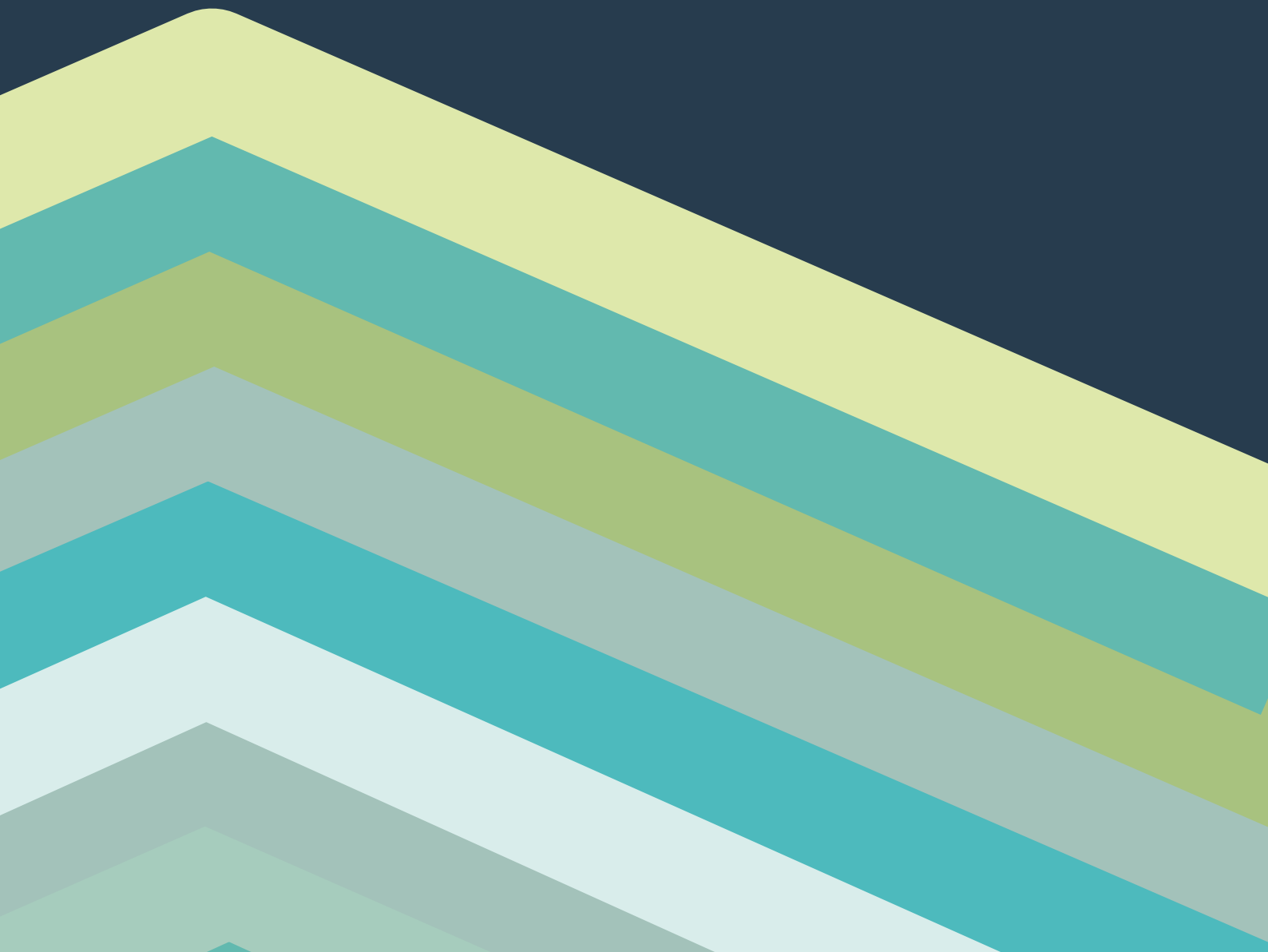


CLIMATE EMERGENCY RESPONSE GROUP

# Embedding Climate into Decision-Making

## Briefing Paper: Mandating Net Zero Assessments

July 2025



## Mandate Net Zero Assessments for all policy, programme and investment decisions.

### SUMMARY

- The Climate Emergency Response Group (CERG) believes the Scottish Government should meet its commitment to roll out a Net Zero Assessment (NZA) in 2025 and adopt the recommendations of the independent review of its NZA pilot.
- While the Scottish Government has made progress and is considering how to respond to the recommendations of the review, it is not yet clear when, or if, all will be adopted. Questions remain over whether any NZA roll-out will have the needed governance or be at the scale or scope to deliver Net Zero.
- The Scottish Government should mandate a consistent carbon assessment process for all policy, programme and investment decisions, with clear accountability procedures and ultimate authority resting with the Cabinet.

### 1. Introduction

The [Climate Emergency Response Group](#) (CERG) has advocated for a Net Zero Test, or Net Zero Assessment since 2022 and has worked constructively with the Scottish Government and other key stakeholders to progress this process. This paper updates CERG's 2023 briefing to reflect developments and progress since. CERG continues to call for the Scottish Government to set out a **mandatory Net Zero Assessment process** to inform all policy, programme and significant expenditure decisions. The process would involve screening and assessment depending on the policy or project's influence and impact on greenhouse gas emissions.

The Scottish Government committed to develop a Net Zero Assessment (NZA) process in 2022. This commitment was made as part of its response to the Joint Budget Review with the Scottish Parliament, aimed at making the budget process more transparent in terms of alignment to net zero. The NZA was piloted in Autumn 2024, an independent review of which found it to have 'successfully demonstrated the potential to embed proportionate carbon assessment in the early stages of policy development and spending decision-making'<sup>1</sup> The review also made a number of recommendations relating to scope, resourcing, implementation and governance, many of which are echoed in this briefing. The review and the Scottish Government's own report of the pilot<sup>2</sup> were published in June 2025, the latter of which reaffirmed the Scottish Government's commitment to **roll out the NZA in 2025 and be applied to all significant new expenditure decisions by the Scottish Government**.

CERG believes the Scottish Government should meet its commitment to roll out a NZA in 2025 and **adopt the recommendations of the independent review by mandating a consistent carbon assessment process for all policy, programme and investment decisions**, with clear accountability procedures and ultimate authority resting with the Cabinet. The screening process should flag related processes for assessing climate risk and just transition opportunities.

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<sup>1</sup> [Net Zero Assessment: independent review](#)

<sup>2</sup> [Net Zero Assessment Pilot Report](#)

<sup>3</sup> [Case Study - The Cross Tay Link Road Reducing Embodied Carbon Through Construction Project Design](#)  
[outcomes from which are due to be updated]

## 2. Rationale

Putting in place a Net Zero Assessment process will help achieve emission targets and realise low carbon investment opportunities. Without such arrangements in place, we risk incurring greater costs in terms of replacing stranded assets, exposure to volatile energy prices, and vulnerability to climate impacts. We also fail to develop the evidence needed to support robust business cases for private investment in net zero and climate resilient infrastructure. Experience of building carbon considerations into procurement through Scottish City Region and Growth Deal proposals have already identified significant cost and carbon savings.<sup>3</sup>

Put simply, a Net Zero Assessment process would lead to more effective and consistent decision-making which will earn the trust and support of the private sector and general public. It will:

- Provide robust assessments of the greenhouse gas emissions of a policy, project, programme or investment
- Provide assessments of if/how the climate impact accords with carbon emissions targets.
- Embed net zero considerations early into the decision-making process.

## 3. CERG Recommendations for 2025

### 3.1 Applying the NZA process

The NZA should be an iterative process starting with screening at the concept stage, to a detailed assessment for policies/projects with a potential significant emissions impact. The outputs should be used at key decision points to provide best value (e.g. when budgets are committed as well as when policies are appraised). The following areas are priorities for application:

- **Policy appraisal and programme delivery** for the main sectors where carbon emissions are high: transport, energy, heat, land use.
- **Project level assessment for capital expenditure decisions** (infrastructure, buildings) using
- Whole Life Carbon (WLC) Assessment approaches (e.g. PAS2080<sup>4</sup>, HM Treasury Green Book). These methods are readily available and used in Scottish Government but not consistently.
- **Consideration of applying the NZA to existing** commitments with a significant WLC impact. This would allow the results to be used in reprioritisation exercises (discontinue or reallocate spend).

The outputs should inform the following policy events:

- **Climate Change Plan** – a more quantitative account of how policies contribute to the sectoral emissions envelopes and for use in monitoring progress
- Scottish Budget (26/27)
- Preparation of the **Comprehensive Spending Review and the next Infrastructure Investment Plan**, a draft of which is due to be published for consultation in December 2025.

Ministers should demonstrate when and how the assessment process is applied and scrutinised to allow for greater transparency in evidencing the link between policy, investment, and climate targets

<sup>4</sup> <https://www.bsigroup.com/en-GB/insights-and-media/insights/brochures/pas-2080-carbon-management-ininfrastructure- and-built-environment/>

<sup>5</sup> UK Treasury Green Book guidance that states that all business cases must quantify the whole-life carbon emissions and include the cost of carbon in the economic analysis. Carbon values should be adapted for Scotland given 2045 net zero target.

### 3.2 Approaches, methodology, guidance

**NZA guidance should be issued which consolidates and builds on guidance already used in Scottish Government and UK Government** (e.g. City and Growth Deals guidance, PAS2080, UK Treasury Green Book<sup>5</sup>, Public Finance Manual, NPF4 guidance<sup>6</sup>) into one document. The guidance should make clear how and when the information must be used to inform decisions. Applying a net zero test early on to inform policy development and business case development will also help inform decisions ahead of reaching the procurement stage.

The Scottish Government should set **a firm expectation that PAS2080 will be followed for infrastructure and building projects**. This is the global industry standard for managing carbon emissions in infrastructure and buildings<sup>8</sup> is already in use by the UK Department for Transport<sup>7</sup>. Processes are in place to ensure SMEs are supported to comply.

**Carbon assessment tools should be provided** alongside the guidance to make the methodology consistent, reduce duplication, and improve government-wide buy-in by making the assessments easier.

### 3.3 Governance

**Establish clear gate checks and named accountability** to ensure the NZA outputs are used to inform decisions. This should be done at the appropriate management levels during the policy development process starting from concept and working through the policy, programme and project stages. This will help improve climate governance through systematic processes that help integrate and manage key climate risks, which the Scottish Government has been working to do following recommendations from Audit Scotland<sup>8</sup>

The **Director General (DG) Net Zero and Global Climate Emergency Programme Board (GCEPB)** will need to oversee and support robust implementation of the NZA process and should use the outputs to advise the Cabinet Subcommittee on the Climate Emergency (CSC-CE) and the wider Cabinet on the consequences of policies, projects and public expenditure for alignment with carbon budgets and targets.

The **Corporate Centre should also play a big role** given the cross-cutting nature of climate policy and the emphasis on public expenditure. The assessment process can be delivered through the Scottish Public Finance Manual and HM Treasury Green Book guidance. The Corporate Centre is already looking to improve business cases and green book appraisals for the next spending review and the NZA should be included as part of this initiative.

Lessons can be learned from other jurisdictions (e.g. New Zealand, Australia) who are already leading the way on policy appraisal and WLC assessment of infrastructure projects.<sup>9</sup>

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<sup>6</sup> [Planning and climate change guidance: research report issue 3](#)

<sup>7</sup> UK National Highways is PAS2080 accredited and will apply to its supply chain.  
<https://nationalhighways.co.uk/our-work/environment/carbon/>

<sup>8</sup> [How the Scottish Government is set up to deliver climate change goals | Audit Scotland](#)

<sup>9</sup> [New Zealand Climate Implications of Policy Assessment](#); [New South Wales, Australia Decarbonising Infrastructure Delivery Policy](#)

An **internal communications** effort is required to raise awareness of why the NZA is needed, how and where it should be applied, who the gatekeepers are and how the information will be used. This needs to be a cross-government responsibility.

### 3.4 Flagging climate risks and just transition opportunities

There is a need to develop a **linked climate resilience assessment process** to consider opportunities to future-proof for climate impacts. Already some development banks and the IMF are screening for climate risk<sup>10</sup> and the UK Treasury Green Book has supplementary guidance on accounting for the effects of climate change.<sup>11</sup> In the meantime, the NZA screening process should flag adaptation and resilience risks/opportunities to the appropriate team for action.

The NZA screening process can also **signpost any significant risks/opportunities in terms of jobs, fairness, and costs** to the delivery of the Just Transition Sector Plans.

## 4. Detailed description of CERG's proposed Net Zero Assessment process

The NZA process should draw on existing approaches, methodologies, standards and guidance and comprise three core elements:

- Screening
- Detailed assessment using a consistent methodology across government
- Governance

Where possible, existing processes (e.g. impact assessments, HM Treasury Green Book) should be used and in some cases brought forward as part of the process. Note that carbon values should be adjusted to reflect Scotland's 2045 net zero target.

#### Screening:

- Qualitative assessment
- Apply to policy, projects, programmes & investment
- Apply categorisation logic (e.g. 'control' or 'influence' approach used in City Region & Growth Deals Carbon Management Guidance)
- Used to trigger requirement for quantitative greenhouse gas (GHG) emissions assessment (or development of alternative policy/project option)
- Identify/signpost climate resilience and/or just transition considerations
- Net zero threshold: criteria set to determine the requirement for a more quantitative and detailed assessment (see Annex D).

#### Detailed Whole Life Carbon Assessment

- Capital projects: Quantitative WLC Assessment. Based on Green Book, PAS2080 requirement built in. Use (and bring forward) existing impact assessment processes as appropriate (SEA, BRIA). Carbon assessment guidance for City Region and Growth Deals<sup>12</sup> - a ready and tested method for infrastructure projects and can easily be adapted for other applications such as planning and procurement.

<sup>10</sup> <https://infrastructuregovern.imf.org/content/PIMA/Home/PimaTool/ClimatePIMAProcess.html>

<sup>11</sup> [Accounting for the effects of climate change - Green Book supplementary guidance](#)

<sup>12</sup> [www.gov.scot/publications/scottish-city-region-growth-deals-carbon-management-guidance/projects\\_programmes/](http://www.gov.scot/publications/scottish-city-region-growth-deals-carbon-management-guidance/projects_programmes/)



- Capital programmes (Infrastructure Investment Pipeline - IIP): quantitative aggregated WLC assessment. Relate to net zero targets, carbon budgets, CCP.
- Policy & Revenue: Quantitative assessment (e.g. modelling, £/cost of carbon) where data allows and assumptions can be made. Develop and improve data and processes over time.
- Scottish Budget: Collective / aggregate assessment and relate to carbon budget, targets and CCP. Introduce a more nuanced and detailed taxonomy approach in a way that reflects the potential climate impact of the spend, rather than predicting climate impact based on the broad category the spend falls within. This will demonstrate alignment of fiscal programmes with net zero targets and climate change plan emission envelopes.

#### Governance:

- Integrate the qualitative (screening) and quantitative assessment findings into existing climate governance approaches (e.g. Global Climate Emergency Board, Climate Risk Registers, Director General Net Zero, Cabinet Sub-Committee on the Climate Emergency).
- Integrate the screening and assessment process into the Scottish Public Finance Manual as appropriate (e.g. risk assessment, gateway reviews).
- Establish a dedicated team/unit in the Scottish Government to provide advice, training, and a quality assurance function.
- Ensure that assessment approaches and findings are publicly available to support transparency and accountability.
- Link to Scottish Government efforts to improve prioritisation processes and support effective decision-making (e.g. Open Government Action Plan, response to the Finance and Public Administration Committee inquiry report on effective Scottish Government decision-making).

## 5. Conclusion

Decisions are taken every day by the Scottish Government and the wider public sector which can either support our response to the climate emergency or risk losing opportunities for economic growth, improving energy security, and strengthening resilience to climate risks.

It will not be easy to get Scotland on track to meet net zero by 2045 so it is vital that ministers ensure all its policy levers are pulling together towards a just transition. This means understanding the potential climate impact of all policy and investment decisions and using this information to prioritise effort and expenditure.

Without this information, the government is operating in the dark. The risks of failure are too great to count on hope and ambitious statements of policy. The Scottish Government has made some initial steps in developing a Net Zero Assessment process – this briefing sets out how the NZA should be implemented so ministers, the Scottish Parliament and scrutiny bodies have the information necessary to leave no doubt that policy and investment decisions must and will show how they support a secure pathway to net zero.

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