

Annex 1: Detailed Assessment of Scotland's progress towards CERG priorities – April 2023

CERG's approach to assessing progress

This assessment tracks the extent to which the Scottish Government has responded to the recommendations presented to the Scottish Government by the <u>Climate Emergency Response Group</u>.

Specific attention has been given to the four proposals within CERG's most recent recommendations report published in August 2022 <u>Unlocking Scotland's response to the climate emergency</u>. In 2022, CERG focused its collective efforts around two cross-cutting proposals – Net Zero Test and local authority – and two thematic proposals – city transformations (modal shift) and agriculture advice and skills. They were specifically selected because CERG believe they are fundamental to 'unlocking' progress across all sectors on meeting Scotland's climate targets, and that immediate action could be taken on them during the course of 2022. The two thematic proposals touched on place-based approaches and a just transition – two key themes and priorities of the Scottish Government.

The assessment also looks at progress against CERG's previous proposals (<u>reports published in 2019, 2020 and 2021</u>) excluding those which have been superseded by more recent proposals. The assessment summarises achievements and gaps in how the Scottish Government proposes to address CERG's priorities and to deliver an emergency response to the climate crisis.

Please note this is <u>not</u> a comprehensive assessment of the Scottish Government's action on climate change. The assessment and its ratings only focus on responses to CERG's specific proposals, helping CERG to understand its influence and the approach being taken by the Scottish Government to address the issues raised by the Group. As a result, some of the assessment ratings may differ slightly from those of the Climate Change Committee or other analyses in the public domain, although the key messages are similar.

The assessment is based primarily on a document review of Scottish Government announcements and publications between August 2022 – April 2023. It also takes into account the latest UK Climate Change Committee's assessments of Scotland's progress on reducing emissions and adaptation, and the Joint Budget Review. Where relevant and possible we have cross-checked our findings with external stakeholders and Scottish Government civil servants.

CERG wishes to stress that this report is only a snapshot in time, accurate as of the end of April 2023, and 9 months after the publication of our report in September 2022. In several cases we are aware that work is underway within the Scottish Government but has yet to be finalised or made publicly available. It is possible that ratings could improve over time as this work delivers tangible outcomes and action. CERG accepts that it may be missing some information, or that it may not have interpreted published information correctly but has made best efforts to provide a fair and objective assessment.

The following criteria were used to complete the assessment process.

Policy Trajectory
↑ = policy signals moving in right direction in line with CERG's proposals.
\leftrightarrow = policy signals not really changing.
↓ = policy signals moving away from CERG's proposals.

RAG ratings	Certainty & scale of investment (£)	Policy commitments	Speed (timelines, targets, scheme delivery)
GOOD	Sufficient budget allocated, long-term investme certainty, credible financing plan	Credible and specific policies, targets and regulations meet the vast majority of CERG's asks	Government commitments align with CERG proposed timescales and/or a significant ramp up in government action on this issue.
GENERALLY GOOD	Budget allocated but insufficient to enable a rapid transition and/or financing plan not yet developed	Credible policy commitments against most aspects of CERG's asks, but few gaps or uncertainties.	Government commitments ambitious but slightly behind CERG's proposals. Significant Government action.
CONCERNS	Some funding commitments but unclear where significant part of funding will come from.	Significant gaps in policy & commitments which will hinder delivery against CERG's asks.	Policy timelines too slow to drive urgent action and/or significant delays in delivery.
INADEQUATE	No clarity on investment or investment inadequately targeted.	Insufficient or no policy response.	No timelines or processes in place.

Section 1: Assessment of the Scottish Government's progress against CERG's 2022 Recommendations Report

	2023 RAG ratings		gs	
CERG'S Immediate actions for 22/23	Certainty & scale of investment (£)	Policy commitments	Speed (timelines, targets, delivery)	Comments / Gaps (April 2023)
NET ZERO TEST				
Aligned with previous CERG asks:				
City Transformations (2021); Mobilise public expenditur	e (2021); Green Ci	ty & Region Deals	(2021); Climate eme	
Mandatory Net Zero Test for policy and public spending with implementation from 2023				JBR published Dec 2022 and recommends 'the development of a Scottish Government wide Net Zero Assessment to establish a dedicated carbon assessment process during early policy development stages that will provide increased depth and detail on the climate impact of individual policies and their associated budget allocations'. Changes in the 2023/4 budget were limited to an additional Climate Change Assessment Annex. Enhanced taxonomy and carbon assessment to start from 2024/5 budget but this will be an iterative process with comprehensive coverage not expected in the first year. Concern that the Scottish Government's response to the JBR recommendations regarding internal policy-making processes and governance have not been addressed¹. There is a lack of clarity around the scope and extent of influence of the proposed NZ assessment on the policy process² - for example, earlier on in the policy process where definitions, design, and resource decisions are made. Overall the commitments made contribute to our ask but do not meet it.
				CCC progress report also agrees that more needs to be done to ensure climate policy and the Net Zero target is embedded at the design stage of each new policy (p52).

¹ <u>Scottish Government Needs A Rethink To Meet Net Zero Ambitions | FAI (fraserofallander.org)</u>

² 'the underpinning intention is to improve the alignment, in relation to emissions reduction, of spend, policy and outcomes.'

		2023 RAG ratir	ngs	
CERG'S Immediate actions for 22/23	Certainty & scale of investment (£)	Policy commitments	Speed (timelines, targets, delivery)	Comments / Gaps (April 2023)
Guidance, training and capacity building, including a central source of expertise				Acknowledgement that capacity building and upskilling within Scot Govt will be necessary to support implementation, but no commitments or plans yet.
LOCAL AUTHORITY NET ZERO FRAMEWOR	RK			
Aligned with previous CERG asks: Unite Central and Local Government (2021)				
Specific framework on delivery of net zero programmes as part of 'New Deal'				Framework not negotiated, no process or commitment in place to do so, though Scottish Cities Alliance looking at this. Climate included as one of 4 priorities for the New Deal for local government in the PfG but this seems to be a slow process, mainly engaged with the fiscal framework. New First Minister reaffirms commitment to the New Deal. Pipeline and resource capacity continue to be major barriers within local authorities. Some UK funds now available (Fast Followers / Innovate UK). Lack of progress on simplifying funding streams and balancing revenue and capital funding remain a big concern, with the CCC and NZET Committee Inquiry also flagging this up as an area of concern. Lack of clarity on future of GGAs; limited capacity in LA's to participate. Positives: SG engaging with COSLA at a high level on net zero delivery and responding positively to proposals for a 'climate intelligence service' but no announcement yet. Draft Energy Strategy refers to support from Zero Waste Scotland for LHEES which takes the form of guidance and workshops;.

³ '. Ensuring multi-year funding of work that delivers Net Zero-aligned outcomes and provides the necessary certainty to allow local authorities to plan work that spans beyond a few months into the future is desperately needed' CCC page 54. 'larger, fewer and more flexible challenge fund streams for net zero-related projects at local level that are better configured to support a holistic and place-based response to climate change' Net Zero, Energy and Transport Committee The role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland, 1st Report, 2023 (Session 6); p1.

		2023 RAG ratio	ngs	
CERG'S Immediate actions for 22/23	Certainty & scale of investment (£)	Policy commitments	Speed (timelines, targets, delivery)	Comments / Gaps (April 2023)
				. NZET Committee inquiry report recommendations align with our asks ⁴ , SG response awaited.
Rapid gap and opportunities analysis.				No gap/opportunities analysis (though Improvement Service is doing a small survey on training needs).
CITY TRANSFORMATIONS (MODAL SHIFT)				
Aligned with previous CERG Asks: City Transformations (2021); Zero-emission cities (2019)); City & Town Infi	rastructure Progra	mme (2020); Climate	e emergency a centre part of planning (2021)
Multi-yr, non competitive funding for local authorities		Active Travel Transformation Fund		Record, multi-year investment in Active Travel in 22/23 Budget (£130m) and 23/24 budget (£190m). Establishment of a £20m Active Travel Transformation Fund for local authorities and delivery partners which moves towards multi-year projects, and builds pipeline. Active Travel Transformation Project good example of trying to address challenges holistically and test new ways of working to speed up delivery. NZET Committee report on local government and CCC progress report state an evolution in funding is needed urgently. Scot Gov acknowledge the problem with ringfencing, work ongoing with COSLA, but yet to be resolved or progressed beyond active travel.
Speed up consenting for infrastructure and strengthen enforcement of priority measures				Active Travel Transformation Project is investigating how to address problems with TROs, loading bays and redetermination orders— awaiting decision (concerns about resource limitations holding back this work). No action to improve enforcement of bus priority measures / parking controls. Allocation of Bus Partnership Fund for bus priority measures has been slow (only £25.8m since 2020). Work with BSIPs to increase resources to develop and deliver bus priority projects is welcomed.

⁴ The role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland | Scottish Parliament

	2023 RAG ratings			
CERG'S Immediate actions for 22/23	Certainty & scale of investment (£)	Policy commitments	Speed (timelines, targets, delivery)	Comments / Gaps (April 2023)
				Given the importance of providing accessible, reliable public and active travel alternatives to achieving modal shift and delivering STPR2 tackling these issues should be seen as far more urgent.
More rapid decarbonisation of bus sector				Decarbonisation pathway published August 22 – unclear who is responsible for monitoring its progress or what progress has been made – most actions lie beyond Scot Gov responsibility. Phase 2 of ScotZEB Challenge Fund to open in spring 2023 (awaiting launch). A £500m Market Transition Scheme launched and allocated ⁵ to encourage collaborative, disruptive, innovative bids and additional support to SMEs. Scot Gov seen as unlikely to meet its 2021 target of 'removing the majority of diesel buses from public transport by the end of 2023'. Challenging time for bus operators as Network Support Grant + ends 31 st March 2023 which may impact investment into fleet decarbonisation and lead to route closures.
Engage with citizens to agree practical, workable solutions				Transport Scotland ran a trial 'Peoples Panel Pilot' to pilot approaches to citizen's engagement around NTS delivery and test peoples' responses to the NTS (Oct 21-22) with the intention to use similar approaches again ⁶ . STPR refers to community engagement around location of mobility hubs. Research published on how to engage public in discussion about car use reduction ⁷ – to inform TS strategy and guidance this year. Some egs (Edinburgh) of cities consulting on multiple connected plans.
Stronger leadership and regional action on car demand management				Currently no mandate / requirement / incentives for cities to take early action on this or increased resource for regional transport partnerships to take a more active role.

⁵ <u>Zero Emission Bus Market Transition Scheme - Energy Saving Trust</u>
⁶ <u>NTS People's Panel Pilot - Transport Findings | Transport Scotland</u>

⁷ https://climateoutreach.org/reports/car-reduction/

		2023 RAG ratin	gs	
CERG'S Immediate actions for 22/23	Certainty & scale of investment (£)	Policy commitments	Speed (timelines, targets, delivery)	Comments / Gaps (April 2023)
				CCC assessment concluded 'current plans lack a full strategy with sufficient levers to deter car use" and identifies need for detailed strategy as urgent priority for 2023. Updated Route Map expected spring 2023 to include more detail on demand management / fiscal measures – awaiting publication. Emphasis has been placed on efforts to reduce the cost, and improve the use of public transport eg under 22s bus passes, Bus Network Support Grant and temporary removal of peak fares on ScotRail services (£15m). Community Bus Fund. Fair Fares Review due to be published soon. But this needs to be matched with car demand management measures and ensuring the reliability and frequency of public transport. Note the strong leadership of the Welsh Government ⁸ and the collaborative approach adopted by Gloucestershire Councils. 9 NZET Committee also recommends stronger powers / resourcing for RTPs to encourage collaboration.
ADVICE AND SKILLS FOR FARMERS				
Aligned with previous CERG asks: Climate friendly farming (2021); Nature-based solutions	(2021): Upskill the	Workforce (2021)		
Announce future scope and scale of advice, knowledge sharing and skills development with detailed plans by 2023	(23-1), Oppini the	TOTALOTEC (2021)		PfG commits to 'Invest in advice and skills for farmers and crofters to support a just transition' but lacks any more detail. Next round of procurement of FAS will be in 2024, but only minor changes will be introduced until the Agriculture Bill which will consider CPD and look into setting up an AKIS system as part of the Tier 4 Agricultural Support Package in

⁸ Putting the brakes on carbon emissions, steering towards alternative solutions and driving towards net zero by 2050 | GOV.WALES

⁹ Gloucestershire's councils agree on collective action to deliver Net Zero transport - transportandenergy

	2023 RAG ratings			
CERG'S Immediate actions for 22/23	Certainty & scale of investment (£)	Policy commitments	Speed (timelines, targets, delivery)	Comments / Gaps (April 2023)
				2026 ¹⁰ . CxC research and other development work ongoing into this (report due May 2023).
Mandatory advice into farm-level support and capital grants, starting with Track 2 of NTP				Track 2 of NTP and associated farmer surveys will inform Scot Gov on if / how to align advice and capital support. No commitment yet to change approach ¹¹ .
Refresh and extend mandatory CPD on climate and biodiversity for advisors				Correspondence from Scot Gov states that this is reviewed on an annual basis. Acknowledged it is a slow process. Correspondence from Scot Gov states there will be a one-day climate change information and training event for advisors (in 2023?). New CPD system to be introduced as part of post 2025 support.
Action to respond to commission on land-based learning as soon as possible.				Commission report published 19/01/23 and includes recommendations on upskilling / CPD for farmers, and attracting new entrants into land-based and aquaculture sectors. Scot Gov response likely to be through Just Transition Plan for land use and agri and published alongside draft CCP. (Nov 23).

Future agriculture support and food security: statement by Rural Affairs Secretary - gov.scot (www.gov.scot)
 National Test Programme - testing actions for sustainable farming phase one: survey report - gov.scot (www.gov.scot)

Section 2: Assessment of the Scottish Government's progress against CERG's previous recommendations – 2021, 2020, 2019

This section presents a brief assessment of progress against those CERG's proposals from 2019 to 2021 which are distinct from CERG's 2022 priorities.

		2023 RAG ratings		gs			
CERG Proposal	2021 Assessment	Certainty & scale of investment (£)	Policy commitments	Speed (timelines, targets, delivery)	Comments / Gaps		
City Transformation (Zero Emission Cities; Place-based transformations)	All amber				See CERG assessment of local authority resourcing, city transformation (modal shift) and Net Zero Test. No commitment to vehicle emission free cities by 2030. No commitment to support a minimum of 4 cities to build business cases for whole community transformation programme (some cities have secured resources to develop their pipelines but often outside of SG funding). Incremental changes only. Green Growth Accelerators progressing slowly. First business cases to be signed off in 2023 and some projects likely to be investing this year. Priority is to get these projects up and running in 2023/4 - no funding assigned. 2022-3's £1m resource budget mainly allocated across local authorities in FY22/23, giving each £26,00 toward building programme pipelines. Unsure whether further rounds will be established – demand low due to lack of capacity/expertise.		
	Heat in Buildings (energy efficiency and heat) : Various CERG asks – see below for individual ratings.						
Non-Domestic retrofit (2021)					Slow progress on regulations – still awaiting consultation that was promised for 2022. (HiBS). Welcome SME Loan and cashback doubled under Emergency Budget review. No evidence that will hit target of 50,000 non-domestic buildings by 2030 targets.		

			2023 RAG rating	gs	
CERG Proposal	2021 Assessment	Certainty & scale of investment (£)	Policy commitments	Speed (timelines, targets, delivery)	Comments / Gaps
Accelerate Scotland's energy efficiency retrofit (Domestic) (2019)	Light Green for investment; Green policy, amber for timescales.				HiBS targets were ambitious, and good strategy in place, but since this point delivery of the strategy has slowed and some delays occurring (eg Consultation on regulatory framework delayed.) Heat & Energy Efficiency Scotland virtual agency established in autumn 2022 but slow progress. Public engagement work starting — National Conversation and Public Engagement Strategy planned for summer 2023 but lacking clear message on regulation. Significant concerns about local authority capacity for delivery of LHEES and Area Based Schemes — big underspend in 22/23 New £25m Heat Decarbonisation Fund and simplified HES scheme with generous grants and zero interest loans, widened eligibility for fuel poverty scheme Warmer Homes Scotland).
Scottish Heat Pump Sector Deal (2019)				Process took longer than hoped, and still waiting a full response to all the recommendations.	Heat Pump Sector Deal convened and report produced December 2021 (slower than CERG hoped). Full Gov response expected in 2023. Ratings not green because recommendations not fully implemented and timescales for the Deal to lever change too slow. Heat in Buildings Supply Chains Delivery Plan published (November 2022), incorporating recommendations made in Heat Pump Sector Deal report. Supply chain plan for non domestic buildings delayed.
Enhance Building Standards (2019)	Light green for policy. Amber for everything else.				New build energy standards from Dec 2023 in place and consultation on 2024 zero emissions homes new build standard Part II completed ¹² . Commit to introduce subordinate legislation by mid Dec 2024 to put in place Passivhaus or Scottish equivalent standard for new build, with development work in 2023 – a six month delay on earlier commitments. ¹³ There will also be zero emissions from heat (no gas connections).

New build heat standard consultation: part II - Scottish Government - Citizen Space
 https://www.parliament.scot/bills-and-laws/proposals-for-bills/proposed-domestic-building-environmental-standards-scotland-bill

			2023 RAG rating	gs	
CERG Proposal	2021 Assessment	Certainty & scale of investment (£)	Policy commitments	Speed (timelines, targets, delivery)	Comments / Gaps
					Good progress but significantly slower than CERG's ask (2019).
Upskill the workforce	Light green for investment and policy, amber for speed	Light green	A lot of activity but unclear if it will drive the scale of change required. Missing a regional / local response.	Too slow to meet demand.	Green Jobs now clearly defined and analysed (SDS). Lots of activity and focus on this across sectors and through the NSET. However, in many cases the lagtime is likely to be too slow to provide the skilled workforce needed to deliver climate targets. Lack of regulatory signals and investment in some sectors preventing businesses investing in the transition process — a particular challenge for energy and North Sea O&G workers 14. There remain significant gaps of skilled workers in many sectors (peatland, heat decarbonisation), although actions being taken to try to close the gap. eg Heat in Buildings Supply Chain Delivery plan, Green Heat Hub Challenge Fund, Green Heat accelerator. Some of these focus support on SMEs. Refreshed Climate Emergency Skills Action Plan due by August 2023, likely to focus on the Green Jobs Workforce Academy as the central resource for information and access to training. NSET delivery plan on skills published — includes commitments on stronger, simplified lifelong learning for upskilling / reskilling and development of a Lifetime Skills offer, Skills Guarantee for high carbon sectors, Skills Pact with employers (NSET Delivery Pending). Review of Skills Delivery Landscape due. Good progress on new training courses (eg construction retrofit, peatland restoration, Green Internship Scheme etc.) but often these are national and based in a single site — less strong on regional / local delivery and linked to potential pipelines. Remains hard to attribute scale of efforts to outcomes — needs a regional / local approach and a transparent monitoring system to track whether the most urgent skill-gaps are being filled - eg #jobs transitioned, jobs created, compared with #needed (by

¹⁴ Energy System and Just Transition: Independent Analysis (www.gov.scot) 3 March 2023

			2023 RAG ratio	ngs	
CERG Proposal	2021 Assessment	Certainty & scale of investment (£)	Policy commitments	Speed (timelines, targets, delivery)	Comments / Gaps
					sector, by location). Just Transition sector plans are where supply, demand and training should align.
Mobilise public sector expenditure (whole life costing, public sector buildings, public sector reporting)	Amber for investment, red for speed			Strategy will not drive change quickly enough.	Procurement barriers remain and multiple examples of where the short-term economic case outweighs long term investment net zero outcomes, and where skills and capacity are a barrier. (see eg NZET committee inquiry which identifies procurement practice as a barrier). Scottish Government approach is based on public sector reporting and guidance to shift procurement practice, rather than mandatory whole-life costing and conditionality. All councils had to report on how they are aligning their spending plans and use of resources with delivering on their emissions reduction targets, by November 2022 (awaiting analysis). Much more could be made of the public bodies climate change reports to ensure climate change embedded across decision-making at all scales ¹⁵ . From 2023 procurement professionals are encouraged to ask for climate information from bidders at the selection stage of procurements, through a phased approach. Updated policy note / guidance produced by Scottish Government ¹⁶ and Climate and Procurement Forum continues to encourage collaborative approaches, training and guidance. Procurement also a key pillar in the draft Community Wealth Building Bill ¹⁷ . No progress to mandate whole life costing, although included within updated new Sustainability in Construction Policy Note ¹⁸ , and increasingly part of industry standards such as PAS 2080, RICS Whole life carbon professional statement, the Net Zero Public Sector Building Standard (voluntary) and the carbon

¹⁵ See Recommendation 5 in <u>Scotland's councils' approach to addressing climate change (audit-scotland.gov.uk)</u>

¹⁶ Public procurement - taking account of climate and circular economy considerations: SPPN 3/2022 - gov.scot (www.gov.scot)

¹⁷ Building Community Wealth in Scotland: Consultation Paper (www.gov.scot)

¹⁸ Construction policy notes (CPNs) - gov.scot (www.gov.scot)

		2023 RAG ratings			
CERG Proposal	2021 Assessment	Certainty & scale of investment (£)	Policy commitments	Speed (timelines, targets, delivery)	Comments / Gaps
					management procedures for the City Region & Growth Deals ¹⁹ . These good practices could be swiftly rolled out and extended.
Green City & Region Deals	All amber				See Assessment of Net Zero Test Carbon management guidance for City Region and Growth Deals published August 2022 ²⁰ , has been widely applied leading to carbon savings. It is seen as good practice that should be 'swiftly rolled out' ²¹ . Chief Planner letter on NPF4 refers to this guidance as a useful methodology to applicants and planning authorities. ²² There are concerns regarding capacity and expertise to continue this work and extend to other capital infrastructure programmes.
Climate emergency a guiding principle in all planning decisions	Amber for resource and policy, red for speed	No investment to enforce / implement		Serious concerns about capacity and preparedness for delivery	Overall rating = amber. NPF4 passed and came into force on 13 th February 2023. Strategically important document that requires 'significant weight' to be given to the climate and nature crises in all decisions and prioritises planning applications for renewable energy schemes. Final version offers more clarity on net zero but a few gaps remain. See also ref to carbon management guidance under city deals proposal. Significant concerns about capacity of skilled planners to deliver and enforce NPF4 remain (eg RTPI ²³ who are calling for a comprehensive skills and resource strategy in a Delivery Plan; eg of the impacts of staff shortages on rate of consenting decisions for onshore wind.) ²⁴

¹⁹ Scottish City Region and Growth Deals: carbon management guidance for projects and programmes - gov.scot (www.gov.scot)
²⁰ Scottish City Region and Growth Deals: carbon management guidance for projects and programmes - gov.scot (www.gov.scot)

²¹ Cabinet Secretary for Net Zero Energy and Transport (parliament.scot)

https://www.gov.scot/publications/chief-planner-letter-transitional-arrangements-for-national-planning-framework-4/

²³ https://www.rtpi.org.uk/policy/2023/january/revised-draft-national-planning-framework-4/; RTPI Scotland (2021) Resourcing the Planning Service: Key Trends and Findings 2021. June. Available here: https://bit.ly/3s5h4Yc

²⁴ Staffing levels blamed for Dumfries and Galloway wind farm planning delays - BBC News

		2023 RAG ratings			
CERG Proposal	2021 Assessment	Certainty & scale of investment (£)	Policy commitments	Speed (timelines, targets, delivery)	Comments / Gaps
					No political commitment to call in planning decisions that don't align. NZET committee inquiry concludes that LA planning departments are 'ill-prepared to deal with the additional demands the net-zero journey is placing on the planning system, in terms both of increased applications and increased specialist technical knowledge". CCC states 'Scottish Government must – if this vision is to be realised – ensure that (i) local resources and plans are updated to align to it; (ii) best practice and risks/issued are able to be shared between local authorities; and (iii) adequate support (guidance, training and resource to build capacity and expertise) is provided to allow robust implementation. 25' See also Local Authority Net Zero Framework proposal.
Solve real and specific financing challenges	Amber for resource and policy. Red for speed		A lot of activity, but remains amber because of slow progress in developing pipelines and limited evidence of new approaches being adopted. / tested		Investor Panel established (Dec 22) to advise on how Scotland can 'create the right conditions to attract global capital investment to develop the physical infrastructure required for a just transition'. Green Heat Finance Task Force operating (but moving slowly, no pilots as yet). Commitment to expand and enhance Green Investment Portfolio ²⁶ ; (but concerns – eg raised by NZET committee inquiry that 'more work is needed to make specific links between projects in the portfolio and local government, covering matters such as the scaling up of projects risk reduction and risk assignation' (Recommendation 3) Work ongoing to build investor-ready pipelines and demonstrate models with particular progress on natural capital – but still lack models for private investment in most sectors / places. 'A meeting of the Scottish Taskforce for Green and Sustainable Financial Services in December agreed that there 'continues to

²⁵ Letter: Scottish Government's draft Fourth National Planning Framework (NPF4) - Climate Change Committee (theccc.org.uk) ²⁶ NSET Delivery Plans (October 2022)

		2023 RAG ratings			
CERG Proposal	2021 Assessment	Certainty & scale of investment (£)	Policy commitments	Speed (timelines, targets, delivery)	Comments / Gaps
					be a gap between investors and investible projects' ²⁷ . Interim Report due January 2023. NZET Committee identifies need for 'specialist advice and assistance to local government in its engagement with institutional investors on major capital funding' (Recommendation 4)
Climate & Nature friendly farming / Regional Land Use Partnerships	All red				See CERG Assessment for Skills and Training for farmers. Agriculture Bill is likely to be a framework bill, giving Government powers to make support payments to farmers; future policy for nature and climate-friendly farming will be developed after the Bill passes. £44 million allocated for this National Test Programme, Agriculture Transformation Prog, and Agriculture reform programme but no advice and training alongside capital. Regional Land use Partnerships still at pilot stage- very slow.
Sustainable, healthy, climate friendly diets	All red				Work on the commitment to review public sector catering guidance (Catering for Change) in response to Scotland's Climate Assembly recommendation has been 'paused' and won't restart until there is more resource. This work responds in part to the PfG2019 to develop guidance for sustainable, climate-friendly eating.
Natural solutions to mitigate and adapt	Light green for resource, amber for policy and speed	Good progress particularly on financing but concerns about equity			Welcome consultation on a phased end to the sale of peat, but timescales are slow. No commitment to ban peat extraction but stronger controls within NPF4. Final NPF4 strengthened to require significant weight given to nature and biodiversity crises and requirement for developments to deliver biodiversity enhancements. Natural Environment Bill is required to lock in the targets and statutory responsibilities to deliver CERG proposals. CCC very critical on progress to peatland restoration (skills shortages and contractor availability) (Red rating), with woodland creation

²⁷ <u>Scottish Taskforce for Green and Sustainable Financial Services: Meeting 4 - Global Ethical Finance Initiative</u>

		2023 RAG ratings			
CERG Proposal	2021 Assessment	Certainty & scale of investment (£)	Policy commitments	Speed (timelines, targets, delivery)	Comments / Gaps
					better (yellow rating). First Peatland restoration training course ²⁸ part funded by Scot Gov.
					Investment: Interim Principles for Responsible Investment in Natural Capital published (March 2022) followed by a Protocol. Have 'established a cross-government, cross-agency Programme Board and associated workstreams to deliver our ambition for investment in natural capital' (NSET Delivery plans). 'Facility for Investor Ready Nature in Scotland' launched February 2023.
Citizens to the heart of decisions	Red – resource, Light green for policy and speed	Some investment for national sector plans but would like to see this translate down to local engagement.	Some progress at sector level but need more evidence of activities translating into decision-making.		Welcome progress such as the Peoples' Panel for National Transport Strategy ²⁹ and the planned National Conversation on the Heat Transition, Heat in Buildings Public Engagement Strategy and engagement around Just Transition Fund and Plans. Also welcome expansion of Climate Action Hubs ³⁰ and continuation of Climate Action Towns in 2023/4 budget. However, leadership on potentially controversial decisions to achieve net zero is still lacking and local processes tend to rely on traditional consultation approaches which aren't well suited to the scale of transition required. Given cost of living crisis, some issues seen as too politically difficult for Scottish Government. Recent IPSOS Mori research shows the UK public continue to support 'net zero' policies, despite the cost-of-living crisis. ³¹
Establish a public- interest company to invest in and	N/A	Not assessed	Not assessed	Not assessed	Note CC Plan Update relies on CCS to meet 2030 and 2045 targets but Scot Gov was pursuing same outcome through another route (Acorn project), so this recommendation is

²⁸ Scotland's first peatland restoration course | SRUC

NTS People's Panel Pilot - Transport Findings | Transport Scotland Funding local climate action - gov.scot (www.gov.scot)

³¹ Overall action on Climate Change (ipsos.com)

		2023 RAG ratings			
CERG Proposal	2021 Assessment	Certainty & scale of investment (£)	Policy commitments	Speed (timelines, targets, delivery)	Comments / Gaps
operate CCS infrastructure (2019)					obsolete. From 2021 we decided not to focus on CCS and NETS as wanted to emphasise what was possible with immediate measures in this decade of action.
Planning renewable electricity for net-zero (2019)	Not assessed				NPF4 a major step forward in prioritising renewable energy in planning decisions. Draft Energy Strategy (Dec 2022) sets out an increase in ambition on ambition for offshore and onshore wind power plus targets for solar and tidal and wave energy generation, support for life extension and repowering of existing onshore wind site but strategy significantly delayed and significant barriers remain.
Scottish National Investment Bank (SNIB) (zero-carbon written into its articles of association)	Green for investment Light green for policy and speed.		Stronger alignment / targeting to national priorities, no investment in high carbon projects and more significant role to act as catalyst / enabler.	Objective of achieving a net zero portfolio by 2045 is not suitably ambitious given the Bank's mission and mandate; slow to deploy funds	SNIB established with net zero as one its 3 core missions and states that since COP26 net zero is a common theme across all investments ³² . It has ethical investment standards in place, preventing investment in organisations promoting exploration or extraction of fossil fuels, but does allow investment to support the transition of this sector and has recently invested high carbon sectors (eg £178m in Scotland's space sector ³³). Mission impact objective of achieving a net zero portfolio by 2045 is not suitably ambitious given the Bank's mission and mandate. To date SNIB has invested £300.7 million across 22 investments (46% aligned with net zero) and leveraged an additional £526m. 2023/4 budget adds a further £244m. In 2022 SNIB published series of papers and blogs on specific financial challenges / opportunities in Scotland including heat in buildings and ScotWind and identifying its potential role as a catalyst ³⁴ to bring local authorities and investors together. SNIB should be clearer on its role as part of Scotland's wider financing system to secure the investment needed for net zero and climate resilience, and where possible evolve its role to

snib009-business-plan-fy22-23.pdf (thebank.scot)
 space compressed.pdf (thebank.scot)
 Response 1072272619 to The role of local government and its cross-sectoral partners in financing and delivering a net-zero Scotland - Scottish Parliament - Citizen Space

		2023 RAG ratings			
CERG Proposal	2021 Assessment	Certainty & scale of investment (£)	Policy commitments	Speed (timelines, targets, delivery)	Comments / Gaps
					specifically invest and act to speed up the transition to net zero, including by acting as an 'enabler of greater cooperation between local government and private investors'35. Would like to see application of a clear Net Zero Test to its investments.
Green Scrappage Scheme	Amber for investment and policy, no rating for speed				Not a Scottish Government strategic approach. However, recent Home Energy Scotland grants for heat pumps could serve this function. Launch of a new mobility and scrappage scheme to help households in lower income areas and Air Quality Management Areas to replace a polluting vehicle with the means to travel sustainably an extension of the Low Emission Support Fund ³⁷ .

As per NZET committee Inquiry recommendations.
 Sustainable scrappage pilot launched | Transport Scotland
 Low Emission Zone Support Fund for households - Energy Saving Trust