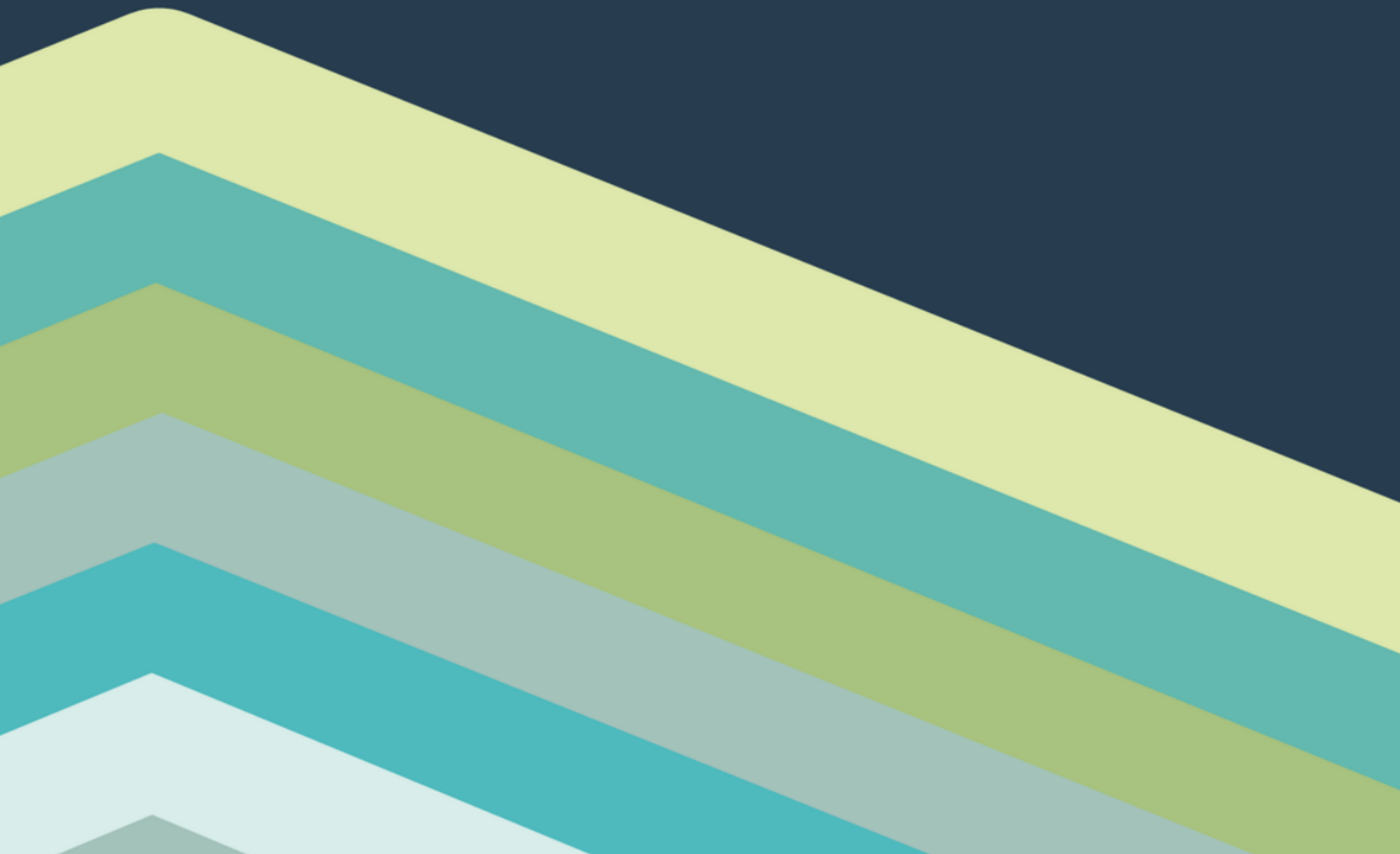


Climate Emergency Response Group

Briefing Paper

Building A Scotland Ready For The Future

October 2026



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Executive Summary

A healthy, fair and resilient economy, society and environment are essential to Scotland's wellbeing, now and in the future, and underpin our National Outcomes.

There are a range of **interconnected systemic risks** affecting Scotland's economy, society and environment. These risks are already materialising through pressures such as high household costs, rising inequality, pressure on public services, nature loss and climate-related damages.

These pressures are not only challenges to resolve in their own right; they also weaken our capacity to respond to further disruption and change. There is a strong case for preventative and joined up action to address these pressures in order to reduce future costs and protect public services.

The response does not need to be a series of competing priorities. Instead of choosing between prosperity, healthier lives, social wellbeing, resilience and climate action, the Scottish Government has the opportunity to use existing investment, programmes and policy levers to tackle these challenges and deliver its four priorities together, in a way that ensures that the costs of change do not fall disproportionately on those least able to bear them.

Through a multi-stakeholder workshop, CERG has identified six key outcomes that align strongly with the Government's four priorities, eradicating child poverty, growing the economy, tackling the climate emergency and delivering a stronger NHS and public services, respond to public pressures, and will deliver **tangible improvements for people, Scotland's economy and the environment:**

- A skilled workforce and resilient businesses ready to thrive in a changing economy
- Climate-resilient infrastructure that protects essential services, communities and the economy
- Healthier, warmer, more efficient and affordable homes and buildings
- Available, accessible and affordable buses
- Connected, productive and climate-resilient landscapes
- A healthy, sustainable and resilient food system

To **deliver the Government's priorities and the above outcomes at pace and scale requires policy certainty**, alongside changes in how investment and delivery are organised:

- **Delivery through places**, coordinating investment and programmes around the needs, assets and opportunities of places.
- **Make public investment work harder**, using procurement, funding, revenue raising and investment to secure wider economic, social and environmental value.
- **Maximise community ownership, wealth and shared benefits**, ensuring more value is created, retained and circulated locally.
- **Improve decision-making and join up government**, aligning budgets, policies and delivery around shared outcomes and avoiding contradictory investment decisions.

With its focus on prevention, resilience and stronger regional economies, this year's Programme for Government contains many of the building blocks needed to achieve these outcomes and deliver tangible benefits to people. CERG's six priorities and four cross-cutting approaches provide a practical framework for joining up existing policy, investment and delivery, helping action across housing, infrastructure, transport, skills, land and food tackle multiple pressures, deliver more benefits and prevent future costs and risks.

Section 1: Tackling Scotland's Challenges Together

1.1 Systemic risks in a changing and volatile world

Systemic risks to our economy, society and environment from geopolitical instability, economic uncertainty, and disruption to global markets and supply chains are compounding pressures on Scottish households, businesses and communities. These pressures include stubborn levels of poverty, ill-health and inequalities; high housing, energy, food and transport costs driving up debt; and financial and job insecurity. Rural and remote communities and disadvantaged households are often disproportionately affected.

At the same time, rapid changes in infrastructure, inward investment and growth opportunities and technology are reshaping industries and employment, and are intensifying competition for investment, land and energy.

1.2. The pressures facing Scotland are interconnected and unequally distributed

These pressures affect people's and businesses' ability to respond to further disruption and change. Those with the lowest incomes, least financial security and poorest access to services are less able to absorb unexpected costs, invest in new technologies or improvements, or adapt their homes, businesses and livelihoods¹. Conversely, the wealthiest are generally more resilient to disruption (whilst often holding greater responsibility for climate damage²).

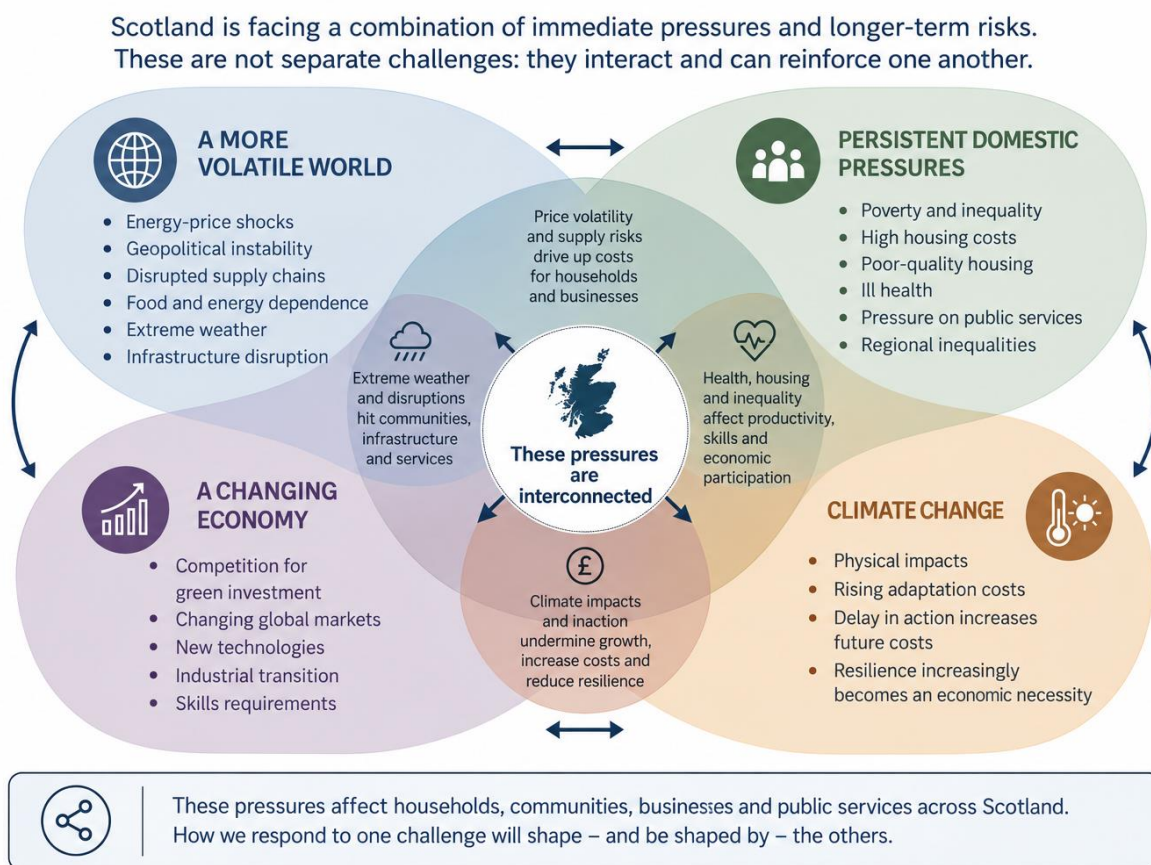
The twin crises of climate change and nature loss are amplifying these pressures. Severe climate impacts, including flooding, wildfire and extreme weather, are already being felt directly by communities across Scotland, and our economy depends on healthy natural systems. Indeed, the UK Government's 2026 Nature Security Assessment identifies global

¹ [Verture \(2026\). Just Resilience. Our 2026-31 Strategy](#)

² The carbon footprint of the richest 5% of households in Scotland is four times the carbon footprint of the poorest 5% of households. <https://www.futureeconomy.scot/publications/59-measuring-carbon-inequality-in-scotland>

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biodiversity loss and ecosystem degradation as unprecedented threats to national security and prosperity.



1.3. A case for prevention and joined-up action

The risks and pressures facing Scotland are interconnected, and so are the opportunities and challenges for the response. The response does not have to be a choice between the economy, social wellbeing or environmental action. The opportunity is to tackle these challenges together through:

- **Preventative approach:** Using Scotland's spending, investment, assets, powers and revenue-raising capacity more effectively to tackle underlying risks and invest now to reduce future costs.

- **Design for fairness:** Recognising that households and businesses have different capacities to invest, adapt and absorb costs, and that measures manageable for some can place significant additional pressures on others.
- **Maximise multiple benefits:** Use action in housing, transport, infrastructure, skills, land, food and health to address economic, social and environmental pressures together through joined-up action.

1.4 The Economic case and the cost of inaction

There is a strong economic case for action and a growing cost of inaction.

Scotland's net-zero economy already contributes £10.2 billion in GVA and supports more than 105,000 jobs. This £10.2 billion includes wider supply-chain and spillover effects - for every £1 of direct net-zero GVA, the analysis estimates that a further £1.75 is generated across the wider Scottish economy.³ The opportunity is to capture more of this value through good jobs, stronger supply chains, investment in communities and places, and lower energy costs by championing and actively integrating Community Wealth Building principles into contracts and investment.

Climate change is already imposing significant costs on Scotland, through flooding, extreme weather and damage to homes, businesses and infrastructure. Flooding alone costs around £500 million a year, while climate change could reduce Scottish GDP by 0.3–0.4% annually in the 2030s, rising to 1.6–3.3% by the 2070s if action is not sufficient.⁴ It has been conservatively estimated that the costs due to nature depletion amount to more than £2bn per year in Scotland⁵. This is in addition to the £7.8–£14.2 billion of climate adaptation investment needed in Scotland between 2026 and 2040.⁶

³CBI Economics / Energy and Climate Intelligence Unit (2026), The Scottish Net Zero Economy in 2025.

<https://eciu.net/analysis/reports/scottish-net-zero-economy-in-2025>

⁴ClimateXChange (2026), Climate change adaptation investment need across five sectors in Scotland.

<https://www.climateexchange.org.uk/publications/climate-change-adaptation-investment-need-across-five-sectors-in-scotland/>

⁵ <https://scottishwildlifetrust.org.uk/wp-content/uploads/2026/05/Cost-of-Inaction-long-report-1.pdf>

⁶ClimateXChange (2026), Climate change adaptation investment need across five sectors in Scotland.

<https://www.climateexchange.org.uk/publications/climate-change-adaptation-investment-need-across-five-sectors-in-scotland/>

The case for early action is preventative and economically beneficial: it can reduce future costs and losses while creating opportunities for jobs, investment and stronger local economies.

1.5. Realising multiple benefits

Decisions on housing, transport, infrastructure, skills, health and the natural environment can help tackle the cost-of living crisis, reduce the pressures that are limiting people's ability to cope with change and help tackle the climate crisis. For example:

- warmer and more affordable homes can reduce household energy costs;
- accessible public transport can reduce dependence on cars and transport costs;
- better places and access to nature can support health and wellbeing; and
- secure, fairly paid employment can strengthen household resilience.

There are particularly close links between climate action and population health outcomes⁷ - not only are Scotland's health challenges being exacerbated by climate change, but health and health equity benefits can emerge from climate action. Factors such as housing quality and affordability, access to transport and services, improvements in the built and natural environment, and secure, fairly paid work all shape health and wellbeing. Action in these areas can improve lives, strengthen peoples' resilience to shocks and reduce pressure on public services.⁸

Connecting climate action with peoples' immediate social and economic priorities can also build public support and participation.⁹

1.6. Joining the dots between the Government's existing priorities

Scotland has policy, programmes and investment underway across all areas highlighted in this report, and this year's Programme for Government (PfG) contains many of the building blocks needed to improve delivery against its four priorities. The PfG places a strong emphasis on prevention, resilience, public service reform and strengthening regional

⁷ [Scotland's Population Health Framework 2025-2035](#)

⁸ Public Health Scotland (2025), The right to housing and its impact on health.

<https://www.publichealthscotland.scot/publications/the-right-to-housing-and-its-impact-on-health/>

⁹ <https://www.thebritishacademy.ac.uk/publications/governance-to-accelerate-net-zero/>

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economies, with action across housing, infrastructure, transport, skills, land, nature and food.

The opportunity set out by this report is to 'join up the dots'. We identify where existing and enhanced policies, programmes and investment can be better connected to tackle multiple pressures, strengthen resilience and deliver wider benefits for people, the economy and the environment - if the right next steps are taken.

The challenge to the Government is to **break down silos and change how delivery is organised, so that multiple benefits are achieved as standard and that the transition is fair**. This means joining up investment and programmes, working through places, retaining more value locally and assessing decisions against their wider impacts and outcomes.

How the six areas for action deliver across the Scottish Government's four priorities

Each of our six areas for action can reduce costs and inequality, improve health and wellbeing, create good jobs and strengthen local economies, reduce exposure to climate and energy shocks, and build long-term resilience. Together, they support the Scottish Government's four priorities.

Action / priority	 Eradicating child poverty	 Growing the economy	 Tackling the climate emergency	 Delivering high quality and sustainable public services
 Skills and resilient businesses	Secure, fairly paid work and opportunities across places, helping tackle the cost-of-living crisis	Good jobs; home-grown businesses and markets; productivity; local value	Skills to deliver the just transition and business resilience and adaptability	Adaptable workforce and businesses
 Resilient infrastructure	Protects health and essential services	Protects productivity and investment; reduces future costs	Climate-ready infrastructure	Protects essential services, less disruption from extreme weather
 Better homes and buildings	Warmer, healthier homes and reduced fuel poverty, helping tackle the cost-of-living crisis	Jobs and lower energy costs for businesses	Lower emissions; cleaner heating; less reliance on oil	Improved health reduces pressure on services
 Better buses	Reduced transport poverty; better access to jobs and services	Access to jobs and opportunity	Lower transport emissions	Cleaner air, preventative health measure
 Resilient landscapes	Rural job opportunities, access to nature, health benefits	Rural jobs and resilient local businesses and opportunities for investment	Carbon storage and nature recovery; water, food, drought and flood resilience	Stronger, more resilient communities and services
 Local food system	Affordable, accessible food	Stronger local economies and markets	Lower emissions; healthier soils	More resilient supply chains, healthier diets

Section 2: What this looks like in practice

The following priorities illustrate how existing and planned activity can be designed to address immediate pressures faced by people in Scotland while also strengthening our economy, communities, health and resilience.

They focus on areas where the **intersection between societal need, economic opportunity and climate action is particularly strong, where public concern is high, and where there is a clear rationale for action now**. In these areas, the Scottish Government can use its political capital, policy levers and coordinating power to bring greater focus and coherence to existing and planned activity, maximising the benefits for the short and long term.

These priorities are illustrative rather than exhaustive. They are not intended to represent a new or comprehensive set of policy priorities, but to signal where the Scottish Government should focus first to deliver significant dividends. They were identified through a CERG workshop, bringing together cross-sector stakeholders with a breadth of policy and thematic expertise.

2.1 A skilled workforce and resilient businesses ready to thrive in a changing economy

Why this is a priority

The Scottish Government has identified a major opportunity to create good jobs, strengthen its domestic economy and capture more value from the transition to a net zero and climate-resilient economy.

Right now, major investment is flowing into renewables, manufacturing and infrastructure, while jobs in retrofit, vehicle electrification, heat decarbonisation, circular economy, and nature restoration need to scale significantly over the next decade¹⁰. This provides opportunities for new jobs and career opportunities in secure, well-paid work.

¹⁰Scottish Government (2026), Scotland's Climate Change Plan 2026–2040 – Annex 2: Sectoral Annexes. <https://www.gov.scot/publications/scotlands-climate-change-plan-2026-2040-annexes/pages/14/> Scottish Government (2026), Scottish National Adaptation Plan.

By aligning more closely with regional economic development services and applying Community Wealth Building principles, this investment could do a lot more to tackle in-work poverty, retain wealth locally and improve health and wellbeing in communities across Scotland.

Many of the emerging opportunities demand upskilling and reskilling of the existing workforce. SMEs and self-employed people across construction, heating, agriculture, forestry, land management, transport, engineering and professional services will need to adapt their skills and business models to meet these opportunities and learn how to operate and adapt as climate risks increase.

Building business confidence to invest in upskilling requires a more targeted and joined-up approach to workforce planning, skills provision, regional economic development and policy delivery to capture the economic benefits of the transition, support people and businesses through change, and build a workforce capable of delivering a climate-resilient economy.

Evidence of the challenges and opportunities

- Scotland's net-zero economy contributes £10.2 billion in GVA, more than 105,000 FTE jobs, 4.9% of Scottish economic output and 3.9% of employment, across around 3,000 businesses, 90% of which are SMEs. Every £1 of direct net-zero GVA is currently estimated to generate a further £1.75 across the wider Scottish economy.¹¹
- Green job adverts in Scotland tripled between 2021 and 2024¹²
- Employment in low-carbon electricity increased from around 8,000 to 19,000 FTE between 2019 and 2024.¹³
- Meeting Scotland's 20GW onshore wind ambition could require the workforce to increase from around 6,900 FTE in 2024 to almost 20,500 FTE in 2027, with substantial demand in rural and regional areas¹⁴

¹¹CBI Economics / Energy and Climate Intelligence Unit (2026), The Scottish Net Zero Economy in 2025. <https://eciu.net/analysis/reports/scottish-net-zero-economy-in-2025>

¹²PwC (2024), Green Jobs Barometer. <https://www.pwc.co.uk/services/sustainability-climate-change/insights/green-jobs-barometer.html>

¹³Future Economy Scotland (2026), analysis of employment in low-carbon electricity in Scotland.

¹⁴ClimateXChange (2024), Workforce and skills requirements in Scotland's onshore wind industry. <https://www.climateexchange.org.uk/projects/workforce-and-skills-requirements-in-scotlands-onshore-wind-industry/>

- Scotland's clean heat sector already comprises more than 470 companies and 8,300 employees, generating around £1.66 billion in turnover and £690 million in GVA annually.¹⁵
- The Climate Change Plan estimates an additional 22,500 workers are needed by 2028 to meet its targets to decarbonise buildings¹⁶
- Research suggests typical regional grant funding reaches less than 1% of SMEs, although Scotland has provided more consistent SME support than elsewhere in the UK.¹⁷
- Recent experience of onshore and offshore wind shows that investments in renewable energy could do more to retain economic benefit locally do not automatically translate into good supply-chain jobs in Scotland without active, targeted policy support¹⁸.

Policy Context

The Scottish Government is already taking steps to strengthen Scotland's skills system and support businesses to respond to changing economic needs. This includes reform of post-school education and skills, greater use of regional approaches, and the development of cross-sectoral and cross-government programmes such as the Energy Skills Partnership.

The Programme for Government builds on this, including a commitment to develop a National Skills Plan to better align skills investment with economic need, productivity and the green and digital transitions. It also commits to expanding apprenticeships and use of the apprenticeship levy, alongside a new £10 million Flexible Workforce Development Fund to help businesses address skills gaps.

¹⁵Scottish Enterprise (2024), Economic Value of Clean Heat in Scotland. <https://www.scottish-enterprise.com/insights-and-events/research-evaluation-and-insight/2024/economic-value-of-clean-heat-in-scotland>

¹⁶Scottish Government (2026), Scotland's Climate Change Plan 2026–2040 – Annex 2: Sectoral Annexes. <https://www.gov.scot/publications/scotlands-climate-change-plan-2026-2040-annexes/pages/14/>

¹⁷ <https://www.thebritishacademy.ac.uk/publications/governance-to-accelerate-net-zero/>
<https://ukerc.ac.uk/news/how-smaller-businesses-can-become-net-zero-influencers-and-enablers/>

¹⁸ e.g. <https://www.stuc.org.uk/resources/scotwind-report-2024.pdf>; [UPDATED-FINAL-CLES-Scottish-onshore-wind-extraction-28.05.26.pdf](#)

Just Transition Plans will identify the workforce and skills implications of sectoral and regional transitions and set priorities for action, and link closely to the Government's commitment to implement the Community Wealth Building Act.

Together, these initiatives provide important building blocks for a skilled workforce and resilient businesses. However, timing, coordination, and scale are key. Skills, workforce development and business support need to urgently join up with investment and economic development at regional and sectoral levels, so that businesses and workers are better equipped to respond to change and capture emerging opportunities.

Recommendations

1. Publish workforce pipelines with timelines that align with delivery of Scotland's priority climate and infrastructure programmes. Identify the occupations and skills required, current and future shortages and regional workforce needs, and align skills funding, degree programmes, apprenticeships, retraining and provider capacity accordingly. Integrate these pipelines into National Skills Plan, Climate Change Plan Delivery plans and regional Just Transition plans.

2. Create a flexible workforce development offer for SMEs and existing workers. Complement the commitment to expand apprenticeships with flexible, demand-led support for SMEs and the existing workforce to upskill and retrain in the highest priority areas – e.g. short, modular and accredited training, including technical skills and accreditation, and address the practical costs of training and releasing staff.

3. Build regional workforce planning into Just Transition plans, local economic strategies and major investment and delivery pipelines, so that skills provision can be developed alongside investment. This should help regions capture more of the employment, supply-chain and productivity benefits of new investment.

4. Use public investment and procurement to strengthen demand for local skills and goods and connect major investment with good jobs, skills pipelines, worker transition, local supply chains and business development. Where appropriate, set outcomes and use conditionality to require major publicly supported programmes to demonstrate how they will develop the workforce and supply chains needed for delivery, reduce barriers for SMEs and maximise wider economic and social value.

5. Support more inclusive and democratic business models including community ownership. Use public finance, procurement, asset transfer and capacity-building to

enable more communities and workers to take ownership stakes¹⁹ in businesses and establish purpose-driven businesses.

Case studies

Offshore wind: a model for coordinating investment, policy alignment, workforce planning and training

The Offshore Wind Skills Programme and Action Plan demonstrates how UK Government, Scottish Government, industry and education providers are using detailed analysis of future workforce demand to shape training provision. Regional skills hubs support new entrants, workers transitioning from related industries and existing workers seeking to upskill, connecting workforce development directly to a major investment opportunity. More than 450 learners and industry professionals are already benefiting from enhanced training.²⁰

Grangemouth: connecting place-based transition, skills and jobs

The Grangemouth Skills Intervention / Jobs Prioritisation Programme provides a replicable model that could be replicated and applied proactively to an at-risk region to support business and worker transitions. It links a place-based transition plan, a £25 million Just Transition Fund, investment, skills provision and job prioritisation²¹

2.2 Climate-resilient infrastructure that protects essential services, communities and the economy

Why this is a priority

Critical infrastructure resilience isn't just an adaptation issue. It is directly about security and economic resilience: energy, transport, water and digital failures can cascade through businesses, public services and communities.

¹⁹ [UPDATED-FINAL-CLES-Scottish-onshore-wind-extraction-28.05.26.pdf](#)

²⁰ Scottish Government (2025), Powering Progress Together: Scotland's offshore wind skills priorities and action plan. <https://www.gov.scot/publications/scotlands-offshore-wind-skills-priorities-action-plan-powering-progress-together/>

²¹ Scottish Government (2026), Infrastructure Strategy 2027–2037 consultation – A Place-Based Approach to Infrastructure Investments. <https://www.gov.scot/publications/consultation-infrastructure-strategy-2027-2037/pages/8/>

With 80% of our current infrastructure systems likely to be still in use in 2050, Scotland needs to plan for future resilience now to avoid expensive repair and retrofits in future. But this can't be managed on a case-by-case basis. The Climate Change Risk Assessment identifies cascading failure of infrastructure systems as a particularly critical risk for Scotland and the whole of the UK.²²

Such disruption will not affect all communities equally²³. People already experiencing poverty or inequality are often more exposed to climate impacts and have fewer resources to prepare, cope and recover when essential infrastructure and services are disrupted.

The huge private investment in energy and water infrastructure that is ongoing now means there's an urgency and strong value for money argument to consider future resilience now.

Evidence of the challenges and opportunities

- At least £20 billion of assets lie within 50 metres of Scotland's coastline, including businesses, railways and roads, with sea-level rise and coastal change increasing risks to these.²⁴
- 10,000 business and industrial buildings are already at high likelihood of flooding.²⁵
- Scotland faces £7.8–£14.2 billion of adaptation investment needs between 2026 and 2040.²⁶
- The most socially vulnerable neighbourhoods in large urban areas are three times more likely to be exposed to high temperatures than other neighbourhoods.²⁷

²²Scottish Government (2026), Infrastructure Strategy 2027–2037 consultation – A Place-Based Approach to Infrastructure Investments. <https://www.gov.scot/publications/consultation-infrastructure-strategy-2027-2037/pages/8/>

²³[Just Resilience: Our 2026 -31 strategy - Verture](#)

²⁴Scottish Government (2021), Support to protect Scotland's coastlines – Dynamic Coast 2.

<https://www.gov.scot/news/support-to-protect-scotlands-coastlines/>

²⁵UK Climate Risk (2021), CCRA3 Technical Report, Chapter 3: Natural environment and assets.

<https://www.ukclimaterisk.org/publications/technical-report-ccra3-ia/chapter-3/>

²⁶ClimateXChange (2026), Climate change adaptation investment need across five sectors in Scotland.

<https://www.climateexchange.org.uk/publications/climate-change-adaptation-investment-need-across-five-sectors-in-scotland/>

²⁷<https://www.climateexchange.org.uk/wp-content/uploads/2024/03/CXC-Impacts-of-climate-change-on-population-groups-in-Scotland-June-2022.pdf>

Policy context

National Planning Framework 4 requires development proposals to adapt to current and future climate risks, while SNAP3 sets an objective for critical assets, systems and networks to be resilient to climate impacts. The 2026 Statutory Guidance requires public sector bodies to embed climate-informed decision-making, including planning for 2°C warming by 2050 and assessing risks at 4°C by 2100. The Draft Infrastructure Strategy 2027–37, 2026 Infrastructure Delivery Pipeline and 30-year Infrastructure Needs Assessment provide frameworks for infrastructure planning and investment, with climate and asset resilience identified as cross-cutting issues.

Recommendations

1. Stress-test existing infrastructure and the 2030 infrastructure delivery pipeline against future climate risks (planning for 2°C by 2050 and assessing risks under 4°C by 2100), including cascading and interdependent risks. Ensure climate resilience is considered systematically in future infrastructure planning, investment and asset maintenance / management.

2. Build on the Climate Ready Infrastructure Scotland (CRIS) Forum’s work to establish a national picture of infrastructure climate risk and investment priorities. Use its assessment of cross-sector risks and interdependencies to identify the infrastructure systems, locations and vulnerabilities where climate impacts could have the greatest consequences for communities, the economy and essential services. Translate this into a **published priority pipeline of resilience investments**, including natural and blue-green infrastructure and preventative measures that can reduce future maintenance, repair and disruption costs.

3. Use planning, procurement and other devolved levers to ensure resilience is built into infrastructure investment and asset management. Infrastructure investment decisions should consider the wider economic and social consequences of infrastructure failure, as well as the costs that preventative action can avoid.

4. Work with UK Government, regulators and infrastructure operators to address critical interdependencies and risks to Scotland’s infrastructure, securing necessary action in reserved sectors such as energy and telecommunications. Strengthen coordination between infrastructure owners, operators, government and public bodies.

5. Establish a clear framework to monitor and report whether infrastructure resilience is improving and whether public and private investment is keeping pace with identified and emerging climate risks.

Case studies

Scottish Water: translating climate-risk assessment into long-term investment planning

Scottish Water's 2024 Climate Adaptation Plan identified 27 key climate risks and assessed their potential impacts to 2050 and 2080 under 2°C and 4°C warming pathways. Without adaptation, drought-related water supply deficits could increase four-fold, from around 60 to 240 million litres a day, while properties at risk of sewer flooding could almost double to 4,800 by 2050. The assessment identified £2–5 billion of additional investment needs by 2050- £340 million has already been incorporated into Scottish Water's 2027–33 Business Plan for climate adaptation and maintaining service levels.

Climate Ready Infrastructure Scotland: collaborative approach to address system-wide infrastructure risks

Established in 2025, Climate Ready Infrastructure Scotland (CRIS) brings together infrastructure owners and operators across transport, energy, water, digital and other sectors to identify shared risks, share good practice and test scenarios for cascading failures. This provides a mechanism for identifying interdependencies between infrastructure systems and strengthening coordination and resilience where risks cannot be effectively managed by individual operators acting alone.

2.3 Healthier, warmer, more efficient and affordable homes and buildings

Why this is a priority

Too many households still face the choice between heating their home and meeting other essential costs, with over a quarter of households in Scotland in fuel poverty, particularly those using electricity for heating and those in remote rural areas.

Improving the energy efficiency of homes and moving to cleaner heating can tackle several pressures at once, reducing household costs, improving health and housing quality,

tackling fuel poverty and cutting emissions. It also creates economic opportunities through demand for local construction and retrofit skills, supply chains and investment.

The opportunity extends to Scotland's 230,000 non-domestic buildings, 85% of which have an EPC rating of D or lower. Improving their efficiency and heating can reduce energy use and emissions while supporting retrofit and clean-heat investment. Larger buildings can also provide the reliable heat demand needed to anchor and expand heat networks.²⁸

Evidence of the challenges and opportunities

- 732,000 Scottish households (28.7%) were in fuel poverty in 2024, including 357,000 (14%) in extreme fuel poverty.²⁹
- Almost half of Scotland's homes remain below EPC C. Around 10% were in bands E, F or G.³⁰
- 38% of households in remote rural areas and 47% in remote small towns were fuel poor in 2024, compared with 29% across urban areas.³¹
- Only around 309,000 households (12%) had low- or zero-greenhouse-gas-emission heating systems in 2024.³²

Policy context

The Scottish Government already has a range of programmes supporting energy efficiency and clean heating, including Area Based Schemes, Warmer Homes Scotland and the Social Housing Net Zero Heat Fund. The Heat Networks (Scotland) Act 2021, Heat Network Fund and Local Heat and Energy Efficiency Strategies provide the framework for heat-network development. All local authorities now have Local Heat and Energy Efficiency

²⁸Scottish Government (2023), Green Heat Finance Taskforce: report part 1.

<https://www.gov.scot/publications/green-heat-finance-taskforce-report-part-1-november-2023/pages/4/>

²⁹Scottish Government (2026), Scottish House Condition Survey: 2024 Key Findings – Fuel Poverty.

<https://www.gov.scot/publications/scottish-house-condition-survey-2024-key-findings/pages/3-fuel-poverty/>

³⁰Scottish Government (2026), Scottish House Condition Survey: 2024 Key Findings.

<https://www.gov.scot/publications/scottish-house-condition-survey-2024-key-findings/>

³¹Scottish Government (2026), Scottish House Condition Survey: 2024 Key Findings.

<https://www.gov.scot/publications/scottish-house-condition-survey-2024-key-findings/>

³²Scottish Government (2026), Scottish House Condition Survey: 2024 Key Findings.

<https://www.gov.scot/publications/scottish-house-condition-survey-2024-key-findings/pages/1-key-attributes-of-the-scottish-housing-stock/>

Strategies and Delivery Plans, providing a basis for more place-based delivery.³³ However, policy uncertainty remains a significant barrier to investment and delivery.

The Climate Change Plan 2026–2040 sets a 2045 target for clean heating and reducing energy demand from buildings. The Programme for Government 2026–31 commits to introducing a Buildings (Heating and Energy Performance) and Heat Networks (Scotland) Bill in Year 1, alongside support for clean heating and energy efficiency measures for around 100,000 properties and the scaling-up of heat networks.³⁴

Recommendations

1. Ensure the Buildings (Heating and Energy Performance) and Heat Networks (Scotland) Bill is strong and provides sufficient regulatory certainty to drive change and delivery. This will require it and any subsequent delivery plan to establish a clear, long-term framework for improving energy efficiency and decarbonising heat, with clear priorities, timelines, responsibilities and investment requirements.

2. Deliver place-based retrofit at scale by providing long-term, multi-year funding for area-based retrofit programmes that can tackle whole buildings and mixed-tenure areas, prioritising households and places experiencing the greatest fuel poverty and poor housing conditions and build in locally embedded advice services to provide trusted support and project input.

3. Make heat networks investable and deliverable at pace with direct public investment in infrastructure. This should include a clear delivery programme, stronger coordination across government and delivery bodies, and long-term, multi-year public investment to unlock private finance and give investors confidence to develop projects at scale, while at the same time achieving the lowest possible heat cost for customers.

³³Scottish Government (2022), Local heat and energy efficiency strategies and delivery plans: guidance. <https://www.gov.scot/publications/local-heat-energy-efficiency-strategies-delivery-plans-guidance/>

³⁴Scottish Government (2026), Programme for Government 2026–2031 – Tackling the Climate Emergency. <https://www.gov.scot/publications/programme-government-2026-2031/pages/4/>

Case studies

North East Scotland Retrofit Hub (NESFIT)

NESFIT is a community-led initiative working across Aberdeen and Aberdeenshire to build local capacity for whole-house retrofit. More than half of the area's existing housing stock is below EPC C, meaning around 110,000 homes would need to be retrofitted in less than 10 years. Analysis by the Construction Leadership Council estimates that delivering retrofit at this scale could generate around 4,000 jobs. NESFIT is also addressing the local delivery and skills gap by supporting and training local contractors and developing retrofit plans for homes and community buildings.³⁵

Midlothian Energy Ltd

Midlothian Energy Ltd (MEL) is a 50:50 joint venture between Midlothian Council and Vattenfall Heat UK, combining public-sector objectives with private-sector investment and expertise. Its Shawfair heat network uses recovered, and otherwise wasted, heat from the Millerhill Energy from Waste plant and is being delivered alongside a major programme of affordable housing. The network is designed to protect customers from wider energy-market volatility, with plans to expand heat networks into existing communities.³⁶

2.4 Available, accessible and affordable buses

Why this is a priority

Buses are critical to Scotland's transport system, accounting for nearly three quarters of public transport journeys and playing a particularly important role for people on lower incomes, disabled people, young people and older people. People without access to a car make almost five times as many of their journeys by bus as people with one car.³⁷

³⁵www.justtransition.scot/case-study/nesfit/

³⁶https://www.midlothian.gov.uk/info/691/performance_and_spending/841/transforming_how_we_work/4
<https://www.gov.scot/publications/heat-network-quarterly-report-september-2025/pages/3/>
<https://www.nesta.org.uk/feature/clean-heat-neighbourhoods-case-studies/the-mel-heat-network/>

³⁷Confederation of Passenger Transport (2024), Economic Impacts of Bus. <https://www.cpt-uk.org/news/economic-impacts-of-bus/>

Yet bus use has declined over the long term, and outside urban areas, services are often not sufficiently available, reliable, direct or convenient to provide a realistic alternative to the car. This can create a cycle of declining demand and weakening services.³⁸

Good bus services connect people to jobs, education, healthcare and essential services, supporting economic participation and social inclusion, revitalising town centres while reducing household transport costs. They can also reduce car dependence and transport emissions, strengthening resilience to rising transport and energy costs.

The £2 bus fare cap provides an important opportunity to improve affordability and encourage greater use, but cost is only one part of making buses an attractive alternative. Maximising the benefits of this investment will depend on ensuring services are available, accessible, interconnected, reliable, affordable and safe.

Evidence of the challenges and opportunities

- Buses accounted for 73% of the 457 million public transport journeys in 2024 — around 334 million journeys.³⁹
- In 2023, 50% of people with annual incomes below £10,000 used the bus at least monthly, compared with 38% of the population overall.⁴⁰
- Annual bus journeys fell from around 420 million in 2012–13 to 334 million in 2023–24.⁴¹
- 20m fewer trips are made annually due to increased bus journey times resulting from congestion⁴².

³⁸ Scottish Government (2026), Programme for Government 2026–2031.

<https://www.gov.scot/publications/programme-government-2026-2031/> Transport Scotland (2024), National Transport Strategy Monitoring and Evaluation Report 2024 – Bus use.

<https://www.transport.gov.scot/publication/monitoring-and-evaluation-report-2024-national-transport-strategy/reduces-inequalities/>

³⁹ <https://www.transport.gov.scot/publication/scottish-transport-statistics-2025/chapter-11-personal-and-cross-modal/>

⁴⁰ <https://www.transport.gov.scot/publication/monitoring-and-evaluation-report-2024-national-transport-strategy/reduces-inequalities/>

⁴¹ <https://www.transport.gov.scot/publication/monitoring-and-evaluation-report-2024-national-transport-strategy/reduces-inequalities/>

⁴² KPMG Trends in Scottish Bus Patronage (September 2024)
[trends-in-bus-use-in-scotland-final-20240904.pdf](https://www.kpmg.com/au/issuesandinsights/articlespublications/trends-in-bus-use-in-scotland-final-20240904.pdf)

- Every £1 of public investment in bus improvements generates at least £4.55 in economic benefits, rising to more than £5 for targeted interventions such as bus priority.⁴³
- Bus travel has a substantially lower carbon footprint per passenger-kilometre than private car travel.⁴⁴

Policy context

Scotland provides free nationwide bus travel for under-22s and eligible older and disabled people. The £2 bus fare cap is now being rolled out in the west of Scotland, building on the Highlands and Islands pilot, with the Programme for Government committing to full national implementation by the end of this Parliament.⁴⁵

The Bus Infrastructure Fund provides £55 million of capital funding in 2026–27, up from £20 million in 2025–26.

Better Buses legislation is intended to support affordable fares and improve bus services, including routes in rural areas. There is also emerging work on bus franchising, partnership and regulation, including proposals being developed by local transport authorities.

Community transport provides an important complement to scheduled bus services, particularly in rural areas⁴⁶ and community transport operators often plug gaps in the bus network, either delivering socially necessary services for local authorities and/or picking up routes abandoned by commercial operators, helping boost passenger numbers and connectivity.⁴⁷

⁴³ <https://www.cpt-uk.org/news/economic-impacts-of-bus/>

⁴⁴ <https://www.transport.gov.scot/publication/scottish-transport-statistics-2025/chapter-13-environments/>

⁴⁵ Scottish Government (2026), Programme for Government 2026–2031.

<https://www.gov.scot/publications/programme-government-2026-2031/>

⁴⁶ Scottish Government (2026), Programme for Government 2026–2031.

<https://www.gov.scot/publications/programme-government-2026-2031/> Transport Scotland (2024), National Transport Strategy Monitoring and Evaluation Report 2024 – Bus use.

<https://www.transport.gov.scot/publication/monitoring-and-evaluation-report-2024-national-transport-strategy/reduces-inequalities/>

⁴⁷ <https://www.bbc.co.uk/news/articles/cgqz5wxwdwyjo>, <https://castrathaven.org/our-3c-bus-service/>

Recommendations

1. Reform the Bus Infrastructure Fund to allow multi-year capital commitments

enabling local authorities to develop and deliver longer-term schemes, including sustainable travel corridors, dedicated bus lanes and signal priority.⁴⁸ Annual funding limits the scale and strategic nature of projects. National guidance, stronger coordination and monitoring bus speeds would help ensure that bus priority is designed as part of a wider network rather than as isolated projects.

2. Use Better Buses legislation to turn the Government's affordability commitment into a genuinely reliable and accessible network. Give local and regional transport authorities the powers and long-term funding to secure socially necessary services, particularly in rural and poorly served communities, using bus franchising or regulation where appropriate, stable funding for rural evening and weekend services, community transport where scheduled services are not viable or appropriate, and greater flexibility to design networks around access to jobs, healthcare, education and other essential services rather than passenger numbers alone. As £2 fare is delivered on interim basis it should be researched and evaluated to understand its impact on modal shift.

3. Create a genuinely integrated public transport network, making it easier to plan, pay for and interchange between services across different services, transport modes and geographical boundaries. Transform the National Smart Ticketing Advisory Board into a Delivery Board – with a mandate to coordinate action.

4. Set minimum standards for safety, accessibility and passenger experience across the bus network and community transport services, with the design of services and waiting environments reflecting the needs of groups currently less likely to use buses.

Case studies

Aberdeen bus priority

Bus gates and other priority measures introduced in 2023 reduced bus journey times by up to 25%, with more than three million journeys benefiting in 2023/24. Passenger volumes on affected routes increased by 16.5%, while operators also reported operational savings from faster, more predictable journeys. Savings were used to provide customer benefits,

⁴⁸Scottish Government (2026), Programme for Government 2026–2031.
<https://www.gov.scot/publications/programme-government-2026-2031/>

including free weekend travel across Aberdeen and Aberdeenshire during January 2024. Passenger numbers at weekends were subsequently around 20% higher year-on-year during the offer.⁴⁹

Bee Network, Greater Manchester

Franchising allows the transport authority to plan routes, fares, frequencies and service standards as a network. The Bee Network combines £2 fares and integrated bus and tram ticketing with expanded services and improved connections. Bus journeys increased by 14% year-on-year in the first franchised areas, while punctuality improved from around 66% to over 80%. Around 84% of residents are within a five-minute walk of a half-hourly daytime bus or tram service, up from 78% in 2022, alongside measures to improve passenger safety and tackle anti-social behaviour.⁵⁰

2.5 Connected, productive and climate-resilient landscapes

Why this is a priority

Scotland's economy depends on nature. Healthy, connected ecosystems provide essential services that support productivity and resilience, including regulating water, reducing flooding and erosion, supporting water quality, storing carbon and protecting coasts. This in turn improves human health and wellbeing and benefits Scotland's tourism industry.

Climate change is accelerating damage to these sectors through water scarcity, wildfires flooding, extreme weather and declining soil and ecosystem health.

Restoring peatlands, wetlands, soils, woodlands and natural floodplains at landscape and catchment scale can help regulate water, reduce flooding and erosion, improve water

⁴⁹https://aberdeen.moderngov.co.uk/documents/s158378/ETRO2_BusPriorityMeasures_Report_CRE_21_1_69_Final.pdf
<https://www.parliament.scot/home/chamber-and-committees/questions-and-answers?msp=3994&page=11>

<https://www.firstbus.co.uk/aberdeen/news-and-service-updates/news/first-bus-and-stagecoach-announce-free-aberdeen-weekend-bus>

⁵⁰ <https://www.greatermanchester-ca.gov.uk/what-we-do/transport/bus-franchising/>
<https://tfgm.com/ways-to-travel/bus/better-bus-services>
<https://tfgm.com/safe-and-secure-travel/travelsafe-partnership>

quality and build resilience. However, while Scotland is progressing with landscape-scale programmes, progress remains slow, largely fragmented and project-based. These approaches are not yet embedded in long-term, adequately funded and coordinated delivery, and much public and private investment is not aligned with the scale and priority locations where investment is needed, and in some cases continues to increase pressures on the same ecosystems.

There is a significant opportunity to use existing and planned investment to deliver multiple benefits and strengthen nature-based solutions. For example, major investment in energy infrastructure and generation could be targeted to deliver biodiversity enhancement and climate resilience alongside economic development^[66]. The challenge is to move from funding individual nature projects to aligning investment across sectors and places, so that nature is treated as economic and climate-resilience infrastructure.

Evidence of the challenges and opportunities

- An estimated £40.1 billion of economic output (14.4% of Scotland's total) and around 261,600 jobs are reliant on natural capital.⁵¹
- £2.1 billion of Scotland's tourism and outdoor-leisure expenditure is attributable to natural capital⁵²
- Soil erosion by water costs Scotland an estimated £31–50 million a year, while soil sealing and compaction are estimated to cost a further £25–75 million a year through reduced crop yields and increased fuel use.⁵³
- The whisky industry contributes around £5.3 billion GVA to the Scottish economy and is particularly vulnerable to water scarcity. Drought-related increases in malt barley prices are estimated to add around £40 million to industry costs.⁵⁴
- Restoring Scotland's peatlands is estimated to cost around £5 billion, compared with estimated climate benefits of £65 billion.⁵⁵

⁵¹ <https://www.gov.scot/publications/importance-natural-capital-scottish-economy/>

⁵² [The Importance of Natural Capital to the Scottish Economy](#)

⁵³ Scottish Government (2026), Agricultural reform: environmental report – strategic environmental assessment. <https://www.gov.scot/publications/sea-agricultural-reform-environmental-report/pages/5/>[https://sefari.scot/sites/www.sefari.scot/files/2025-07/SEFARI NbS Fellowship Final Report_v4_clean.pdf](https://sefari.scot/sites/www.sefari.scot/files/2025-07/SEFARI_NbS_Fellowship_Final_Report_v4_clean.pdf)<https://www.crew.ac.uk/>

⁵⁴ ClimateXChange (2026), Climate change adaptation investment need across five sectors in Scotland. <https://www.climateexchange.org.uk/publications/climate-change-adaptation-investment-need-across-five-sectors-in-scotland/>https://www.crew.ac.uk/sites/www.crew.ac.uk/files/publication/CRW2023_05_Main_report_and_appendices_FINAL_V2_0.pdf?utm_source=chatgpt.com

⁵⁵ <https://www.gov.scot/publications/making-case-nature-insights-scotlands-natural-capital-analyses/pages/10/>

- Scotland's natural environment provides estimated cost savings of more than £1 billion a year to the NHS.⁵⁶
- Scottish and Southern Electricity Networks (SSEN) are committed to investing £100m in nature restoration across the north of Scotland by 2031⁵⁷
- The FIRNS programme has invested £7.3 million to develop investment readiness and private finance for natural capital projects, with projects from its first two funding tranches identifying £138 million of potential ecosystem-service revenue if fully funded and delivered.⁵⁸

Policy context

Scotland has a strong policy basis for recognising nature as an economic and resilience asset. The Environment Strategy, Natural Capital Market Framework, Scottish Biodiversity Strategy and Delivery Plan, Land Use Strategy 2026, NPF4, Scottish National Adaptation Plan and Natural Environment (Scotland) Act 2026 provide a framework for nature restoration and investment, while the draft Infrastructure Strategy identifies natural and blue-green infrastructure as a cross-cutting priority.⁵⁹ Significant investment is also planned in energy infrastructure and generation, including by SSEN, SP Energy Network and South of Scotland Enterprise, creating opportunities for the government to help target this strategically to invest in wider landscape, biodiversity and resilience benefits.

Recommendations

Measures to speed up the pace of change towards a landscape-scale approach to land management and nature restoration, so that investment delivers more in the way of environmental, economic and climate-resilience benefits:

1. Scale up the FIRNS model into a £30million strategic national development facility for blended-finance, landscape-scale restoration projects. Build on FIRNS's success in developing investible projects, testing financing models and bringing landowners, businesses, communities and investors together, providing development funding and technical

⁵⁶ Scotland's Environment Strategy.

⁵⁷ [SSEN Transmission: why nature restoration matters - SSEN Transmission](#)

⁵⁸ NatureScot, Facility for Investment Ready Nature in Scotland (FIRNS) – successful projects.
<https://www.nature.scot/doc/firns-facility-investment-ready-nature-scotland-successful-round-1-projects>

⁵⁹ Scottish Government (2024), Natural Capital Market Framework.
<https://www.gov.scot/publications/natural-capital-market-framework/>

support to create a pipeline of projects in priority landscapes and overcome barriers to aggregation, finance and delivery.

2. Align and target public funding, tax reliefs and other fiscal incentives to support locally agreed landscape and catchment priorities, using funding conditions to deliver nature restoration, climate resilience and wider public benefits. More closely link farm and land-management planning, public grants and subsidies to area-based priorities in order to deliver multiple environmental, economic and resilience benefits. Explore the role of tax, reliefs and exemptions as significant and influential public policy levers to support environmental outcomes and polluter pays principle.⁶⁰

3. Strengthen blended investment in landscape-scale restoration through coordination, aggregation, market-making and independent brokering. Explore how revenue raising, new codes, metrics and land-based emissions trading could align to make projects investible. Apply conditionality and Community Wealth Building principles to ensure value from investment is generated, circulated and retained locally.

Case studies

Leven Landscape Enterprise Network

The Leven Landscape Enterprise Network is developing an investment mechanism to pool private and public investment into activities including regenerative agriculture that can improve water quality, mitigate climate change and deliver biodiversity benefits.⁶¹

The Flow Country

The Flow Country provides an example of how blended finance and locally led partnership can support peatland restoration at scale. An aggregator model is being developed to enable smaller land parcels to participate in larger restoration projects and access finance that would otherwise be difficult to secure. The approach also aims to direct benefits into local community projects.⁶²

⁶⁰ [Tax options for reducing emissions from land and supporting land reform](#)

⁶¹ Scottish Government (2024), Natural Capital Market Framework.

<https://www.gov.scot/publications/natural-capital-market-framework/>

⁶² Scottish Government (2024), Natural Capital Market Framework.

<https://www.gov.scot/publications/natural-capital-market-framework/>

2.6 A healthy, sustainable and resilient food system

Why this is a priority

The price of food and inaccessibility of healthy food are immediate social concerns, with food insecurity and poor diets having particularly significant impacts on people on lower incomes. Improving access to affordable, nutritious food therefore has the potential to support health while reducing pressure on household budgets.

Yet Scotland's food system faces resilience pressures from complex supply chains, climate impacts including drought, flood and heat, disease, rising input costs and limited local processing and distribution. Diversifying production and strengthening local food systems can help reduce vulnerability to disruption and retain more value within local economies.

Food production is also central to Scotland's climate response. Agriculture accounts for around 19% of Scotland's net greenhouse gas emissions, while farming and land management can support adaptation, soil health, biodiversity and carbon sequestration. Sustainable and regenerative approaches, supported by viable farms, local supply chains, public procurement and investment in infrastructure, are vital to adapting to the impacts of climate change and can reduce emissions while strengthening rural economies and maintaining high-quality food production.

Evidence of the challenges and opportunities

- Food prices increased by 40.9% between 2015 and 2025, compared with 37.7% for overall consumer prices.
- In 2024, 8% of adults in Scotland were worried about running out of food, 6% had eaten less because of food insecurity and 3% had actually run out of food.⁶³
- Every £1 invested by Food for Life Scotland-certified local authorities generated £4.41 of social return in the local economy over three years.⁶⁴
- Agriculture accounted for 19.3% of Scotland's net greenhouse gas emissions in 2024, equivalent to around 7.5 MtCO₂e.⁶⁵

⁶³ <https://www.gov.scot/publications/first-national-good-food-nation-plan/pages/5/>

⁶⁴ <https://www.gov.scot/publications/local-food-everyone-journey/pages/5/>

⁶⁵ <https://www.gov.scot/publications/scottish-agriculture-greenhouse-gas-emissions-and-nitrogen-use-2024-25/pages/agriculture-sector-ghg-emissions/>

- Scotland's 2025 review of abattoir provision found that many areas of mainland Scotland require livestock to travel more than 100 miles to access an abattoir, while the closure of local facilities is making it harder for smaller producers to participate in local supply chains.⁶⁶

Policy context

The Good Food Nation Act and Plan establishes the statutory framework for improving access to healthy, sustainable and affordable food, while the Local Food Strategy aims to strengthen local food economies and supply chains. The Programme for Government 2026–31 reinforces these objectives through a new Food Prices (Scotland) Bill and £1.5 million of capital investment to support small producers and local food resilience, biodiversity and economic benefits.

The Agricultural Reform Programme, Rural Support Plan 2026–31 and Scottish Organic Action Plan 2026–29 support more sustainable and regenerative production. The Programme for Government commits to continued agricultural support of more than £660 million and strengthening Scotland's food and drink supply chains and rural economies.⁶⁷

The 2026 Public Sector Food Procurement Taskforce provides an opportunity to use public purchasing power to increase demand for healthy, sustainable and locally produced food.

Recommendations

1. Use public procurement to build markets for healthy, sustainable Scottish food.

Use public purchasing power to create reliable markets for Scottish and local producers, while meeting nutritional, environmental and value-for-money requirements. This could include stronger local and sustainable sourcing criteria, smaller contract lots, better procurement support and budgets for schools, hospitals and other public bodies, and using the 2026 Public Sector Food Procurement Taskforce to identify and remove barriers to local sourcing.

⁶⁶ <https://www.gov.scot/publications/abattoir-provision-opportunities-mobile-slaughterhouses-scotland-scottish-animal-welfare-commission/pages/3/>

⁶⁷ Scottish Government (2026), Programme for Government 2026–2031.
<https://www.gov.scot/publications/programme-government-2026-2031/>

2. Invest in resilient local food systems, including production, processing and distribution. Strengthen the infrastructure and support needed for local food systems, including abattoirs, processing, storage and distribution with options for ownership such as co-operatives to share infrastructure and investment costs.

3. Accelerate changes to the Rural Support Plan to increase agricultural support that rewards diversified, sustainable, regenerative and resilient production. Support should extend beyond individual farms and crofts where this can strengthen local food systems, including local processing, shared infrastructure and producer networks.

Case studies

Argyll & Bute Council – local venison in school meals

In 2025, Argyll & Bute Council introduced locally sourced wild venison into school meals on Islay and Jura, working with local business Wild Jura, which established local butchery and processing facilities. The venison is a by-product of the annual deer cull, meaning the initiative creates a market for meat that would otherwise have limited local value, while providing a healthy, locally sourced food for children. The environmental benefits extend beyond reduced food miles: managing deer numbers helps prevent overgrazing and supports biodiversity and habitat recovery. It has since been extended from Jura and Islay to Inveraray Primary School.⁶⁸

Lauriston Farm, Edinburgh

Lauriston Farm is a 100-acre community-led agroecological farm in Edinburgh, combining local food production with investment in natural and social capital. Run by Edinburgh Agroecology Co-operative, it integrates food growing, biodiversity and community, with market gardening, agroforestry, habitat creation, community growing, volunteering, education and training. It demonstrates how local food production can strengthen

⁶⁸ https://www.argyll-bute.gov.uk/news/2025/jan/uk-first-argyll-and-bute-serve-wild-venison-school-dinners?utm_source=chatgpt.com
https://www.argyll-bute.gov.uk/news/2025/apr/national-award-councils-wild-venison-school-meals?utm_source=chatgpt.com
https://www.nature.scot/professional-advice/land-and-sea-management/managing-wildlife/deer-scotland/managing-deer-climate-and-nature?utm_source=chatgpt.com
https://www.argyll-bute.gov.uk/moderngov/documents/s220947/260625 Policy Leads Report.docx.pdf?utm_source=chatgpt.com

communities and the natural environment alongside creating a more resilient local food system.⁶⁹

Section 3: How Scotland can deliver at scale

Government strategies and plans, alongside robust policy and regulation, are essential enablers of delivery. Clear and credible signals about the future direction of policy - including a clear timeframe for change - reduce uncertainty and investment risk, and give businesses, investors and the public the confidence to commit capital, build capacity and deliver at scale.

But strategies, plans and policies are not enough on their own. CERG has written at length about the persistent gap between policy and implementation, and the systemic barriers that need to be overcome to deliver at the scale and pace required.⁷⁰

The test of whether the Scottish Government is serious about delivery is therefore not what it commits to, but:

- **Where is it putting its money, powers and influence?**
- **Is there enough certainty about policy direction and timescales for those delivering change to invest, build capacity and act at scale?**
- **Are delivery systems in place to enable action at scale?**
- **How are programmes and investments being coordinated?**
- **What conditions and safeguards ensure investment produces real benefits for communities?**

Delivering change at pace and scale requires four linked approaches, all of which the Government has committed to advancing during this parliamentary term. To achieve the benefits for people, the environment and the economy set out in Section 2, these approaches need to be built into policies, programmes and investment from the outset.

Together, these approaches can help deliver the Government's four priorities, tackle immediate pressures on people and communities, and get more value from public spending. They are:

⁶⁹ https://pure.sruc.ac.uk/en/publications/examples-of-innovative-biodiversity-projects-in-scotland/?utm_source=chatgpt.com

⁷⁰ <https://cerg.scot/wp-content/uploads/2024/11/CERG-Report-October-2024-FINAL-07.11.24.pdf>

- **Place-sensitive delivery,**
- **Make public investment work harder,**
- **Maximise community ownership, wealth and shared benefits,**
- **Improve decision-making and join up government,**

These approaches reinforce each other and play a central role in just transition, community wealth building and climate action⁷¹. Place-based working helps identify local needs and opportunities and coordinate action. Public investment, procurement and funding conditions can direct money towards shared priorities. Community Wealth Building helps keep more of the benefits in local economies. Joined-up government aligns policies, budgets and organisations, with the programme management and coordination needed to turn plans into action at scale.

The Government's focus on prevention, public sector and service transformation, Community Wealth Building and a proposed new Procurement Bill creates an opportunity during this parliamentary term to change how government and its agencies coordinate investment, programmes and policy to achieve shared outcomes.

Realising these benefits depends on treating the Government's four priorities as connected priorities, rather than separate or competing goals. It also requires sufficient investment in the skills, resources and capacity needed to put strategies and plans into practice.

There is not yet enough evidence that this joined-up approach is happening consistently. A narrow focus on efficiency, cost savings and conventional economic growth could reinforce existing silos and miss the opportunity to deliver the integrated, long-term solutions set out in Section 2. This would also mean missing opportunities to build a fairer, more resilient economy.

At a time of tight public finances and pressure to reduce spending, failing to invest in the systems, skills and coordination needed for delivery risks undermining the Government's ability to achieve its aims.

⁷¹ [Climate Action, Just Transition and Community Wealth Building](#)

3.1. Place-based delivery and investment

What is it? Coordinating programmes, infrastructure, investment and services around the distinctive needs, assets and opportunities of places. Aggregation and coordination creates economies of scale, reduces duplication and competition between funding streams.

Place-based delivery can turn individual interventions into integrated investment programmes that deliver multiple outcomes, e.g. reducing emissions while improving homes and public services, creating economic opportunities, strengthening communities and improving health and wellbeing. Evidence shows this delivers greater value and co-benefits for every pound invested⁷² and helps programmes become more attractive propositions to private investors.

Policy context

The Scottish Government's commitment to place-based working is well established - through the Place Principle, National Planning Framework 4, Regional Economic Partnerships, regional growth deals etc. It is identified as a key approach to delivering major national priorities and infrastructure investment.

Its application across the public sector and policy is championed by the Improvement Service, Scottish Futures Trust, the Just Transition Commission, Architecture Design Scotland, amongst others, and is built into Just Transition Planning, the Scottish National Adaptation Plan and the Climate Change Plan.

What is holding this back?

While there is a strong understanding of what place-based delivery requires, siloed funding and budgets, misalignment between national priorities and local need, fragmented governance, and insufficient local capacity and flexibility continue to limit its application. It is challenging for organisations to coordinate budgets, assets, skills, business support and infrastructure investment around locally agreed priorities.

⁷² [Accelerating Net Zero Delivery: Unlocking the benefits of climate action in UK city-regions](#), Innovate UK, March 2022.

Evidence compiled by the British Academy suggests that competitive funding controlled centrally can lead to net-zero investment being concentrated in places already well placed to secure it. This risks widening inequalities between places, rather than reducing them, and highlights the need for, place-sensitive approaches to investment and delivery.⁷³

Case Study

Brockmoor, Dudley: testing blended finance for place-based decarbonisation and neighbourhood renewal⁷⁴

The UK's first Net Zero Neighbourhood project in the West Midlands is exploring how public funding and private investment could be combined to improve homes, infrastructure and communities. It aims to test whether neighbourhood-scale investment can attract institutional finance and provide a model for funding similar place-based projects in future.

3.2. Make public investment work harder

What is it? Scottish public bodies spend more than £16bn a year on goods and services through procurement. Public spending and investment can be a powerful 'market-shaping' lever and secure wider economic, social and environmental outcomes by building proportionate conditions, social value requirements, and whole-life value assessment into procurement, investment, and funding decisions. Innovative procurement approaches – i.e. procuring an outcome or service encourages closer engagement with designers and suppliers to co-create solutions to reach a defined, required outcome. This can lead to greater innovation and build additional benefits to projects.

Policy Context

Scotland already has strong public sector Sustainable Procurement Duties and guidance and has successfully applied conditionality through Fair Work First and community benefit clauses. The policy framework continues to develop through updated Community Benefits

⁷³ https://www.thebritishacademy.ac.uk/documents/5836/British_Academy_-_Governance_to_Accelerate_Net_Zero_-_Jul_2025.pdf

⁷⁴ [Energy Capital Net Zero Neighbourhoods](#)

guidance (June 2026), the draft Infrastructure Strategy and a commitment to introduce a new Procurement Bill within the next year.

The potential of this approach is well recognised by the Scottish Government and conditionality is championed by the second Just Transition Commission.

What is holding this back?

The levers that exist are not yet being used consistently, strategically or at sufficient scale across the public sector, and, particularly at times of tight finances, decisions are often still made based on lowest cost alone.

Case studies

Bristol City Leap demonstrates a model of procuring a long-term delivery partnership to establish and deliver multiple low-carbon energy projects across a 20-year, £1bn programme including contractual social-value commitments. It is expected to deliver a minimum of £61.5 million in social value over the next five years, more than 1,000 new jobs, apprenticeships and work placements, plus a £1.5 million Community Energy Fund.⁷⁵

Glasgow City Council is currently procuring a development partner to design a Delivery Vehicle (DV) and Climate Investment Vehicle (CIV) to unlock place-based investment and deliver key climate projects. Social value, community involvement and ensuring a Just Transition will be built in at an early strategic stage. It will focus initially on delivering the Council's Local Heat and Energy Efficiency Strategy (LHEES).

3.3 Community Wealth Building

What is it? Community Wealth Building uses public spending, procurement, land and assets, employment and finance to increase local ownership and ensure more of the wealth generated by economic activity is retained and circulated within communities. It encompasses place-based delivery and joined-up government and depends on changes in procurement and investment.

⁷⁵ <https://ukerc.ac.uk/publications/bristol-city-leap-a-novel-finance-and-procurement-model-for-delivering-net-zero/>

Policy Context

Community wealth building is a core component of Scotland's economic development framework, embedded within public sector duties and aligned with wider ambitions for a wellbeing economy, framed within the Community Wealth Building Act (2026).

The 2026 Programme for Government commits to using community wealth building, community ownership and public-sector procurement to retain more wealth locally, while ensuring communities capture greater economic and social value from the energy transition through community energy, shared ownership, local supply chains, jobs and stronger community benefits from renewable developments.

The implementation and scaling of Community wealth building in Scotland is championed by Community Wealth Building: Centre for Excellence.⁷⁶, [Scottish Community Coalition on Energy](#); and Wellbeing Economy Alliance Scotland.

What is holding this back?

Community wealth building is not consistently embedded in mainstream investment and procurement. This requires changes to how money, assets, procurement, investment and economic development decisions are made.

The legislation provides the statutory requirement but the Act's implementation requires staff, finance, local business capacity, procurement changes and cross-government coordination to deliver the plans and there is limited capacity and funding for public bodies to turn principles into action.

There are opportunities for the Scottish Government to make tools like conditionality mandatory rather than rely on voluntary uptake of principles (e.g. in procurement contracts).

Case studies

Crossdykes Wind Farm

The Crossdykes wind farm in Dumfries and Galloway provides an example of how community ownership can help retain more of the value created by renewable energy locally. The local community acquired a 5% stake in the project, which generated a seven-

⁷⁶ <https://edas.org.uk/community-wealth-building-scotland/>

figure return when the wind farm was subsequently sold, in addition to ongoing community benefit funding.⁷⁷

The Highland Social Value Charter

This provides an emerging model for securing greater local value from renewable energy investment. Agreed in 2024, it seeks to move beyond conventional community benefit payments by securing investment in housing, skills, infrastructure and community wealth. Early developer commitments have been agreed, contingent on the project being consented, with the potential for a Community Wealth Fund potentially worth more than £20m a year.⁷⁸

Ayrshire Growth Deal: building local businesses and jobs⁷⁹

£3 million from the Ayrshire Growth Deal supported a regional Community Wealth Building programme to strengthen local employment, procurement, business ownership and economic resilience. The programme delivered measurable economic and social benefits, including protecting and creating jobs, increasing local businesses' success in winning contracts, and supporting businesses to transition to co-operative and employee-owned models. An evaluation recommended sustaining and scaling the programme through continued investment, mainstreaming its approach and replicating it elsewhere.

3.4. Joined up Government and Investment

What is it? Policies, budgets, investment decisions, institutions and delivery are aligned around shared priorities and outcomes, rather than primarily around departmental or organisational boundaries.

For example, aligning Scottish Government policies, budgets and programmes with emissions reduction pathways, climate resilience, community wealth building and just transition outcomes could avoid locking Scotland into high carbon, climate-vulnerable pathways that will become outdated and require expensive retrofits. This is central to a prevention approach – reducing the need to address the damages that could have been avoided by placing wellbeing and sustainability at the heart of decision-making.

⁷⁷ <https://localenergy.scot/casestudy/crossdykes-wind-farm/>

⁷⁸ <https://highlandcpp.org.uk/about-hcpp/highland-social-value-charter/>

⁷⁹ [Ayrshire Growth Deal – Just Transition Commission](#)

Policy Context

The Scottish Government has the architecture for ‘joined up’ decision-making e.g. through the revised National Performance Framework, the National Planning Framework 4, Population Health Framework. These present a framework that could and should be used to align decisions against the broader economic, social and environmental outcomes that Scotland wants to achieve.

Guidance to leaders of public bodies in Scotland emphasises the need to consider effective partnerships in complying with their duty of delivering organisational best value⁸⁰

What is holding this back?

The National Performance Framework does not yet consistently translate into how government actually makes decisions, allocates budgets and manages delivery⁸¹. The National Performance Framework is currently being refreshed and the Government has committed to placing wellbeing and prevention at the heart of how government plans, budgets and invests across the whole public-service system, so there is a real opportunity within this Parliament to deliver on this principle.

Case study

Net Zero Assessment – an example of embedding climate considerations at the heart of all policy and expenditure

The Scottish Government has developed, and is rolling out, a Net Zero Assessment process which requires proportionate carbon assessment in the early stages of policy development and spending decision-making.

⁸⁰ <https://www.gov.scot/publications/best-value-public-services-guidance-accountable-officers/>

⁸¹ Scottish Parliament Finance and Public Administration Committee (2024), Report on the National Performance Framework: Review of National Outcomes. https://www.parliament.scot/chamber-and-committees/committees/committee-reports/fpa/2024/11/15/fpa062024r10https://4b4c223b-5bd0-444e-85b5-7151b8b0a58a.usrfiles.com/ugd/4b4c22_70a69103da434304aa92ed9ec47fd6b0.pdfhttps://carnegieuk.org/publication/carnegie-uks-response-to-the-scottish-government-in-regards-to-proposed-reforms-to-scotlands-national-performance-framework/

Cross-cutting Recommendations

The following recommendations provide a starting point for applying these cross-cutting approaches to climate action while delivering wider benefits for people, the economy and communities:

1. **Use the revised National Performance Framework and Public Service Reform agenda to align Government decision-making against the social, economic and climate resilient future we need.** Act on the recommendations for a Wellbeing Economy and Framework as proposed by Carnegie UK and the Wellbeing Economy Alliance Scotland.
2. As part of Public Service Reform and the regionalisation agenda, **invest in local and regional public sector capacity and capability to coordinate and deliver large-scale, place-based, shared-outcome programmes.** This includes the ability to establish appropriate professionally managed delivery vehicles and secure public and private investment making best use of existing structures wherever possible.
3. **Review and recommend the role of taxes, reliefs and exemptions in improving environmental and social outcomes^{82, 83}** in line with the Polluter Pays Principle, particularly in areas where it is unlikely that private finance markets alone can deliver outcomes at the scale and pace required.
4. **Expand and properly resource the Climate Delivery Framework** so it can fulfil its potential as a structured forum for local and national government to agree how they can fulfil their responsibilities to deliver place-based climate programmes and secure the investment they need.
5. **Establish a national Technical Assistance Facility** (e.g. building on the [Green Heat Finance Taskforce recommendation](#) and CERG's previous recommendations) with three years' ring-fenced development funding and access to technical, commercial, financial and procurement expertise to enable local authorities to build investable climate programmes and work together where appropriate.

⁸² <https://www.landcommission.gov.scot/downloads/SLC-Tax-Advice-FINAL.pdf>

⁸³ [Tax could help drive climate action and land reform – but report finds peatland carbon tax faces practical challenges - Scottish Land Commission](#)

Section 4: Conclusion

Scotland faces a set of interconnected challenges that cannot be addressed effectively through isolated policies or competing priorities. Climate change is no longer a distant or abstract challenge, it is already affecting Scotland's economy, health, public services, infrastructure, and local communities.

Climate change and nature loss are adding to existing pressures on people's lives, including persistent poverty and inequalities, ill-health, high housing, energy, food and transport costs, rising debt, and financial and job insecurity. These challenges are interconnected, and policy solutions need to address them together.

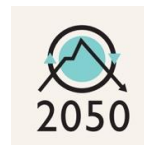
This report presents six priority areas where existing and planned activity could reduce household costs, improve health and wellbeing, create good jobs, strengthen local economies, reduce vulnerability to climate and energy shocks, and build long-term resilience - if the right next steps are taken. It explains why action on these priorities should be seen as economic and social priorities, as well as climate priorities, and how joined up action across government could deliver greater benefits.

Section 3 highlights that the delivery of the Government's four priorities will not be realised without changes to how decisions are made and delivery is coordinated. The Programme for Government sets out many of the building blocks for this change, but these must be backed by investment in the capacity and systems needed to support place-based approaches, make better use of public investment and embed Community Wealth Building through joined-up government and investment.

At a time of tight public finances and competing demands, government must align its funding, powers and delivery capacity behind its highest priorities, and use all the levers available to ensure that investment delivers tangible benefits for people, communities and businesses. The Scottish economy would benefit through being stronger, more progressive, more productive, competitive and resilient, attractive to investors, and growing in line with international comparators.

This report is an invitation to the Scottish Government to engage with CERG and other organisations across sectors and institutions to turn shared priorities into tangible action. The challenges are significant, but there are also real opportunities to do things differently. In its Programme for Government, the Scottish Government has shown its appetite for change; the task now is to translate that ambition into tangible benefits for Scotland's people, economy and environment.

Section 5: Supporting Organisations



Support for this report and its narrative does not imply that individual organisations endorse all the specific recommendations contained within it.

About CERG

The Climate Emergency Response Group (CERG) is a collective of like-minded climate leaders spanning Scotland's private, public and third sectors, delivery organisations and membership bodies.

CERG draws on the expertise and experience of its members to shape solutions that are realistic and achievable, working constructively with government, business and civil society to turn climate ambition into practical action.

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