UK Government

Unlocking the benefits of the clean energy economy

October 2025

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Ministerial Foreword

“By driving towards our carbon budgets, we will increase our energy security and lower bills, create good, well-paid jobs with strong trade unions and boost innovation, exports and economic growth.”

Over the last 16 months we have put clean energy and climate action at the heart of our government’s agenda - because we know it is the route to making the British people better off.

Families and businesses continue to pay a steep fossil fuel penalty, with wholesale gas costs for households still 75% higher than before Russia’s invasion of Ukraine. That is why we are taking back control of our energy with record investment in renewables and nuclear so we can get off the fossil fuel rollercoaster and bring down bills for good. This is a plan for energy sovereignty and abundance for our nation.

At the same time, clean energy is the economic and jobs opportunity of the 21st century - and we are already seeing the benefits of the ambitious action our government is taking to seize it.

The UK’s net zero sectors are growing three times faster than the economy overall, over £50 billion of private investment has been announced into our clean energy industries since last July and our clean energy workforce is set to almost double to more than 800,000 people by the end of the decade. Britain’s clean energy economy is booming.

Today we are publishing our Carbon Budget and Growth Delivery Plan, setting out how we will continue to unlock the benefits of clean energy and climate action in line with the framework of the Climate Change Act - which has secured billions in investment since it was introduced in 2008.

By driving towards our carbon budgets, we will increase our energy security and lower bills, create good, well-paid jobs with strong trade unions and boost innovation, exports and economic growth.

The focus of this plan is about the right incentives for people to benefit from clean energy. From electric vehicles to home heating, we want people to be better off from the shift to clean energy.

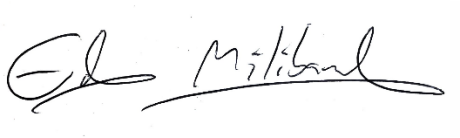
That is how we deliver better lives for people today - from warmer homes and cleaner air to cheaper transport and increased access to nature - as we tackle the climate and nature crises to protect our home for future generations.

This plan builds on the steps we have already taken in consenting enough wind and solar to power the equivalent of 7.5 million homes, setting up Great British Energy, investing in the biggest nuclear building programme in half a century, kickstarting Britain's carbon capture and hydrogen industries, rolling out home upgrades around the country and putting Clean Energy Industries at the centre of our Modern Industrial Strategy.

It would be negligent to leave our children and grandchildren to face energy insecurity and climate breakdown. By providing clarity and certainty on how Britain will seize these opportunities, this plan will help unlock the investment we need in clean energy, jobs and growth at home. And it will strengthen our position as a climate leader so we can push others internationally to take the action needed to avoid disaster.

We have moved at speed on our mission over the last 16 months, but we have much further to go to address the long-term challenges we face as a country and bring the benefits to families and businesses as quickly as we can.

Our government will not stop fighting to seize the opportunities clean energy and climate action present for our country, as we act to protect the British people now and for generations to come.



Rt Hon Ed Miliband MP

Secretary of State for Energy Security and Net Zero

Executive Summary

Delivering the Clean Energy Superpower Mission is central to this government's decade of national renewal. By driving towards our carbon budgets, we will take back control of our energy, delivering lower bills from homegrown clean power as we get off the rollercoaster of international fossil fuel markets. We will grow our economy and create good jobs, while improving our nature and biodiversity. This is about both protecting our country for the long term and delivering real change right now for working people - with energy security, lower bills, warmer homes, good jobs, cleaner air and increased access to nature.

The Climate Change Act is a key driver of investment and decarbonisation. We have reduced emissions by over 50% while growing the economy by 80% since 1990.[1] This framework has provided the clarity to make us a global leader in clean energy industries. This leadership means we can continue to seize the huge economic and social benefits of the clean energy revolution today, as we protect our way of life from the existential threat we face.

Energy security and lower bills: Every family and business is currently paying the price of Britain's exposure to volatile international fossil fuel markets. In an unstable world this leaves us incredibly vulnerable as a country. Families across Britain continue to pay a fossil fuel penalty, with wholesale gas costs for households still 75% higher than they were for the year prior to Russia's invasion of Ukraine. We are taking back control by investing in homegrown clean energy to protect the British people and build a system that can bring down bills for good.

Jobs and growth: Clean energy is the economic opportunity of the 21st century. Globally this year, around $2.2 trillion is being invested in clean technology, twice as much as fossil fuels.[2] The UK's net zero economy is growing around three times faster than the economy as a whole.[3] Thanks to the investment and stability provided by this government, the number of UK jobs in clean energy industries and their supply chains is estimated to increase from around 430,000 today to over 800,000 by 2030. According to the Confederation of British Industry net zero jobs are 15% better paid and 40% more productive than the national average.[4]

Improved quality of life: Clean energy and climate action will make the British people better off. The Warm Homes Plan, due to be published shortly, will upgrade millions of homes to cut bills by hundreds of pounds for recipient families. Electric vehicles are already cheaper to run, with savings of up to £1,500 a year compared to running a petrol or diesel car.

Protecting our natural world: The climate and nature crises are fundamentally linked, and we must address them together. We will use our land and resources more efficiently and innovatively, creating woodland and restoring peatland to store carbon and protect us from climate impacts. As a result, we will see reduced flood risks, improved water quality, and cleaner air. We will protect our countryside and increase access to nature, so the British people can enjoy what is rightfully theirs.

As we deliver these benefits for the British people today, driving towards our carbon budgets is crucial to tackling the climate crisis to protect our home for our children and grandchildren. We have seen in the past the power of British leadership in driving global action. In 2008, we passed the world-leading Climate Change Act and now 60 other countries have their own

climate legislation. In 2019, the UK became the first major economy to legislate for net zero and now over 80% of global GDP is covered by net zero commitments. We are just 1% of global emissions, which is why we must work with others to drive action abroad, including with the power of our example.

We are taking action and reaping the benefits

To deliver good jobs with high pay close to home

The number of jobs in clean energy industries and their supply chains is estimated to almost double to over 800,000 by 2030. Our recently published Clean Energy Jobs Plan sets out how government, industry and trade unions will work together to recruit the workers needed for our mission and ensure people across Britain can benefit from the good jobs with high wages that clean energy brings.

To drive down energy bills

We are taking back control of our energy system to bring down bills for good. As we do so, we are determined to bring the benefits of clean energy and lower bills to families and businesses as quickly as possible. For example, the Warm Homes Plan will help to cut bills by hundreds of pounds for recipient families that upgrade across the country, by helping them install clean energy technologies like heat pumps, solar panels, and batteries.

To invest in the clean energy industries of the future

We are delivering the biggest investment in clean, low-cost energy in British history, with £63 billion of government capital funding in clean energy, climate and nature, including nuclear. Over £50 billion of private investment into clean energy has been announced since July 2024. Investment through our public finance institutions, including a £1 billion Great British Energy clean energy supply chain fund will catalyse far greater private investment into the growth sectors of the future. This is our Modern Industrial Strategy hitting the ground running.

To prevent inflation from energy price shocks

Around 30% of inflation in 2022, at the peak of the cost-of-living crisis, came directly from rising energy costs as a result of the gas price spike. The Office for Budget Responsibility has warned that the cost of responding to future gas price shocks could be double the amount of public investment needed for the net zero transition and add 13% of GDP to the public debt by 2050. With half of the UK's recessions since 1970 caused by fossil fuel shocks, reducing the UK's reliance on fossil fuels will protect our economy in the future.

To make driving more affordable

The Electric Car Grant, launched in July, is making electric vehicles (EVs) cheaper by offering discounts of up to £3,750 on eligible models. Electric Vehicles are already cheaper to run, with savings of up to £1,500 a year compared to running an equivalent petrol or diesel car. Last year, nearly 1 in 5 new cars sold were EVs, with average sales up 30% so far in 2025. The number of public EV chargepoints is also soaring, with more than 86,000 now available across the UK, and one added every 33 minutes.

To support our existing industries and SMEs

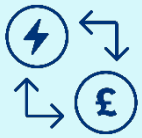
For too long the competitiveness of British industry has been held back by the high cost of electricity. In the Industrial Strategy, we announced additional support for 7,000 energy intensive firms by removing policy costs on their energy bills through the British Industry Supercharger and British Industrial Competitiveness Scheme.

To enjoy greener spaces and cleaner air

We know that tree planting helps to create attractive, healthier and resilient places to live with cleaner air. That is why the government is investing £816m in our tree planting programme through to 2030 – which will restore our forests to achieve a net increase in tree canopy and woodland cover of equivalent to 113,000 Wembley stadiums.

To increase exports

In recent years, UK exports within low-carbon and renewable energy industries have grown substantially faster than exports from the wider economy. Between 2022 and 2023 exports from these industries increased 19%, compared to an increase of 4% for total exports. Our Modern Industrial Strategy and its Clean Energy Industries Sector Plan will drive export-led growth across our frontier industries, attracting investment to build it in Britain and power the world.



To ensure that these benefits are felt nationwide

We are working in partnership with governments at regional, local and devolved levels, as well as community groups across the UK. This is central to this government's approach to climate action.

To support innovation

The UK is home to over 5,000 climate tech start-ups and scale-ups that are growing rapidly year-on-year across the country. There are flourishing innovation clusters in Teesside (hydrogen and carbon capture), the Humber (offshore wind), and South Wales (industrial decarbonisation). Our Cleantech Innovation Challenges launched next year will mobilise investment in innovation priorities, create market pull and accelerate deployment for our carbon budgets and growth of clean energy industries.

Energy security and lower bills

In recent years Britain has been through the worst cost of living crisis in a generation, caused by our exposure to fossil fuel markets controlled by dictators like Putin. That is why we are taking back control of our energy - to protect the British people and bring down bills for good. We're delivering the biggest investment in clean, low-cost energy in British history, with record investments in renewables and nuclear. As we do so, we are determined to bring the benefits directly to families and businesses as quickly as possible. That includes rolling out home and building upgrades, so that working people and businesses feel the benefits of clean power with warmer homes and buildings, and lower bills, with support to install solar, batteries, heat pumps, insulation and other technologies.

Key actions we are progressing

- We are ushering in a new golden age of nuclear. In July this year a final investment decision was taken to build Sizewell C in Suffolk with £14.2 billion funding allocated for this Parliament, as well as investment in nuclear fusion and over £2.5 billion for small modular reactors.

- We are getting Britain building by consenting record amounts of clean energy. Since July 2024, the government has consented enough wind and solar to power the equivalent of over 7.5 million homes by speeding up decisions on projects that used to sit on ministers' desks.

- Through the Contracts for Difference scheme, we are continuing to incentivise new clean electricity generating projects in Great Britain. We have made reforms to the Allocation Round 7 auction to maximise competition between bidders and reduce the costs to consumers.

- Great British Energy, our publicly owned clean energy company, has kicked off its first projects - putting solar panels on around 250 schools, around 260 NHS sites and 15 military sites to cut their bills and save money that can be reinvested in frontline services. It has also awarded Mayoral Strategic Authorities a share of £10 million in grant funding to roll out clean energy projects in their communities.

- As we build an energy system that can bring down bills for good, we are supporting families and businesses with their bills now. This winter, an extra 2.7 million families will get £150 off their energy bills through the expansion of the Warm Home Discount. At the same time, we are rolling out home upgrades to cut bills for families and will shortly publish our Warm Homes Plan.

Taking back control

Families and businesses continue to pay a heavy price for our exposure to fossil fuel markets. Around 30% of inflation in 2022, following the Russian invasion of Ukraine, came from energy bills rising, hitting family finances and damaging growth.[5] The main driver of high energy bills remains international gas prices - wholesale gas costs for households are still 75% higher than they were for the year prior to the invasion of Ukraine.[6] This isn't a one-off: half of our recessions since 1970 have been caused by fossil fuel shocks.[7]

Alongside our exposure to fossil fuels, Britain faces the challenges of historic under-investment in our energy system and growing electricity demand. Much of the UK's current nuclear fleet began operating in the 1980s and we haven't brought a new nuclear power station onto the system since Sizewell B 30 years ago. According to the National Energy System Operator (NESO), half the existing gas fleet has already been operating for over 20 years. And much of the electricity grid was built in the 1960s and hasn't been upgraded since.

Homegrown clean energy

As we face these challenges, reducing our exposure to volatile international gas prices is the only way to reliably bring down bills and protect the UK from global energy shocks. Clean Power 2030 will bring down wholesale prices and reduce energy bill volatility. Driving to clean power, alongside targeted support as part of the government's Industrial Strategy, will also help to bring electricity bills down for key sectors, boosting growth and ensuring our industries remain internationally competitive.

Maintaining clean power as the electricity system grows to meet increased demand in the 2030s will require further deployment of renewables, including offshore wind, onshore wind and solar, as well as other low carbon sources including nuclear. We are also developing new forms of low carbon flexible power to meet peaks in demand.

The UK is a world leader in offshore wind, with more offshore windfarm capacity than any country in Europe, and we are also acting to unlock onshore wind across Great Britain.[8] In addition to wind, solar is one of the cheapest and quickest to build power sources, with the potential for rooftop solar to reduce consumer bills immediately.

Through the process of increasing our deployment of renewables and reducing our exposure to fossil fuel, we also become less reliant on energy imports. Electrification will also lead to a more energy efficient economy, leading to a 29% reduction in our total energy demands by 2050 compared to today.

While electricity is expected to meet most of final energy demand by 2050, we will still need other sources of energy. Hydrogen will have a key role to play in replacing fossil fuels in hard-to-electrify sectors and enabling delivery of hydrogen to power (H2P) to provide low carbon long duration dispatchable power, while carbon capture usage and storage (CCUS) will also help to provide low carbon flexible energy and support the decarbonisation of hard-to-abate sectors. As we drive forward on these technologies, oil and gas will continue to play an important role in our energy system for decades to come.

Good jobs and economic growth

It is time to restore Britain's historic role as an energy powerhouse. We have a once in a generation chance to build on our heritage to use new technologies to rebuild our energy sovereignty, but only if we double down on our advantages. If we delay, or fail to seize the available opportunities, other countries will win the race for these industries of the future. Clean energy is a perfect fit for the UK's strengths, and it can drive benefits across the economy.

Clean energy and climate action will create new businesses, attract huge levels of investment into the UK and create highly skilled, well-paid job opportunities across the country. The number of UK jobs in clean energy industries and their supply chains is estimated to increase from around 430,000 today to over 800,000 by 2030.[9] That includes the number of jobs supported by clean energy industries almost tripling in Scotland and at least doubling in Wales, Northern Ireland and almost every region of England. We are working to ensure that these jobs are high quality with strong trade unions, and available to those who want them, wherever or whoever they are.

Key actions we are progressing

- Our Modern Industrial Strategy and the Clean Energy Industries Sector Plan aim to build our domestic supply chains and double investment into Clean Energy Industries by 2035, bringing good jobs to the UK.
- In the Industrial Strategy, we announced additional support for 7,000 energy intensive firms through the British Industrial Competitiveness Scheme, which will reduce electricity costs by up to £40 per megawatt hour. Through the British Industry Supercharger, the government is also increasing support for the most energy-intensive firms by covering more of the electricity network charges they normally have to pay. From 2026, the discount on these charges will increase from 60% to 90%.
- We are delivering £63 billion of targeted government capital to catalyse private investment, driving growth, innovation, and jobs in the UK's clean energy industries. We have already secured over £50 billion of private investment in clean energy announced since last July.
- We have published our Clean Energy Jobs Plan, setting out how we will build Britain's clean energy workforce. This includes schemes to support veterans and North Sea workers into clean energy jobs, transforming the skills system with £1.2 billion investment to train the next generation in our priority sectors (including clean energy) and establishing five Clean Energy Technical Excellence Colleges.
- We are exploring the expansion of the Clean Industry Bonus (CIB) to hydrogen and onshore wind, with the launch of a call for evidence on options for hydrogen supply chains, including CIB, shortly. In addition to this, government will also consider options for stimulating supply chain demand for CCUS and work with Ofgem to explore options for network components.

- We are delivering policy certainty and clarity for businesses through transparent deployment pathways, breaking down planning barriers and through long-term action like the Sustainable Aviation Fuel (SAF) Mandate and Zero Emission Vehicle (ZEV) mandate.

Clean energy industries

Britain is a coastal nation, a scientific and innovation superpower, with strengths in high-value manufacturing and a skilled energy workforce to match. With our world-leading renewable energy deployment, and deep capital markets, Britain is the natural home for clean energy industries. The Clean Energy Industries sector plan and wider Industrial Strategy is our plan to secure that growth by breaking down barriers to projects, unlock billions more in investment and grow exports in our frontier industries by 2035.

By delivering targeted catalytic public investment, we can drive growth, innovation and jobs in our clean energy industries. This government's investments into clean energy industries include a new £1 billion Clean Energy Supply Chain Fund under Great British Energy; a total £27.8 billion in capital for the National Wealth Fund; and £25.6 billion in total financial capacity for the British Business Bank. At this year's Spending Review, we announced investment in the biggest nuclear building programme in a generation, Britain's first regional hydrogen network and carbon capture in Teesside, Humberside, Scotland and the North West.

Alongside this public investment, we are also taking actions to break down barriers to growth in key sectors, such as removing blockers in the planning system via the Planning and Infrastructure bill. These steps will help us achieve our vision of doubling of investment levels in frontier Clean Energy Industries by 2035.

Building domestic supply chains for clean energy industries will both help boost energy security through increased diversity of supply for key components and also mean that we bring good jobs and investment to the UK.

We will also continue to explore the expansion of the CIB to hydrogen and onshore wind, with the launch of a call for evidence on options for hydrogen supply chains, including CIB, shortly. Government will also consider options for CCUS and work with Ofgem to explore options for network components.

In summer 2026, we will also establish a set of Cleantech Innovation Challenges, co-developed with industry. These will mobilise public and private investment in priority areas, create market pull and accelerate deployment for our carbon budgets and growth of clean energy industries. It will complement government's transformational £86 billion commitment to R&D over the next four years and the work of our public finance institutions.

Good jobs

Thanks to the government's record investment in clean energy, we are rapidly generating new jobs across the country, with the workforce set to nearly double with over 800,000 people employed in the sector by the end of the decade.

Whether it's building wind farms in the North Sea and the Irish Sea, delivering new nuclear from Suffolk to Somerset, harnessing tidal power off the coast of Wales or pioneering carbon capture from Teesside to Aberdeen, the UK's clean energy industries are booming.

This government is focused on ensuring that clean energy jobs are good jobs, with good pay and conditions, and strong trade unions. We are working closely with workers, industry, and trade unions to increase recognition of trade unions and use of collective bargaining. This will help improve rights at work and boost productivity. We are also expanding legislative protections, leveraging additional private investment into skills and strengthening workforce protections.

We have recently published our Clean Energy Jobs Plan. Here, for the first time, the government has analysed the future workforce and put a proper plan in place to develop clean energy skills where they're needed, so industry, government and unions can work together to build Britain's clean energy workforce. Setting clear workforce estimates for the first time will galvanise industry, the public sector and education providers to work together to deliver one cohesive strategy to invest in training for specific in demand occupations. The plan includes action to train up a new generation of clean energy workers, upskill existing workers and ensure that clean energy jobs are always good jobs.

Wider UK businesses and industries

The increase in energy prices following the Russian invasion of Ukraine had a significant impact on small and medium size (SME) businesses. Clean power will provide the energy security that businesses need to grow and invest. Heat pumps, electric vehicles, energy efficiency measures and other technologies can reduce businesses' operational costs. We will continue to support SMEs with improved advice and guidance through the UK Business Climate Hub and the Business Growth Service, and funding for low carbon technologies through schemes like the Boiler Upgrade Scheme.

Our exposure to volatile fossil fuels has made the UK's industrial sector vulnerable and less competitive. The volume of output in these industries has fallen by one-third since the start of 2021.[10] Industrial decarbonisation is vital to future-proofing industry, securing jobs in our foundational sectors, and driving productivity and efficiency gains. We will drive growth in the UK's industrial sectors by capturing the opportunities this presents to get ahead in the industries of the future. Growth sectors like CCUS and hydrogen will be crucial in helping hard-to-abate industrial sectors such as cement to decarbonise, and the government's support for these will create growth opportunities in the UK's industrial heartlands by attracting private investment and supporting thousands of jobs across the supply chain.

Electrification: Large-scale fuel switching to electrification will require enabling policies to upgrade the electricity generation and distribution grid and address financial barriers such as fuel cost and high upfront capital expenditure. Our 2023 call for evidence highlighted the main barriers to electrification as being high electricity costs relative to gas, grid connection delays, technology gaps and confidence.

Industrial energy prices: The recent Industrial Strategy set out the introduction of a 'Connections Accelerator Service' to strengthen support for strategically important demand connections and announced planned industrial electricity bill discounts through the British Industry Supercharger uplift and introduction of the British Industrial Competitiveness scheme (BICS). We will consult on the eligibility for BICS imminently.

We are continuing to develop further policies to bring down electricity costs relative to gas, and intend to consult on options to reduce costs and make electrification an economically rational choice for a wider range of businesses and organisations.

The Climate Change Committee have stated that our reduction in territorial emissions since 1990 significantly outweighs the increase in emissions from imports over that period, reflecting the fact that we have reduced UK emissions and global emissions. We will continue to guard against carbon leakage through a new Carbon Border Adjustment Mechanism to be introduced 1 January 2027. We are investing in monitoring our import emissions through the new Production and Consumption Transformation Centre, announced in July 2025. This will inform policy development on energy and material efficiency and identify the factors driving imported emissions.

We are also reducing the need for new and carbon-intensive materials. Our forthcoming Circular Economy Strategy will focus on reducing waste and reusing materials across key sectors. Government is also working with industry to identify opportunities to establish product classifications and an embodied emissions reporting framework for steel, cement and concrete which will provide people and businesses with better information to buy low-carbon goods from home and abroad.

We are working in partnership to support decarbonisation across all levels of the economy. For example, earlier this year we re-launched the Net Zero Council, which brings together government, business, finance, trade unions, local government and civil society. The Net Zero Council, in collaboration with the Transition Finance Council, is leading work to agree a clear framework for sector transition plans and support their development and delivery - and the government is committed to supporting this work.

Improved quality of life and health

From warmer homes to cleaner air to more affordable travel, clean energy and climate action will make the British people better off. Our Warm Homes Plan will deliver the biggest programme of home upgrades in generations to cut bills for millions of people and support hundreds of thousands of good jobs. Meanwhile, the electrification of transport and heating will improve air quality, particularly in urban areas. People are already embracing these benefits. Last year, nearly 1 in 5 new cars sold were electric vehicles (EVs), with average sales even higher in 2025. The number of public EV charge points is also soaring, with more than 86,000 now available across the UK, and one added every 33 minutes. We remain on track to deliver the 300,000 charge points anticipated to be necessary to meet demand by 2030.

Key actions we are progressing

- We will publish our Warm Homes Plan shortly, kicking off Britain's biggest programme of home upgrades in generations. This will be backed by £13.2 billion of public investment to upgrade up to 5 million homes over this parliament to lower bills and tackle fuel poverty. The government will work with the UK's expert public finance institutions, including the National Wealth Fund, to support delivery of the Warm Homes Plan.

- The Electric Car Grant, launched in July, is making EVs cheaper by offering discounts of up to £3,750 on eligible models, with some models seeing demand increases of up to 540%. This is giving thousands more drivers access to savings of up to £1,500 a year in fuel and running costs compared to an equivalent petrol or diesel car.

- We are taking action to make electric vehicle charging easier, fairer and more accessible for everyone. We will consult on empowering renters and leaseholders to install home chargepoints more easily, including requiring chargepoints in new covered car parks and cutting red tape for cross-pavement solutions. We will also work with Ofgem and industry to ensure that public EV charging costs are fair and transparent, and that tenants using landlords' domestic chargepoints are protected from excessive charges. Ofgem will also ensure that Distribution Network Operators offer quality connection and smooth and rapid connections to all customers, including chargepoint operators. These measures will help drive the transition to zero emission vehicles and ensure everyone can share the benefits.

Delivering warmer homes

The Warm Homes Plan will help recipient families with the costs of solar, batteries, heat pumps and insulation to cut bills and tackle fuel poverty. It will be backed by £13.2 billion of public investment to upgrade up to 5 million homes over this parliament.

Installing technologies like solar, batteries, heat pumps and insulation will help cut energy bills and protects families from fossil fuel price spikes, but we know that there have been too many barriers for those who want to upgrade. That is why the Warm Homes Plan will support families to upgrade their homes with these technologies.

With clean power in the home, consumers will have lower bills and more control. Advances in consumer-scale solar, domestic batteries, heat pumps and smart meters have fundamentally transformed the opportunity for consumers to generate, store, use and manage their electricity, to cut their bills and contribute to a cheaper and more efficient energy system for everyone. As we upgrade existing homes, we will ensure new homes are built for the future with solar and clean heating installed as standard through the Future Homes Standard.

Not only will this help to cut bills by hundreds of pounds per year for recipient families, but the Warm Homes Plan will support tens of thousands of good jobs, across every part of the country.

Better, cleaner transport

The UK's shift to a cleaner, more efficient and better integrated transport system is well underway. Building on its position as Europe's largest EV market in 2024, the UK is on track to make clean and affordable travel the norm by 2037 – benefitting people up and down the country.[11]

We want to help more people benefit from electric vehicles that are cheaper to run. As we do so, we are determined to give people more choice about how they travel, including public transport that is more accessible, frequent and reliable and more opportunities for walking, wheeling and cycling.

> Air pollution is the biggest environmental risk to public health, with the health impact of long-term exposure to air pollution equivalent to between 26,000 and 38,000 deaths a year in England, in addition to avoidable ill health.[12] Exhaust and non-exhaust emissions from transport - and pollutants from fossil fuel heating - increase the risk of chronic diseases including cardiovascular diseases, lung complications and cognitive diseases. The Royal College of Physicians has estimated that air pollution in 2019 cost the UK at least £27 billion - through healthcare costs, productivity losses and reduced quality of life.[13]

Zero emission vehicles are not just good for drivers - who benefit from cars that are cheaper to run and offer a smoother driving experience – but also a catalyst for economic growth.

We are investing to add to the more than 86,000 public chargepoints already available in the UK, with a further 100,000 expected to be installed as a result of the Local EV Infrastructure Fund and £6 billion of private investment committed to 2030, alongside a pioneering £25 million scheme for local authorities to expand access to cheaper at-home charging.

A zero-emission fleet of vans and heavy goods vehicles will be at the core of a cleaner and more efficient freight and logistics sector.

We are also taking steps to help decarbonise aviation, with the SAF Mandate requiring 22% of UK jet fuel to be sustainable aviation fuel by 2040. We are also taking steps to power ships with sustainable fuels and electricity.

Protecting our natural environment

The climate and nature crises are fundamentally linked. Protecting and restoring nature is critical to addressing climate change and securing our environment for future generations. Our wildlife, landscapes and the ecosystems that provide our food and water must be restored and protected as we look to reverse nature's decline after years of neglect. We owe it to the British people to give them their birthright of enjoying our beautiful country.

Key actions we are progressing

- We are supporting farmers with up to £2.7 billion per year of funding for farming and nature recovery which includes funding for nature schemes such as tree planting and peatland restoration. This investment will help protect the ecosystems that underpin food production and contribute to meeting environmental targets on air and water quality, biodiversity, habitat restoration and reducing greenhouse gas emissions.

- We are investing £816 million in tree planting through to 2030 to restore our forests which will achieve a net increase in tree canopy and woodland cover of 43,000 hectares - equivalent to 113,000 Wembley stadiums. By 2030, we will invest £85 million in improving and restoring our peatlands.

- We are overhauling the way we dispose of household and workplace waste, cutting down on pollution and what we send to landfill, all while enabling nature to thrive. Moving to a more resource-efficient, circular economy will help us regenerate our natural capital and protect the environment. The waste and recycling industry estimates that we will generate £15 billion of infrastructure investment and 40,000 new jobs across Britain in activities such as re-use, repair and material reprocessing.

This will have significant economic benefits. Natural capital is the foundation of resilient economic growth. Our natural assets[1] are valued at £1.64 trillion and provide £47.6 billion in annual benefits.[14]

Without a flourishing ecosystem, the UK's economic growth and stability will be subject to increasing risks. The costs of climate change in England alone are estimated to be 1% to 1.5% of GDP per year by 2045, rising to 2% to 4% by late century.[15]

Our woodlands are essential for capturing and storing carbon dioxide, while providing habitats for our wildlife, supporting biodiversity and improving public health. Tree planting has a key role to play in providing attractive, healthier and resilient places to live with cleaner air and mitigation of urban heat island effects. Tree planting also makes economic sense. In 2022, UK woodlands removed 18 million tonnes of CO_2e valued at £5.1 billion, and nature, including

[1] Excluding fossil fuels.

trees, in urban areas helped reduce urban heatwave costs by £820 million, demonstrating the environmental and economic case for tree planting.[16] .

That is why the government is investing £816m in our tree planting programme through to 2030 and is exploring a Woodland Carbon Purchase Fund to provide upfront payments for woodland carbon.

England’s peatlands are our largest terrestrial carbon store. Restored peatlands support rare and diverse biodiversity, reduce wildfire risk and lessen flooding. By 2030, we will invest £85 million to restore and manage peatlands, including support for water infrastructure, planning and investigation grants, and trials of farming on higher water tables. We are committed to restoring approximately 280,000 hectares of peat by 2050.

Farmers will benefit from an average of £2.3 billion a year through the Farming and Countryside Programme, including an increase in environmental land management schemes from £800 million in 2023/2024 to £2 billion by 2028/2029.

Annex - Climate Change Act and carbon budgets explainer

The **Climate Change Act** in 2008 made the UK the first country to introduce a legally binding, long-term emissions reduction target. Under the act, the UK was originally required to reduce greenhouse gas emissions by at least 80% on 1990 levels by 2050. In 2019, on advice of the Climate Change Committee (CCC), the UK committed to reaching net zero emissions by 2050 and consequently the target reduction in the act was amended to at least 100% reduction on 1990 levels. The Climate Change Act covers all major greenhouse gases, including carbon dioxide, methane and others.

The UK led the way with the Climate Change Act and our legally binding decarbonisation target. This model has proved successful around the world – since the UK adopted it, 60 other countries now have their own climate legislation and there are 25 independent advisory climate councils working to support national governments on delivering their climate commitments. At least three quarters of global GDP is covered by country-level net zero commitments. This rises to over 80% when taking account of commitments made by sub-national governments.

To keep the UK on a pathway to decarbonise, under the act the government is required to establish legally binding, five-year caps on greenhouse gas emissions – called carbon budgets. The act also sets requirements that the government develop policies to meet these carbon budgets. Carbon budgets are set twelve years in advance of when they start.

Carbon budgets function just like a fiscal or household budget: by putting all outgoings (or policies, in the case of carbon budgets) into one place, we are able to assess progress against the limit on greenhouse gas emissions. Six carbon budgets have been set to date, covering 2008 to 2037. This Carbon Budget and Growth Delivery Plan outlines the policies and proposals needed to deliver carbon budgets 4, 5 and 6 – from 2025 to 2037. Looking ahead, we will set Carbon Budget 7 by June 2026, in line with our statutory duties.

The UK has already met, and overachieved, its first (2008-2012), second (2013-2017) and third (2018-2022) carbon budgets and is on track to meet the fourth (2023-2027). The UK is the first major economy to halve its emissions – having cut them by 54% between 1990 and 2024.[17]

The act also established the CCC, an independent statutory body to advise the government and the devolved governments on setting and meeting carbon goals. The CCC advises the government on the level of each carbon budget, the respective contributions that different sectors could make, and the extent to which carbon budgets could be met through the use of permitted “flexibilities” (such as surpluses from previous carbon budgets or the purchase of good quality international carbon credits). The CCC also reports annually to Parliament on progress on emissions reductions - a powerful way of holding the government to account and providing information to both parliament and the public.

Endnotes

[1] UK half way to net zero (March, 2024)
[2] Executive summary – World Energy Investment 2025 – Analysis - IEA
[3] Energy & Climate Intelligence Unit | The future is green: The…
[4] Growth and innovation in the UK's net zero economy, CBI (February, 2025)
[5] Consumer price inflation, 2022 UK - Office for National Statistics
[6] Wholesale gas costs in the Ofgem price cap for a typical household paying by Direct Debit averaged £222/year for April 2021-March 2022, compared to £393/year for October-December 2025 (excluding VAT, based on gas consumption of 11.5MWh per year).
[7] The 7th carbon budget, 2025, Climate Change Committee
[8] DESNZ Onshore Wind Taskforce Strategy - July 2025
[9] DESNZ internal analysis
[10] The impact of higher energy costs on UK businesses - Office for National Statistics
[11] United Kingdom: becomes largest BEV market in Europe with 19.6% market share in 2024, European Commission
[12] Chemical Hazards and Poisons Report: Reducing health harms associated with air pollution., UKHSA (2022).
[13] A breath of fresh air: responding to the health challenges of modern air pollution., Royal College of Physicians (2025).
[14] UK natural assets, excluding fossil fuels. UK natural capital accounts: 2024, ONS
[15] CO-designing the Assessment of Climate Change costs, COACCH, 2020
[16] Woodland natural capital accounts, UK: 2024, ONS
[17] Provisional UK greenhouse gas emissions statistics 2024

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