climate Action Committee, Official Report, 1 October 2026.
xii Climate Action Committee, Official Report, 8 October 2026, col 2.

Overall assessment of the JBR

10. The JBR was intended to improve the climate information in the Budget, so that the Parliament and the public can understand how budget decisions across the Scottish Government affect its climate change goals (paragraphs 2 and 4). The Committee first considered how far it has achieved this, and whether it has been worth the resources it requires.

11. There was consensus that the climate information in the Budget has improved. Professor Roy said that "substantial improvements have been made in the availability of data and how the Government presents it", and that "things have improved quite considerably over the past couple of years".[xiii] James Black pointed to specific changes: a climate narrative "has now been introduced", the taxonomy has expanded to bring in "both capital and resource", and there is "a move towards having a panel, rather than an individual, making the assessments" for the taxonomy.[xiv]

12. Witnesses also agreed that the work is worth the resources it requires. Lewis Barlow commented that the strands "have been designed to be proportionate and, as has been demonstrated, they can be delivered proportionately".[xv] Josiah Lockhart's view was that "the resources are adequate".[xvi] James Black agreed that the JBR "has been worth the work so far", although he expected "most of the important results" to come from the NZA.[xvii]

13. Witnesses and the Cabinet Secretary agreed that Scotland is one of the leaders in this area. The Cabinet Secretary said: "We are one of the few Governments doing such work."[xviii] Josiah Lockhart said that Scotland is "doing this when the majority of countries are not".[xix] However, witnesses also recognised that while the measures in Scotland showed progress, there remains scope for further development. Josiah Lockhart added: "We are ahead, but there are areas where we can still learn from countries that have done things slightly differently".[xx] Lewis Barlow considered Sweden to be "three to five years ahead of the UK and Scotland", and noted its experience that, once "everything becomes transparent, you have to make difficult decisions".[xxi]

14. The Cabinet Secretary acknowledged that "We are at the start of the process, and it is not an exact science".[xxii] Lewis Barlow said that implementation had gone

---

xiii Climate Action Committee, Official Report, 24 September 2026, col 2.
xiv Climate Action Committee, Official Report, 24 September 2026, col 2.
xv Climate Action Committee, Official Report, 1 October 2026, col 3.
xvi Climate Action Committee, Official Report, 1 October 2026, col 2.
xvii Climate Action Committee, Official Report, 24 September 2026, col 4.
xviii Climate Action Committee, Official Report, 8 October 2026, col 4.
xix Climate Action Committee, Official Report, 1 October 2026, col 28.
xx Climate Action Committee, Official Report, 1 October 2026, col 28.
xxi Climate Action Committee, Official Report, 1 October 2026, col 28.
xxii Climate Action Committee, Official Report, 8 October 2026, col 4.

"reasonably well, but there is still lots to do".[xxiii]

15. **The Committee welcomes the progress made in implementing the JBR. It agrees with witnesses that the work has been worthwhile and can be delivered proportionately, and it recognises that Scotland is one of only a few countries undertaking it. As the Cabinet Secretary acknowledged, however, this is the start of the process. The test of the JBR strands is whether the Parliament and the public can use the information it produces to understand how the Budget supports the Government's climate goals. The rest of this report sets out where the Committee considers that further progress is needed to meet that test.**

Linking climate plans and the Budget

16. The Scottish Government's Climate Change Plans set out what it intends to do to reduce emissions and meet its carbon budgets (the limits on emissions set for each five-year period). The Budget sets out what it will spend. A central purpose of the JBR was to connect the two. Professor Roy said that one positive thing the JBR had done was, "for the first time", to make the point that they must be linked in both directions.[xxiv] He set out what this means for scrutiny:

> "...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."[xxv]

17. The information needed to provide that assurance is still developing. Both the Budget documents and the climate plans now contain more detail than before, and James Black was "pleased to see how much more detail there was in the latest Climate Change Plan".[xxvi] However, the two are not yet linked in a way that allows them to be read together.

18. For example, the Scottish Parliament Information Centre (SPICe) calculated that the draft Climate Change Plan (CCP) involves gross costs of around £15.9 billion over 2026-30 (in 2025 prices), nearly half of it (£7.7 billion) for transport.[xxvii] In the Budget, Rail Services is one of the largest lines rated positive in the taxonomy, at around £1 billion in 2026-27.[xxviii] Because the taxonomy and the CCP define spending differently, it is not possible to tell how much of the rail budget, if any, counts towards the plan's transport costs. The SFC has recommended changes to address this (paragraph 26).

xxiii Climate Action Committee, Official Report, 1 October 2026, col 2.
xxiv Climate Action Committee, Official Report, 24 September 2026, col 4.
xxv Climate Action Committee, Official Report, 24 September 2026, col 13.
xxvi Climate Action Committee, Official Report, 24 September 2026, col 14.
xxvii SPICe Spotlight, Climate Change Plan: what's the background and what does it need to do, 25 November 2025.
xxviii Scottish Government, Scottish Budget 2026-27: Carbon Taxonomy detailed tables.

19. Linking climate plans to the Budget is important because the plans can only be delivered if the money to deliver them is in place. Without that link, it is not possible to tell whether each Budget provides the funding the plans assume, or whether shortfalls are building up that will have to be met later.

20. The question is all the more important because the sums involved are large and growing. The SFC's work on fiscal sustainability shows that significant capital and resource investment will be needed over the coming decades to deliver net zero and to adapt to a warmer climate. Professor Roy described this as "a significant relative growth area of expenditure", and said that, within a tight budget, there needs to be 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".[xxix]

21. A study for ClimateXChange, funded by the Scottish Government, estimated that £7.8 billion to £14.2 billion of adaptation investment will be needed across five sectors between 2026 and 2040. Comparing these needs with current Budget allocations, it found that "only the agriculture sector is likely meeting its adaptation needs", although its results carry low confidence.[xxx] Josiah Lockhart added that, without assessing how spending links to climate and adaptation plans, decisions taken today risk stranded assets or costly retrofits in future: "The risk of not doing that assessment is that we have unexpected future spend".[xxxi]

22. The Cabinet Secretary also stressed the value of prevention. Flooding alone is estimated to cost Scotland around £500 million each year, and "Investing in resilience at an early stage represents far better value for money than repeatedly paying for recovery and repair". Every £1 invested "can generate between £2 and £10 in benefits and avoided costs".[xxxii] The Cabinet Secretary said that the Government had "commissioned further research on the cost benefits of climate spend".[xxxiii]

23. The Scottish Government accepted that its spending choices should be linked to its climate plans. Responding to the NZET Committee's pre-budget scrutiny of the 2026-27 Budget, it said that it "shares the Committee's ambition to improve assessment of the Budget and our ability to link our spending choices to our climate policies, including those set out in the draft CCP".[xxxiv] The question is therefore not whether this should be done, but how and when.

24. This part of the report considers two tests:

    - whether the Budget shows what climate plans cost and where the money is; and
    - whether it is possible to check afterwards that the money was spent as

---

xxix Climate Action Committee, Official Report, 24 September 2026, col 6.
xxx ClimateXChange, Climate change adaptation investment need across five sectors in Scotland, 2026.
xxxi Climate Action Committee, Official Report, 1 October 2026, col 4.
xxxii Climate Action Committee, Official Report, 8 October 2026, col 3.
xxxiii Climate Action Committee, Official Report, 8 October 2026, col 6.
xxxiv Scottish Government response to the Net Zero, Energy and Transport Committee's pre-budget scrutiny of the 2026-27 Budget.

planned.

What climate plans cost and where the money is

25. The Committee heard that, at present, the budget does not set out information in enough detail to meet this first test. Professor Roy said that the budget documents now gave "a broad flavour of where expenditures are taking place". The CCP and the Scottish National Adaptation Plan (SNAP3) gave some indication of spend, but not for particular areas or points in time, and "lots of uncosted proposals that do not have fiscal numbers attached sit in those plans".[xxxv] He called for "granularity down to individual budget lines", with "a more robust assessment of the level of spend over time".[xxxvi]

26. The SFC has recommended that the Climate Change Assessment of the Scottish Budget be extended "to allow identification of spending on policies and programmes in the CCP and SNAP3".[xxxvii] Witnesses supported this. James Black suggested that "it might be a useful exercise to map between what is in the Climate Change Plan and what is in the budget".[xxxviii] Professor Roy recognised that this is difficult, but said that "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". He hoped that the Government would provide this "in the coming months".[xxxix] He also said that ambitions should be "robustly costed in relation to spend or revenue forgone",[xl] so tax measures are relevant as well as spending.

27. Witnesses also saw wider benefits in costing climate policies. James Black said that the process of costing has value in itself, not just the figures it produces, because it "makes people reflect on the objectives that they are trying to achieve" and on how policies interact.[xli] Costing a policy and estimating its emissions are, in practice, two parts of the same exercise. As Lewis Barlow put it: "whenever you can estimate cost, you can estimate carbon".[xlii] He pointed to the city and regional growth deals, where both the direct and indirect carbon effects of spending had been assessed.[xliii]

28. The Government broadly accepted this principle. Phil Raines (Deputy Director, Domestic Climate Change, Scottish Government) said that methods for some carbon impacts are well established while others are still developing: "I think the principle is correct, but how true it is across the full range of things you can cost is still to be tested." The Cabinet Secretary added that "we should also be able to

---

xxxv Climate Action Committee, Official Report, 24 September 2026, col 7.
xxxvi Climate Action Committee, Official Report, 24 September 2026, col 4.
xxxvii Scottish Fiscal Commission, Statement of Data Needs, August 2026.
xxxviii Climate Action Committee, Official Report, 24 September 2026, col 14.
xxxix Climate Action Committee, Official Report, 24 September 2026, col 7.

xl Climate Action Committee, Official Report, 24 September 2026, col 13.
xli Climate Action Committee, Official Report, 24 September 2026, col 7.
xlii Climate Action Committee, Official Report, 1 October 2026, col 5.
xliii Climate Action Committee, Official Report, 1 October 2026, col 4.

estimate the cost benefit".[xliv] However, she said that analysis of the wider benefits of climate policy, such as health benefits, was still in "the foothills".[xlv]

29. Asked whether the Government would implement the SFC's recommendation, the Cabinet Secretary said that "in effect, the policies in the plan have been through that process", because Cabinet had discussed "what that would mean for the public purse". However, "the public purse will not be able to meet the cost of everything", and Government spending on climate policy "can and does crowd in additional money from the private sector". She also cautioned that discussion of the costs in the CCP had been used to spread "misinformation about what it will cost the Scottish people to deliver on the policies".[xlvi] The Government is considering how the climate narrative could "identify examples of funding that has been committed to key climate change and SNAP policies".[xlvii] On the SFC's recommendation to identify spending on both the CCP and SNAP3, she said: "The short answer—which I realise that I am not giving—is yes, we are considering both of those things."[xlviii]

30. **The Committee welcomes the Government's acceptance that its spending choices should be linked to its climate policies. It notes the Cabinet Secretary's evidence that the cost of CCP policies to the public purse was considered when the plan was prepared. However, that information has not been published in a form that allows the CCP and the Budget to be read together. The Committee supports the SFC's recommendation that the Climate Change Assessment of the budget be extended to allow identification of spending on policies and programmes in the CCP and SNAP3.**

31. **The Committee recommends that the Scottish Government publishes a mapping of the costs in the CCP and SNAP3 to the Level 4 budget lines that fund them, showing the timing of spend, the known costs and uncertainties, and any relevant tax measures. It should cover the largest areas of spend, such as transport and buildings, alongside the draft Budget 2027-28, and both plans in full by the draft Budget 2028-29. Where a budget line funds several policies, or a policy is funded from several lines, the mapping should show which policies each line contributes to.**

32. **The Committee is concerned that, on the limited evidence available, adaptation spending may fall short of what is needed.**

33. **The Committee recommends that, in its response to this report, the Scottish Government sets out how it will assess whether Budget allocations are sufficient to meet the adaptation needs identified in SNAP3.**

Checking that money was spent as planned

---

xliv Climate Action Committee, Official Report, 8 October 2026, col 26.
xlv Climate Action Committee, Official Report, 8 October 2026, col 5.
xlvi Climate Action Committee, Official Report, 8 October 2026, cols 5–6.
xlvii Climate Action Committee, Official Report, 8 October 2026, col 4.
xlviii Climate Action Committee, Official Report, 8 October 2026, col 6.

34. The second test is whether it is possible to check afterwards that money was spent as planned. Professor Roy said that budget 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".[xlix] He identified two priorities for scrutiny.

35. The first was evidence of plan versus outturn (what was actually spent): "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?" This applied both to the autumn budget revision (the in-year adjustment to the current year's budget) and to the Budget documents, which should compare what the January budget planned to spend with what is now expected to be spent in the current financial year.[l] He noted, however, that this "is needed not only for climate; it is the same for all policy areas".[li]

36. The second was consistency of presentation. Changes in classification, he said, make trends "quite difficult to track". He did not want to constrain the Government when it was making improvements, but where it changed its approach it should present figures on both the new and the old basis, "so that it can be seen where the changes have happened".[lii] The taxonomy has changed its method several times since 2018-19 (paragraph 47). James Black agreed that "it is important to know how the budget lines change from budget to budget".[liii]

37. Tracking spending in this way would show whether money has been spent as planned, but not whether that spending has reduced emissions or improved indicators of progress, such as the uptake of low-carbon heating. Emissions by sector, and progress against those indicators, are reported annually in the Climate Change Plan monitoring reports, but these are not linked to the Budget.

38. **The Committee agrees with Professor Roy that scrutiny must look back as well as forward. It is not currently possible to check whether climate spending was delivered as planned, or to link that spending to emissions outcomes.**

39. **The Committee recommends that, from the draft Budget 2028-29, the Scottish Government publishes alongside each Budget a comparison of planned and outturn spend, for the most recent year available, on the lines rated high-impact positive or negative in the taxonomy. Where the taxonomy or the presentation of budget lines changes, it should publish figures on both the old and new basis. In its response to this report, the Government should set out how this information will be linked to the annual Climate Change Plan monitoring reports, so that spending and emissions outcomes and indicators of progress can be compared.**

---

xlix Climate Action Committee, Official Report, 24 September 2026, col 10.
l Climate Action Committee, Official Report, 24 September 2026, col 14.
li Climate Action Committee, Official Report, 24 September 2026, col 14
lii Climate Action Committee, Official Report, 24 September 2026, col 14.
liii Climate Action Committee, Official Report, 24 September 2026, col 14.

The climate narrative

40. The climate narrative is the part of the Budget documents that describes how spending supports the Government's response to climate change. It sets out the main areas of spending, across portfolios, that contribute to that response. For example, the 2026-27 narrative includes £925.9 million for the Affordable Housing Supply Programme and £334.7 million for energy efficiency and decarbonisation.[liv] It highlights spending in eight areas, from energy efficiency and renewable energy to transport, agriculture and the circular economy, all of which support climate goals. It does not mention any of the 18 lines rated negative for mitigation in the taxonomy.

41. Witnesses agreed that the narrative is too one-sided. James Black hoped that it would in future reflect budget lines that might negatively affect emissions.[lv] Josiah Lockhart put it most clearly: it focuses on progress rather than "weighing up the concrete reality of choices that have to be made", when, "to an extent, it costs carbon to save carbon".[lvi]

42. The narrative also inherits the limitations of the taxonomy. Lewis Barlow warned that, because it reflects the taxonomy's ratings, the narrative can describe spending as positive "when they might actually still be emitting lots of carbon". A layperson would assume that such spending was helping to address the climate emergency, "but that is not necessarily so—it is just the language of the taxonomy".[lvii]

43. On accessibility, Josiah Lockhart said that, as the strand most likely to be read by the public, the narrative should be "extremely simple to understand".[lviii] The Cabinet Secretary agreed: "if the climate narrative associated with what we have talked about is a bit convoluted… we will take that away. I am absolutely open to suggestions on how we can address that."[lix]

44. The Cabinet Secretary also stressed the importance of promoting the benefits of climate action to the public. She said that the Government must always "be able to demonstrate what something means to the ordinary person in terms of the cost of living and of their life becoming better". This mattered all the more because disinformation about climate action and net zero had become "pretty toxic and weaponised": being confident of doing the right thing "will not matter if people do not believe us".[lx] She did not think that the public would be interested in "the nuts and bolts of the taxonomy", but said that "the narrative is important".[lxi]

---

liv Scottish Government, Scottish Budget 2026 to 2027: climate change taxonomy
lv Climate Action Committee, Official Report, 24 September 2026, col 3.
lvi Climate Action Committee, Official Report, 1 October 2026, col 3.
lvii Climate Action Committee, Official Report, 1 October 2026, col 4.
lviii Climate Action Committee, Official Report, 1 October 2026, col 3.
lix Climate Action Committee, Official Report, 8 October 2026, col 7.
lx Climate Action Committee, Official Report, 8 October 2026, col 7.
lxi Climate Action Committee, Official Report, 8 October 2026, col 10.

45. **The Committee welcomes the climate narrative as an introduction to the Budget's climate impact, and the Cabinet Secretary's commitment to consider simplifying its language. It agrees that the benefits of climate action need to be explained in terms that matter to people. However, a narrative that reports only spending that supports climate goals is not a balanced account. To build public trust, it needs to be open about the trade-offs and about spending that may increase emissions.**

46. **The Committee recommends that the climate narrative for 2027-28 identifies the budget lines rated negative for mitigation, explains the main trade-offs in the Budget, and is written for a non-specialist reader. It also recommends that the Scottish Government sets out, in its response to this report, how it will promote the climate narrative to the public.**

The climate change taxonomy

Is the taxonomy detailed enough?

47. Of the three JBR strands, the taxonomy is the only one that rates spending line by line across almost the whole Budget. It labels each Level 4 line according to its expected climate impact. It was introduced in 2018-19 for capital spend, which was classified as low, neutral or high carbon. From 2024-25 it was extended to most resource spending, although allocations to local authorities are excluded. Lines are now rated positive, neutral or negative, and as high or low impact. Since 2025-26, lines have been assessed separately for mitigation and adaptation. The evidence suggests, however, that because budget lines are so broad, these labels say little about the actual climate impact of the spending.

48. This problem has been recognised since the JBR began. In 2022, the Fraser of Allander Institute found that the capital taxonomy was so broad that it risked misclassification in both directions: emissions-generating projects classed as low carbon would overstate progress, while investment to decarbonise activity within neutral or high-carbon lines would receive no credit.[lxii] The NZET Committee noted that a single high-level line, such as "the running costs of an environmental agency", could be labelled positive "without further breakdown", and that the taxonomy "could do more to 'join the dots' on how thinking about net zero has informed specific budget decisions".[lxiii]

49. Witnesses agreed that budget lines are too broad for the taxonomy to show their actual climate impact. James Black explained why:

> "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."[lxiv]

50. Josiah Lockhart agreed that a single line may be "weighing up 10, 20 or 30 policy areas".[lxv] James Black considered that a taxonomy would not provide that granularity "unless we find a completely different way of listing budget lines in the budget".[lxvi] Because ratings are applied to decisions already taken, he also doubted that the taxonomy shapes policy: if it does, "it is probably not very influential".[lxvii]

51. Witnesses nonetheless saw a role for the taxonomy. Professor Roy said that it "has value in linking policy decisions on climate through into the budget", without which climate discussions risk being "completely separate from the budget and vice versa". He suggested that more detailed work was possible in some areas, such as

lxii Fraser of Allander Institute, Improving emissions assessment of Scottish Government spending decisions and the Scottish Budget, June 2022.
lxiii Net Zero, Energy and Transport Committee, Legacy Report (Session 6).
lxiv Climate Action Committee, Official Report, 24 September 2026, col 8.
lxv Climate Action Committee, Official Report, 1 October 2026, col 5.
lxvi Climate Action Committee, Official Report, 24 September 2026, col 8.
lxvii Climate Action Committee, Official Report, 24 September 2026, cols 8–9.

housing.[lxviii]

52. The Scottish Government accepts that the taxonomy can be improved. It told the NZET Committee that it would "continue to consider whether changes could be made in the future to facilitate improvements to the assessment process".[lxix] The Cabinet Secretary told the Committee that it is now "reviewing the taxonomy system so that it can be applied and can provide more useful analysis as we go".[lxx] Phil Raines explained that the taxonomy works at Level 4 because that is how the Budget is presented: "a decision—a compromise, if you will—has been taken to balance proportionality and the way in which the information has been presented".[lxxi] Each rating is "a net assessment; it is not an absolute assessment": it reflects the overall balance of the activities within a line. Quantifying the emissions within each line, he said, might "gunge up the budget process as a whole".[lxxii] He described the process as "broad brush, but it remains rigorous".[lxxiii]

53. Asked whether the taxonomy could be misleading, the Cabinet Secretary said: "I hope that it is not misleading. If it is misleading the public, it is misleading me and the Government."[lxxiv] On whether more detail could be provided with current resources, she said that "going into that level of detail is obviously quite resource intensive, so it is a question of choices and priorities".[lxxv] However, asked whether the carbon associated with each Level 4 line could be shown alongside the spend, Phil Raines said: "We would have to go away and look at that. The working is there."[lxxvi]

54. **The Committee considers that the taxonomy is too broad to show the real climate impact of spending. It recognises the value of an assessment that covers the whole Budget, and that the Government must balance detail against proportionality. However, evidence that "The working is there" suggests that more could be published without significant new analysis. The largest neutral lines are where emissions are most likely to be hidden.**

55. **The Committee recommends that the Scottish Government publishes the estimated emissions associated with the ten largest Level 4 lines rated neutral, alongside their taxonomy ratings, with the draft Budget 2027-28. If this is not possible, the Government should explain why in its response to this report and publish the estimates in time to inform the Committee's pre-budget scrutiny for 2028-29, and no later than the draft Budget 2028-29. The**

lxviii Climate Action Committee, Official Report, 24 September 2026, col 10.
lxix Scottish Government response to the Net Zero, Energy and Transport Committee's pre-budget scrutiny of the 2026-27 Budget.
lxx Climate Action Committee, Official Report, 8 October 2026, col 4.
lxxi Climate Action Committee, Official Report, 8 October 2026, col 8.
lxxii Climate Action Committee, Official Report, 8 October 2026, col 10.
lxxiii Climate Action Committee, Official Report, 8 October 2026, col 11.
lxxiv Climate Action Committee, Official Report, 8 October 2026, col 9
lxxv Climate Action Committee, Official Report, 8 October 2026, col 11.
lxxvi Climate Action Committee, Official Report, 8 October 2026, col 27.

response should also set out the timetable for the Government's review of the taxonomy.

The total of "positive" spend

56. In the 2026-27 Budget, of 553 lines assessed, 83 were rated positive for mitigation, 452 neutral and 18 negative. The Scottish Government described its commitment of "over £5.0 billion" to activities with a positive climate impact as "a record high for the taxonomy". It noted that this was up from £4.9 billion in 2025-26 and, because allocations to local authorities are excluded from the assessment, was "likely underestimated".[lxxvii]

57. Four of the largest positive lines (Rail Services, the Affordable Housing Supply Programme, Energy Efficiency and Decarbonisation, and Clyde and Hebrides Ferry Services) together total around £2.5 billion, around half of all positive spend. Most of these lines also serve other purposes: housing and transport spending, for example, is also intended to keep homes and travel affordable.[lxxviii] A positive rating also says nothing about how the money is used in practice.

58. There was consensus that the total of positive spend is not a reliable guide to climate impact. Lewis Barlow put it most directly. A "positive" rating means that spending is in line with the Scottish Government's goals and objectives, "but it does not necessarily mean that it reduces carbon emissions": it might, for example, be very good for adaptation. For that reason, "the figures should not be added together".[lxxix] James Black added that a neutral rating "does not mean that it is zero carbon", and that most spending tagged as neutral would probably increase emissions overall.[lxxx] This matters because most of the emissions associated with the Budget come from resource spending, where most lines are rated neutral (paragraph 1).

59. In her opening statement, the Cabinet Secretary cited the total of positive spend as evidence of the Government's commitment, saying that the 2026-27 taxonomy "demonstrated our commitment to the provision of more than £5 billion for climate-positive action across the Government".[lxxxi] Asked how meaningful that figure was, she offered to share a breakdown by portfolio, which she said showed £2.8 billion for transport and "just over £1 billion" for housing. She said that, for figures such as these, "it is important to be able to point to tangible policies that that is mapped to".[lxxxii]

60. **The Committee considers that a positive label reflects alignment with policy**

lxxvii Scottish Government, Scottish Budget 2026 to 2027: climate change taxonomy.
lxxviii Scottish Government, Scottish Budget 2026-27: Carbon Taxonomy detailed tables.
lxxix Climate Action Committee, Official Report, 1 October 2026, col 6.
lxxx Climate Action Committee, Official Report, 24 September 2026, col 9.
lxxxi Climate Action Committee, Official Report, 8 October 2026, col 2.
lxxxii Climate Action Committee, Official Report, 8 October 2026, cols 9–10.

goals, not a measured reduction in emissions, and neutral spend may still increase emissions. The total of positive spend is therefore not a measure of climate progress, and presenting it as "a record high" risks giving the public a misleading impression.

61. **The Committee recommends that, from the draft Budget 2027-28, the Scottish Government stops presenting the total of positive spend as a measure of climate progress. It should also send the Committee, by the end of November 2026, the portfolio breakdown that the Cabinet Secretary offered, showing the policies to which the spending is mapped, and set out in its response to this report how the climate impact of spending allocated to local authorities will be assessed.**

The Net Zero Assessment

The pilot and the independent review

62. The NZA aims to identify and quantify the impact of policy proposals on Scotland's climate goals. The 2025 pilot considered 202 policies. Of these, 154 went through initial screening, 11 a light-touch assessment and four a full quantitative assessment. Those fully assessed included Heat in Buildings Policy and Regulation, and Carbon Capture Utilisation and Industrial Decarbonisation, which appear to have been policies intended to reduce emissions. A full assessment was triggered where a policy was expected to affect emissions by 0.1 $MtCO_2e$ (100,000 tonnes) in any one year, or 1 $MtCO_2e$ over ten years. This is known as the de minimis threshold.[lxxxiii]

63. An independent review of the pilot, by Lewis Barlow of WSP, recommended lowering the threshold, applying it cumulatively to related policies and considering whole-life emissions (those produced over the full life of a project, including from materials made abroad). Its recommendation 16 was to "consider linking the NZA process to the budget, thereby allowing carbon emissions and public sector spending to be considered simultaneously".[lxxxiv] Lewis Barlow told the Committee that the pilot "demonstrated that the approach worked, that it was not that difficult and that it could be done". However, the Government had not formally responded to his review, and he could not say whether his recommendations had been adopted.[lxxxv]

64. Witnesses agreed that the NZA's value lies in its timing: it can shape decisions before they are taken, rather than record them afterwards. James Black put it best:

> "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."[lxxxvi]

65. The Cabinet Secretary said that, following the pilot and the review, the NZA had been rolled out across government in April 2026: "We had the pilot, learned the lessons and rolled net zero assessment out."[lxxxvii] Phil Raines said that the Government was "not sure what would constitute a formal response" to the review, but that changes had been agreed with ministers, including lowering the threshold from 100,000 to 10,000 tonnes. He offered to write to the Committee "with the detail of what we are doing against each recommendation".[lxxxviii] The Cabinet Secretary also saw the NZA as a possible "game changer". If an assessment showed that a policy would do better than predicted, "we might decide to put more money into policies that will help us to achieve other outcomes as well as the initial outcome that we wanted to achieve".[lxxxix]

---

lxxxiii Scottish Government, Net Zero Assessment: pilot report, June 2025.
lxxxiv Scottish Government, Net Zero Assessment: independent review, June 2025.

lxxxv Climate Action Committee, Official Report, 1 October 2026, cols 9–10.
lxxxvi Climate Action Committee, Official Report, 24 September 2026, col 9.
lxxxvii Climate Action Committee, Official Report, 8 October 2026, cols 12.

66. **The Committee welcomes the roll-out of the NZA and the lowering of the threshold following the pilot. However, without a response to the independent review, neither the Committee nor the author of the review can tell which recommendations have been accepted. This matters most for recommendation 16, on linking the NZA to the Budget, which goes to the heart of the JBR. The Cabinet Secretary's evidence that NZA results could lead the Government to put more money into some policies suggests that it already sees the value of this link. The Committee therefore welcomes the Scottish Government's offer to set out what the Government is doing against each recommendation.**

67. **The Committee recommends that, before the draft Budget 2027-28 is published, the Scottish Government publishes its response to each recommendation of the independent review. For each, it should say whether the recommendation has been accepted, how it has been implemented and, if not, why not. The response should state specifically how the Government will act on recommendation 16.**

Which policies are assessed

68. The NZA is meant to capture both increases and decreases in emissions. The independent review described it as providing "early estimates of carbon emissions - increases or decreases - that may result from policies".[xc] The Government's revised process applies the threshold in both directions: any proposal that might change emissions by more than 0.01 $MtCO_2e$ (10,000 tonnes) a year, "for positive or negative emissions impact", proceeds to a full NZA.[xci] However, the pilot's full assessments appeared to only focus on policies intended to reduce emissions. The impact of many such policies should already have been quantified for the CCP, which estimates the effect of its policies up to 2040.[xcii]

69. Witnesses questioned this choice. Professor Roy accepted that there can be practical reasons for piloting in an area "where most information is known", but warned:

> "...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."[xciii]

70. Capital spending was also left out. James Black noted that the pilot appeared to have excluded capital, yet "many negative impacts might well come from big capital projects", such as construction emissions. He also observed that what counts as a policy "has never been clearly defined".[xciv] The 2009 Act requires the CCP to set out the Scottish Ministers' "proposals and policies", but section 35 does not define

---

lxxxviii Climate Action Committee, Official Report, 8 October 2026, cols 12–13.
lxxxix Climate Action Committee, Official Report, 8 October 2026, col 19.
xc Scottish Government, Net Zero Assessment: independent review, June 2025.
xci Letter from the Scottish Government to the Net Zero, Energy and Transport Committee, 13 January 2026.
xcii Scottish Government, Scotland's Climate Change Plan: 2026–2040, March 2026.
xciii Climate Action Committee, Official Report, 24 September 2026, col 12.

either term.[xcv] Lewis Barlow confirmed that the pilot had not included capital, although he did not think that policies likely to increase emissions had been deliberately excluded.[xcvi]

71. The Government explained its choice and confirmed that the scope has since widened. The Cabinet Secretary said that "we learn more from analysing policies for which we have some results", and that the NZA now applies to all policies, "so we are not picking and choosing the policies that make us look good".[xcvii] Phil Raines explained that the pilot could only draw on policies then in development, but that the intention had been "to pick the full range of those that would be positive, those that would be potentially negative, those that would be mixed and so on".[xcviii] Asked whether the NZA would now include resource and capital-intensive policies, he said: "Yes, it will include all policies."[xcix]

72. **The Committee welcomes confirmation that the NZA now applies to all new and revised policies, including capital-intensive policies. However, the pilot did not test the NZA on the policies where it is most needed: those that may increase emissions. Until it has been shown to work for these, its value remains unproven.**

73. **The Committee therefore asks that the first annual NZA report shows how many full assessments were carried out on policies expected to increase emissions, as well as on those expected to reduce them, and where an NZA resulted in a change in policy design (paragraph 113).**

Proportionality: the threshold and resources

74. Since the pilot, the Government has changed how the NZA is applied. In January 2026, it told the NZET Committee that it had moved to a two-stage process (a screening stage, followed by a full assessment where a proposal may exceed the threshold) and lowered the threshold tenfold, to 0.01 $MtCO_2e$ (10,000 tonnes) a year. It also removed the fixed 10-year assessment horizon and designed the screening stage so that non-specialists can carry it out.[c] In February 2026, it said that its six-month review would assess the "appropriateness of the de minimis threshold".[ci]

75. Witnesses welcomed the lower threshold. Lewis Barlow considered 10,000 tonnes "reasonable" and "much better than the previous position".[cii] James Black explained that the threshold keeps the NZA proportionate: at the screening stage, officials are

xciv Climate Action Committee, Official Report, 24 September 2026, col 12.
xcv Climate Change (Scotland) Act 2009, section 35.
xcvi Climate Action Committee, Official Report, 1 October 2026, col 13.
xcvii Climate Action Committee, Official Report, 8 October 2026, col 15.
xcviii Climate Action Committee, Official Report, 8 October 2026, col 15.
xcix Climate Action Committee, Official Report, 8 October 2026, col 16.
c Letter from the Scottish Government to the Net Zero, Energy and Transport Committee, 13 January 2026.
ci Letter from the Cabinet Secretary for Climate Action and Energy to the Net Zero, Energy and Transport Committee, 19 February 2026.

asked only whether a policy is likely to have a positive, negative or no impact on emissions, and whether that impact is likely to be large: "They are not actually asked to write down numbers at that point". The threshold gives the Government "a lever" to control how much the assessment covers.[ciii] Josiah Lockhart added that lowering the threshold must go alongside extending the NZA to capital spend, because "the assessment needs to capture things that are likely to have a major carbon impact".[civ]

76. Witnesses also agreed that the NZA need not be burdensome, because much of the work should already be happening under existing appraisal requirements, such as HM Treasury's Green Book and the Scottish Public Finance Manual, which already set out how spending proposals should be appraised.[cv] As James Black put it:

> "...if it has required a lot of work, that might reflect the existence of somewhat patchy processes in Government rather than the JBR itself."[cvi]

77. Lewis Barlow estimated that screening would take about an hour, and that even a full assessment would be "a drop in the ocean" compared with the policy itself.[cvii] However, the Government's own report on the pilot noted that, with a lower threshold, "the policy and analytical resource required will increase", and the independent review made the same point.[cviii] The review also recommended that the Government "expand on the point within the Report that intensive resources are required for the rollout across government".[cix]

78. The Cabinet Secretary expected the work to be "manageable", because "Policies will not rush at us in a massive glut all at once", but said: "Give us a year and I will be able to say how burdensome the work has been".[cx] Phil Raines added that the NZA "piggybacks" on the strategic environmental assessments already required for every policy, although it requires "a degree of quantification".[cxi] On whether the threshold could be lowered further, the Cabinet Secretary said: "That is another question that we will constantly be asking ourselves."[cxii]

79. The Cabinet Secretary's letter said that the six-month review had been rescheduled

---

cii Climate Action Committee, Official Report, 1 October 2026, col 14.
ciii Climate Action Committee, Official Report, 24 September 2026, cols 15–16.
civ Climate Action Committee, Official Report, 1 October 2026, col 14.
cv Climate Action Committee, Official Report, 24 September 2026, cols 13–14; Climate Action Committee, Official Report, 1 October 2026, col 2.
cvi Climate Action Committee, Official Report, 24 September 2026, col 3.
cvii Climate Action Committee, Official Report, 1 October 2026, col 21.
cviii Scottish Government, Net Zero Assessment: pilot report, June 2025; Scottish Government, Net Zero Assessment: independent review, June 2025.
cix Scottish Government, Net Zero Assessment: independent review, June 2025, recommendation 12.
cx Climate Action Committee, Official Report, 8 October 2026, col 19.
cxi Climate Action Committee, Official Report, 8 October 2026, col 20.
cxii Climate Action Committee, Official Report, 8 October 2026, col 19.

to October 2026.[cxiii] However, she told the Committee on 8 October that "Next month, we will be doing a six-month review of the net zero assessments", suggesting that it will now take place in November.[cxiv] She also said that "every spring there will be a net zero assessment annual report", and referred to "the report that you will get in March".[cxv]

80. **The Committee welcomes the lowering of the threshold, and agrees with witnesses that much of the work involved in the NZA should already be happening. However, where processes are patchy, putting them in place will itself require resources, and the Government's own pilot report expected the resource required to increase. The Government has not yet said what resources it has committed to the NZA, or whether they are sufficient.**

81. **The Committee recommends that, in its response to this report, the Scottish Government sets out the staff and budget committed to the NZA, including the central team, and whether they are sufficient for the lower threshold. It should also send the Committee the outcome of the six-month review by the end of January 2027, including whether the threshold is capturing the policies with the most significant emissions impacts.**

Evidence of impact

82. As noted earlier in this report, the NZA has now been rolled out across the Scottish Government. Guidance has been published, training has been provided, and NZA performance will be reported annually to the Committee.[cxvi] The question now is whether it is changing decisions.

83. Witnesses had no visibility of how the NZA is being used. Josiah Lockhart said: "I do not think that anybody has visibility on where the net zero assessment is being applied today".[cxvii] He suggested that the test should be whether any assessment had actually changed a policy.[cxviii] Lewis Barlow agreed: what would give him confidence was seeing the NZA "used as a management tool, with decisions being made on the back of it".[cxix]

84. The Cabinet Secretary gave two examples of policies considered through the NZA. The public sector decarbonisation action plan "went through a full net zero assessment", which "threw up quite a lot of information that will be helpful in effectively deploying that plan". The assessment of the vehicle scrappage scheme showed "the policy's significant positive contribution to our carbon budget in the

---

cxiii Letter from the Cabinet Secretary for Climate Action and Rural Affairs to the Convener, 30 September 2026.
cxiv Climate Action Committee, Official Report, 8 October 2026, col 28.
cxv Climate Action Committee, Official Report, 8 October 2026, cols 14 and 25.
cxvi Letter from the Cabinet Secretary for Climate Action and Rural Affairs to the Convener, 30 September 2026.
cxvii Climate Action Committee, Official Report, 1 October 2026, col 23.
cxviii Climate Action Committee, Official Report, 1 October 2026, col 12.
cxix Climate Action Committee, Official Report, 1 October 2026, col 15.

next five years".[cxx] Phil Raines acknowledged that, on whether policy design had changed, "it is early days", and offered to consider what reporting would enable the Committee "to understand how the process had worked over the previous year".[cxxi]

85. **The Committee notes the examples given by the Cabinet Secretary. However, both are policies intended to reduce emissions, and neither shows a policy that was changed as a result of an NZA. That is the test of whether the NZA is working.**

86. **The Committee therefore asks that the first annual NZA report gives examples of policies whose design was changed, or which were not taken forward, as a result of an NZA (paragraph 113).**

Governance and accountability

87. The NZA will only change decisions if someone is responsible for making sure that it is used. The NZET Committee suggested that its successor should consider "the extent to which Net Zero Assessment has been mainstreamed and normalised across the main spending departments".[cxxii] The Cabinet Secretary's letter sets out internal arrangements: NZA performance will be reported to the Climate Action Delivery Board every six months, and the NZA will support the Ministerial Delivery Group for the Climate Action Programme.[cxxiii]

88. Witnesses agreed that the NZA needs clear ownership. Josiah Lockhart said that responsibility currently appears to sit with individual policy teams, and that CERG's "key recommendation is that someone—a named person or a named group—should be responsible for oversight".[cxxiv] Lewis Barlow was not aware of any mechanism for policymakers to consider the results of a full assessment and decide whether to change a policy.[cxxv] James Black saw a central team as important for consistency, pointing assessments to a common set of data sources "rather than having every part of Government finding its own set of databases to use".[cxxvi]

89. The Cabinet Secretary said: "If the process was a tick-box exercise, it would be a waste of our time." NZAs are "a tool for ministers to use in deciding to opt for one policy over another".[cxxvii] Phil Raines explained that ministers "will see that before they make a decision", and that the ministerial delivery group will receive "regular collective reporting on the net zero assessments".[cxxviii] The Cabinet Secretary confirmed that "A central team has been established to co-ordinate the net zero assessments across Government", with her director general "overseeing the whole

cxx Climate Action Committee, Official Report, 8 October 2026, col 20.
cxxi Climate Action Committee, Official Report, 8 October 2026, col 21.
cxxii Net Zero, Energy and Transport Committee, Legacy Report (Session 6).
cxxiii Letter from the Cabinet Secretary for Climate Action and Rural Affairs to the Convener, 30 September 2026.
cxxiv Climate Action Committee, Official Report, 1 October 2026, cols 15 and 27.
cxxv Climate Action Committee, Official Report, 1 October 2026, col 12.
cxxvi Climate Action Committee, Official Report, 24 September 2026, col 17.

process".[cxxix]

90. **The Committee welcomes the establishment of a central team and the Cabinet Secretary's assurance that the NZA will not be a tick-box exercise. However, no one has been named as accountable for the NZA across government, and it is not clear how compliance by portfolios is monitored or how ministers' decisions after a full assessment are recorded.**

91. **The Committee recommends that, in its response to this report, the Scottish Government names the minister and department or team responsible for the NZA across government, and sets out how compliance by portfolios is monitored and how ministers record their decision after a full assessment.**

The Climate Change Plan and the NZA

92. The CCP already contains much of what an NZA requires. James Black noted that the process used to cost CCP policies and estimate their emissions is "incredibly similar to what constitutes the net zero assessment".[cxxx] He added that the CCP had shown that emissions impacts and costings for policies could be produced and published.[cxxxi]

93. The Cabinet Secretary did not think that NZAs would duplicate the CCP: "they will provide granular refinement".[cxxxii] They might also show "a bit more space to decarbonise in a way that was underestimated in the climate change plan".[cxxxiii] She described the CCP as "a living document", which does not "just sit on a shelf for five years" but is constantly assessed.[cxxxiv]

94. **The Committee agrees that the NZA should build on the CCP rather than duplicate it. If the CCP is to be a living document, the NZA is the natural way to test and update its policies. However, it is not clear whether the assessments carried out for the CCP covered policies that would increase emissions, as an NZA should.**

95. **The Committee recommends that, in its response to this report, the Scottish Government sets out how far the assessments carried out for the CCP amounted to NZAs, and whether they covered policies that would increase emissions.**

---

cxxvii Climate Action Committee, Official Report, 8 October 2026, col 23.
cxxviii Climate Action Committee, Official Report, 8 October 2026, col 24.
cxxix Climate Action Committee, Official Report, 8 October 2026, col 12.
cxxx Climate Action Committee, Official Report, 24 September 2026, col 5.
cxxxi Climate Action Committee, Official Report, 24 September 2026, cols 10–11.
cxxxii Climate Action Committee, Official Report, 8 October 2026, col 22.
cxxxiii Climate Action Committee, Official Report, 8 October 2026, col 20.
cxxxiv Climate Action Committee, Official Report, 8 October 2026, col 20.

Scope: infrastructure, planning and existing commitments

96. There was broad consensus from witnesses that the NZA should not be limited to Scottish Government policies, but should also cover programmes and projects. For example, Lewis Barlow highlighted the Infrastructure Delivery Pipeline, the Government's list of planned infrastructure projects, describing it as "an investment of more than £10 billion". The pipeline has had the taxonomy applied to it, but not the NZA. Applying the NZA would show that "the situation is not as positive as currently described using the taxonomy language".[cxxxv] Josiah Lockhart agreed, noting the requirements in the Climate Change Act.[cxxxvi] Section 94A of the 2009 Act requires the Scottish Ministers to publish an Infrastructure Investment Plan, which must include an assessment of how investment in the plan contributes to emissions reduction targets.[cxxxvii]

97. Annex 1 of the CCP states that the Infrastructure Investment Plan is subject to a climate taxonomy assessment, and that this approach "has been extended to the 2026 Infrastructure Delivery Pipeline". Under CCP Policy 1, "Climate taxonomic assessments will be used to provide a high-level assessment of the total climate impact of capital projects". Policy 2 also requires "a quantitative assessment of any impacts on emissions of greenhouse gases" for each major capital project (those costing £5 million or more) "prior to any approval decisions being made". The results of both are reported only at the end of each carbon budget period.[cxxxviii] A taxonomy assessment categorises spend once decisions have been taken. It is therefore not clear that it meets the requirement in section 94A to assess how far investment under the plan is expected to contribute to emissions reduction targets.[cxxxix]

98. Lewis Barlow also called for the NZA to be connected with the planning system, through which most construction, including private development, is assessed. He saw both as "going in the right direction", but did not "get the feeling that there is a clear connection between the two"; joining them up is "a question of who will be responsible for that".[cxl] He gave the example of the cross-Tay link road, which followed PAS 2080, the industry standard for managing carbon in buildings and infrastructure, and "came out with a much lower carbon impact than it would have had otherwise, and it was built on budget and on time". However, projects like this "have nowhere to report up to": "You are one connection away from that happening."[cxli] Local authority practice on carbon in planning is "very inconsistent", and a Sustainable Scotland Network survey of local authorities is examining this.[cxlii]

99. The NZA also does not cover existing commitments, which account for most of the

---

cxxxv Climate Action Committee, Official Report, 1 October 2026, cols 28–29.
cxxxvi Climate Action Committee, Official Report, 1 October 2026, col 28.
cxxxvii Climate Change (Scotland) Act 2009, section 94A.
cxxxviii Scottish Government, Scotland's Climate Change Plan: 2026–2040, March 2026, Annex 1 – Supporting Content, Annex 1D.
cxxxix Climate Change (Scotland) Act 2009, section 94A.
cxl Climate Action Committee, Official Report, 1 October 2026, cols 13 and 22.
cxli Climate Action Committee, Official Report, 1 October 2026, col 20.
cxlii Climate Action Committee, Official Report, 1 October 2026, cols 16 and 24–25.

emissions associated with the Budget. CERG recommends that the NZA should be applied to existing policy areas, although Josiah Lockhart acknowledged that going back in time "will be more resource intensive".[cxliii] Lewis Barlow said that the NZA could "shine a light" on existing spending.[cxliv]

100. The Government was cautious about extending the NZA. Asked whether an NZA had been carried out on the infrastructure delivery pipeline, Phil Raines said: "We have not focused on plans or strategies, but we could certainly consider that area as we go forward". He cautioned that combining very different types of infrastructure risked an assessment without "value, specificity or granularity".[cxlv] On existing commitments, the Cabinet Secretary said that "looking at all the policies retrospectively, however far back, would be burdensome", but that she might ask officials to apply an NZA to an existing policy "in an ad hoc way".[cxlvi]

101. On planning, the Cabinet Secretary said that this was a matter for the planning minister, to whom she would pass on the Committee's comments. Environmental impact assessments already "include information on the emissions that would be associated with particular planning decisions"[cxlvii], and will now be required for data centre proposals exceeding 50MW.[cxlviii] She cautioned that any new assessment "cannot slow down" the delivery of facilities such as health centres.[cxlix] The Committee will consider data centres further in its separate inquiry.

102. **The Committee considers that leaving major infrastructure outside the NZA is a significant gap: the infrastructure pipeline alone is worth more than £10 billion, and many of the largest negative impacts are likely to come from capital projects. It welcomes the Scottish Government's willingness to consider assessing plans and strategies. The Committee also recognises the Cabinet Secretary's concern that planning decisions should not be delayed. However, witnesses did not call for a new layer of review, but for information that already exists to be brought together, and no one is yet responsible for doing so.**

103. **The Committee recommends that the Scottish Government:**

- **confirms, in its response to this report, whether the NZA applies to capital projects, large infrastructure projects in the planning system and whether, in its view, the taxonomy assessment of the infrastructure pipeline meets the requirement in section 94A;**
- **publishes, before the draft Budget 2028-29, the greenhouse gas assessments already required under CCP Policy 2 for the ten largest**

cxliii Climate Action Committee, Official Report, 1 October 2026, cols 23–24.
cxliv Climate Action Committee, Official Report, 1 October 2026, col 24.
cxlv Climate Action Committee, Official Report, 8 October 2026, col 17.
cxlvi Climate Action Committee, Official Report, 8 October 2026, col 24.
cxlvii Climate Action Committee, Official Report, 8 October 2026, col 22.
cxlviii Scottish Government, Data centres: Chief Planner letter and EIA Direction, 16 September 2026.
cxlix Climate Action Committee, Official Report, 8 October 2026, col 18.

projects in the infrastructure pipeline; and

- **names, in its response to this report, who will be responsible for connecting the NZA with the planning system, and by when.**

Cumulative and whole-life emissions

104. Witnesses supported assessing related policies together. James Black, Professor Roy and Lewis Barlow all agreed that the threshold should be applied cumulatively. James Black explained:

> "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."[cl]

105. Witnesses also supported counting whole-life emissions, including those from imported materials, as the independent review recommended. Lewis Barlow said that this has been standard in the construction industry for at least 10 years, and is central to the PAS 2080 standard: it is "unacceptable to put artificial boundaries around carbon impact".[cli] Josiah Lockhart raised a harder question: many recent policy decisions will not have been subject to an NZA, so looking only at this year's policies would miss the cumulative impact of earlier ones.[clii]

106. The Cabinet Secretary was not sure how a cumulative approach would work: "projects will happen at different times, so how could they be grouped together?" She undertook to "take that proposal away".[cliii] Phil Raines identified practical complications, but accepted that the Committee had made "a relevant point about the need to ensure that the totality of the impacts is seen somewhere in the decision-making process".[cliv]

107. **The Committee welcomes the Government's undertaking to consider a cumulative approach, and recognises the challenges involved. However, as was acknowledged, the total impact of related policies needs to be visible somewhere in decision-making. The Committee also agrees with witnesses that whole-life emissions should be counted.**

108. **The Committee therefore asks that the first annual NZA report sets out the Government's conclusion on a cumulative approach, and how it will assess whole-life emissions.**

Reporting and publishing NZA results

cl Climate Action Committee, Official Report, 24 September 2026, col 15.
cli Climate Action Committee, Official Report, 1 October 2026, col 18.
clii Climate Action Committee, Official Report, 1 October 2026, col 17.
cliii Climate Action Committee, Official Report, 8 October 2026, col 16.
cliv Climate Action Committee, Official Report, 8 October 2026, cols 16–17.

109. The Government does not plan to publish the results of individual NZAs. In January 2026, it told the NZET Committee that they would not be shared directly in the Budget documents; instead, where mitigation options identified through an NZA were implemented, this would be reflected in the taxonomy.[clv] However, the taxonomy will register an NZA only if it changes how a line is rated. Because most spending is rated neutral, an NZA that reduced emissions within a neutral line would not be visible at all. This is the misclassification problem described in paragraph 48. The Cabinet Secretary also said that "The details of the emissions impact of the Scottish budget will then be included in the high-level carbon budget assessment".[clvi] The High-Level Carbon Assessment, however, estimates the emissions from spending itself, not the consequential impact of policies (paragraph 2). It is therefore not clear how NZA results would appear in it.

110. There was consensus among witnesses that NZA results should be published. Professor Roy put it most clearly: "the more transparency and openness there is, the better. I do not really see why you would not want to be open and transparent."[clvii] Lewis Barlow called for "some form of publicly available annual report" showing which policies had been assessed and which had been screened out, and why.[clviii] Both he and Josiah Lockhart agreed that there should be a record where the Government decides to proceed with a policy that would increase emissions.[clix] Josiah Lockhart accepted that the Government has to weigh carbon against its other priorities, but said that publishing the assessment "would make the decision transparent". Lewis Barlow added: "There is nothing to hide… so why not lead with it and be proud of what we are doing?"[clx]

111. The Cabinet Secretary said that "Providing information post-decision seems more sensible", and that "It is absolutely right to be transparent about how and why we have made decisions". However, involving the Parliament before decisions were taken "might slow down Government somewhat".[clxi] She said that NZAs "are done to give information to ministers", but undertook to consider whether, when she writes to the Committee about decisions, she could say "whether a net zero assessment has been carried out".[clxii]

112. **The Committee welcomes the Cabinet Secretary's acceptance that it is right to be transparent about how and why decisions have been made. Without the assessments themselves, it is not possible to judge whether a policy has achieved what was intended. Reporting through the taxonomy or the High-Level Carbon Assessment alone is not enough. It also welcomes her commitment: "I am happy to give you the information that you need in**

---

clv Letter from the Scottish Government to the Net Zero, Energy and Transport Committee, 13 January 2026.
clvi Climate Action Committee, Official Report, 8 October 2026, col 12.
clvii Climate Action Committee, Official Report, 24 September 2026, col 11.
clviii Climate Action Committee, Official Report, 1 October 2026, cols 14–15.
clix Climate Action Committee, Official Report, 1 October 2026, col 15.
clx Climate Action Committee, Official Report, 1 October 2026, col 26.
clxi Climate Action Committee, Official Report, 8 October 2026, cols 14–15.
clxii Climate Action Committee, Official Report, 8 October 2026, col 25.

order to scrutinise my decisions".[clxiii]

113. **The Committee recommends that each annual NZA report, starting with the first report due in March 2027, sets out:**

- **the policies screened in and out of a full assessment, and why;**
- **a summary of the results of each full assessment, including how many concerned policies are expected to increase emissions and how many concerned policies are expected to reduce them;**
- **examples of policies whose design was changed, or which were not taken forward, as a result of an NZA;**
- **any decision to proceed with a policy that a full NZA showed would increase emissions, with the reasons;**
- **any existing policies assessed using the ad hoc approach the Cabinet Secretary described; and**
- **in the first report, the Government's conclusion on a cumulative approach and how it will assess whole-life emissions, using established industry standards such as PAS 2080.**

[clxiii] **Climate Action Committee, Official Report, 8 October 2026, col 15.**

Conclusion

114. The Committee's scrutiny has shown that the JBR has made a real difference by calling for improvements to the processes for capturing climate information in the Budget. That information has improved, the climate narrative and taxonomy are now an established part of the Budget documents, and the NZA has been rolled out across Government. Witnesses agreed that the work has been worthwhile, and Scotland is one of only a few countries doing it. It is too early, however, to see whether this has changed decisions or delivery. The evidence also showed that each strand has some way to go. The Budget cannot yet be read alongside the Government's climate plans, so it is not possible to tell whether those plans are funded. The climate narrative presents only spending that supports climate goals. The taxonomy is too broad to show the real climate impact of spending, and its total of positive spend is not a measure of climate progress. The NZA is the most promising strand, but it is at an early stage: its scope is limited, its results are not published, and there is not yet evidence that it has changed a decision.

115. The Government accepted much of this. It agreed that spending choices should be linked to climate plans, is reviewing the taxonomy, has lowered the NZA threshold, and undertook to consider greater transparency. It was more cautious about extending the NZA to existing commitments, infrastructure plans and the planning system, and about anything that might slow down decision-making.

116. Resources were a recurring theme. Witnesses considered that the strands can be delivered proportionately, and that much of the work involved should already be happening under existing appraisal requirements. However, the Government's own pilot report expected the resources needed for the NZA to increase as the threshold was lowered. The Cabinet Secretary was clear that she was "focused on delivery, not on creating bureaucracy or more reports, reviews, analysis or whatever for their own sake", and cautioned that "if you ask the Government to give the Parliament details, that might take away resources from other things that will result in action". [clxiv]

117. Information that is easy to understand helps to build trust, at a time when, as the Cabinet Secretary acknowledged, disinformation about climate action has become "pretty toxic and weaponised". The Committee has therefore sought to keep its recommendations proportionate and purposeful. Most ask the Government to publish information it already holds, or to explain decisions it has already taken, and those that require more work are phased over the next two Budgets. The Committee considers this a reasonable compromise for being able to see whether the Budget is delivering the Government's climate plans.

118. **The Committee recognises that improving climate information has a cost, and that this must be balanced against delivery. However, this is not a technical exercise. Clear and transparent climate information allows the Parliament, stakeholders and the public to test whether spending decisions across government match the Government's climate policies, and whether**

clxiv Climate Action Committee, Official Report, 8 October 2026, col 11.

the resources allocated match its stated ambitions.

119. **The Committee will continue to monitor the three strands of the JBR as part of its ongoing work programme, including through the first annual NZA report in March 2027. In future pre-budget scrutiny, it intends to build on this work by examining the climate impact of specific budgets, such as housing, transport and agriculture.**

