UK Government

Investor Prospectus

October 2025

Contents

Summary

This document sets out at a high level the opportunities to invest in the whole economy transition to net zero as set out in the Carbon Budget and Growth Delivery plan.

Our progress so far

Over the next decade we must build the homes, energy systems, transport networks, and infrastructure that not only enable a decarbonised economy to flourish but can also withstand the demands of a climate that is already changing. Deployment of technology and capital to achieve this needs to accelerate, creating enormous opportunity for investors.

We have always been clear that political commitments need to be matched by policy delivery, which has been laid out in significant detail in the Carbon Budget and Growth Delivery Plan (CBGDP).[1] The Climate Change Act has been the bedrock for investment into the UK,[2] creating a consistent legislative policy framework over successive carbon budgets that provides investors with clarity over deployment plans and long-term policy signals that are further strengthened by the government's core mission to turn the UK into a Clean Energy Superpower.

Since July 2024, the government has also announced a series of policies and strategies designed to enable the UK to fully take advantage of the transition to clean energy and net zero. The Clean Power Action Plan, the 10-Year Infrastructure Strategy, the Industrial Strategy which includes the Clean Energy Industries Sector Plan and the forthcoming Warm Homes Plan and Industrial Decarbonisation and Hydrogen Strategies all present significant opportunities for investors.

Indeed, investment is at the heart of this government's Plan for Change which includes clean energy and growth missions that will accelerate what is already happening – an economy-wide global transition to net zero. While there may be some debate internationally about the speed of the transition, the global trend towards a low-carbon economy is clear.[3]

Internationally, the UK is seen as a leading global green finance centre[4] and investment destination[5] – a stable economy, with strong policy and political commitments.

In the Spending Review 2025, this government committed £63 billion in capital funding for clean energy, climate and nature, including nuclear.[6] Government funding however is only a small amount of the total investment[7] that will support the companies driving economic growth over the next decade as the UK economy transitions to net zero, as part of this wider global trend to decarbonise.[8]

The UK has made great strides to decarbonise and is on track to meet Carbon Budgets 4 and 5 with a 52% and 58% reduction in carbon compared with 1990 baseline emissions. Carbon Budget 6 (2033-2037), the focus for this paper, will present investors with long-

[1] UK Government (2025) https://www.gov.uk/government/publications/carbon-budget-and-growth-delivery-plan-2025
[2] CBI Economics (2025), 250224-ECIU-CBIE-2024-Net-Zero-Economy-FINAL.pdf Net zero sectors contributed £83bn Gross Value Added (GVA) to the UK economy in 2024.
[3] International Energy Agency (2025) Executive summary – World Energy Investment 2025 – Analysis - IEA
[4] Global Green Finance Index (2025), GGFI_15_Report_2025.04.24_v1.0.pdf
[5] The Office for Investment, International business.gov.uk
[6] Spending Review 2025 (HTML) - GOV.UK
[7] The Climate Change Committee estimates that the net costs of Net Zero will be the equivalent of around 0.2% of UK GDP, The Seventh Carbon Budget - Climate Change Committee[7].
[8] World Energy Investment 2024: investment in clean energy is now twice that of fossil fuels

term policy commitments that represent significant opportunities to scale-up and diversify the technologies required to meet the emissions cap of 965m tonnes of CO_2e over CB6, a 77% reduction in emissions compared with 1990.

As we set out in 'Unlocking the benefits of the clean energy economy' for this CBGDP, the benefits of the transition to net zero will be felt across society, delivering economic growth, greater security of energy supply, and lower energy costs.

Over the next decade, we expect to see huge technological shifts as the economy transitions to clean electricity that will power our homes, businesses, industry and transport. The energy transition itself offers great potential for investors, with £50 billion already secured in private investment in clean energy since last July. But there is further economic opportunity in how business and industry use that clean power to grow the businesses of the future, such as in advanced manufacturing, artificial intelligence or technologies with high export potential as set out in the Industrial Strategy.

Investment portfolios can be managed to align with the global net zero transition that is already taking place[9] and allocate capital that generates returns over decades, enables the transition and finances the companies that will drive low-carbon economic growth.

Purpose of this document

This document sets out at a high level where different categories of investor from all stages of the capital cycle may be able to seek out opportunities in the UK's net zero transition. We also show where government support is available through the Public Finance Institutions, which may include Blended Finance solutions. We have provided deployment assumptions in Appendix C and potential impacts on sectors of the economy in Annex F of the CBGDP Section 14 report. At the end of this paper, we list further documents and annexes that contain the most material information for investors.

Over the next few months, we intend to publish a series of factsheets alongside other materials for investors, which collectively will provide more detailed information on the key policies, government interventions and timings for power, heat & buildings, industry and transport.

Taken together, the aim will be to indicate where capital is most efficiently allocated to meet policy targets and open up more venues for investors, significantly expanding the universe of investment opportunities in net zero.

[9] Ibid

Capex into cashflows: the role of policy

Converting capex into cashflows can be challenging in the capital-intensive sectors covered by the CBGDP. This government recognises the special characteristics of these sectors and the country has a well-established track record of success in developing targeted business models and financing mechanisms that enable technologies and new markets to develop.

Project-level supply-side mechanisms (such as Contracts for Difference or Regulated Asset Base models), and government actions to boost demand through stronger market signals (such as subsidies for electric vehicles and heat pumps) can be highly influential in securing high levels of upfront private investment. However, the government also recognises that large capex commitments require different approaches depending on the maturity of the technology and investment strategy. For example, Highview Power,[10] the world's first commercial-scale Liquid Air Energy Storage facility near Manchester, secured £300 million in funding in 2024 which included £70 million from Centrica, and further investments from a syndicate including Rio Tinto, Goldman Sachs, KIRKBI and Mosaic Capital.

Revenues may also benefit from cost declines such as we have seen in solar, offshore wind and batteries that have often exceeded forecasts.[11] These trends in technology costs lower demand for public financing and increase the potential for greater profits for companies and returns for investors. Policy as set out in the CBGDP can have a significant impact on these cost declines and support the maturation of markets and technologies at commercial scale.

[10] The UK Infrastructure Bank, now part of the National Wealth Fund, invested £165m in 2024, UK Infrastructure Bank backs Highview Power with £165 million to deliver cutting edge long-duration energy storage facility | National Wealth Fund

[11] How mega batteries are unlocking an energy revolution, the Financial Times, 13 October 2025

Policy, the capital cycle and investment strategy

Table 1 on the next page shows how policy, funding, incentives, regulation and other government interventions have an impact at each stage of the capital cycle. Government interventions support technologies across the spectrum of technology readiness from nascent technologies such as hydrogen and CCUS that may require growth capital beyond proof of concept, or renewables and storage projects acquired by infrastructure funds that would match the investment strategy of pension funds that require stable long-term returns.

The interventions shown at the bottom of the table are a small selection of illustrative examples. They fall into three categories:

- **Financial departmental spend** such as the £2.5 billion allocated to Small Modular Reactors as part of the Spending Review;
- **Central Treasury budgets**, such as tax relief for venture funds[12] and Public Finance Institutions;
- **Non-financial spend**, such as Advance Market Commitments and the reform of the Connections Queue that will free up capacity for viable projects that are ready to progress.

Not all investment strategies will match the transactions to build capacity on the supply side, such as generation assets in the power sector. Some investments will drive market demand for new technologies, such as this government's aim to grow the UK heat pump market and support the growth of domestic supply chains.

The example shown here emphasises investments at the corporate level that are supported by government interventions, where companies are investing in their own transition to meet decarbonisation goals, say through the deployment of a heat pump for refrigeration or an industrial process, or will create the products and services to help businesses decarbonise, i.e. those in the supply chain manufacturing heat pumps or components. At each stage, investors require confidence that there will be a counterparty as deals progress throughout the capital cycle, including to highly liquid capital markets, as we have seen in the development of finance for renewables like offshore wind.

[12] Seed Enterprise Investment Scheme (SEIS), Enterprise Investment Scheme (EIS), and Venture Capital Trust (VCT)

Table 1: Sample capital cycle table & government interventions

	VC, Series A/B	Growth capital	Company	Infra funds	Pension funds	Secondary	Public markets
Ticket size	£500,000-£15m	£20m-£100m	£500,000 - £100m	£100m- £2bn	£200m- £2bn	£20m- £800m	Liquid markets
Characteristics of investment	• Innovation in net zero critical technologies and businesses • Startups with existing/new business models, university spinouts • Pre-revenue, pre-commercial scale • Pilot/proof of concept • Seed to series B funds	• Scaling new technology and/or development of pre-revenue business models • Companies with or without balance sheet or capital raising capacity, e.g. (big tech vs SMEs) • First of a Kind business plan	• Corporates looking to attract finance from other sources may use their balance sheets to raise private finance from private or public markets • Revenue generating projects and investments with narrow margins • Company buy-outs, M&A to expand to new lines of business	Development & construction finance • Long-term contracted operating assets • Asset derisked by subsidy or government business model • Pre-revenue or revenue generating • Private or public markets	• Operating assets with long-term contracts • Mature technology at scale with clear offtake/market • Mostly revenue only • Private or public markets	• Bilateral deals • Increases deal flow • Releases balance sheet capital • Improves liquidity • Private markets	• Equities • Bonds • Derivatives • Green gilts • Asset Backed Securities, e.g. solar • Listed Real Assets • Scrutiny on fundamentals – sensitive to conviction
Returns expectation	15-20% +	10-15%	> Risk free rate	10-15%	8-12%	6% - 10%	Various
Time horizon	3-7 years	3-7 years	5-20 years	7-15 years	12 + years	5-8 years (av. loan)	+/- 1-5 years; day/ intra-day trading

Government interventions						
1. Departmental spend 2. **Central budget** 3. **Non-financial**	Tax relief, British Business Bank, Innovate UK	Great British Energy, National Wealth Fund	Advance Market Commitments, Clean Energy Bonus	Contracts for Difference, Zero Emissions Vehicle Mandate	Private Intermittent Securities and Capital Exchange System (PISCES)	Pensions reform, green gilts

Public sources of finance

The UK's public financial investment landscape comprises a range of institutions targeting investment opportunities.[13] The government has taken several steps recently to strengthen individual institutions and the broader public financial investment landscape, enabling them to better leverage their expertise to drive economic growth across the UK. For further information on the public finance landscape and recent examples, see An introduction to the UK public investment landscape.

- **Great British Energy (GBE)** is the UK's publicly owned energy company. It will develop, invest in, build, and operate clean energy projects and their supply chains across the UK. GBE will support projects at all stages of their life cycle – from early development through to successful operation – accelerating clean energy deployment, creating jobs, and boosting energy independence. Great British Energy and Great British Energy - Nuclear will invest more than £8.3 billion over this Parliament in homegrown clean power, including allocating £1 billion to investment in clean energy supply chains. Building on the initial £300 million already announced by the Government in April, an additional £700 million will be allocated to support sectors aligned with the Industrial Strategy. This is critical funding to unblock supply chain constraints and support thousands of additional jobs. Government and GBE have already announced £200m million worth of investments into local and community energy projects.
  For more information, please contact: partnerships@gbe.gov.uk
- **The National Wealth Fund (NWF)** is the UK Government's principal investor and policy bank. Its aim is to increase investment across the UK to accelerate delivery of the government's growth and clean energy missions, whilst balancing risk and return for the taxpayer. It has a £27.8 billion capitalisation and finances capital-intensive projects, assets, and businesses. Its priority sectors are clean energy, digital and technologies, advanced manufacturing and transport. For private sector deals, the NWF can invest across the capital structure through equity, debt and guarantees, with a minimum ticket size of £25 million. The NWF will commit at least £5.8 billion over this Parliament to ports and supply chains, hydrogen, carbon capture, gigafactories and electric vehicle supply chains, and steel. Investing in nascent technologies like Highview Power's liquid air energy storage and Cornish Lithium, which supports domestic sourcing of critical minerals. The NWF also supports regional and local government with lending and advisory services (including an expanding offer to provide early-stage development support to help places develop viable projects and build investment pipelines) and separate to the £27.8 billion. The NWF has also backed nationally significant infrastructure such as the Sizewell C nuclear power station, helping to secure long-term energy resilience and decarbonisation.

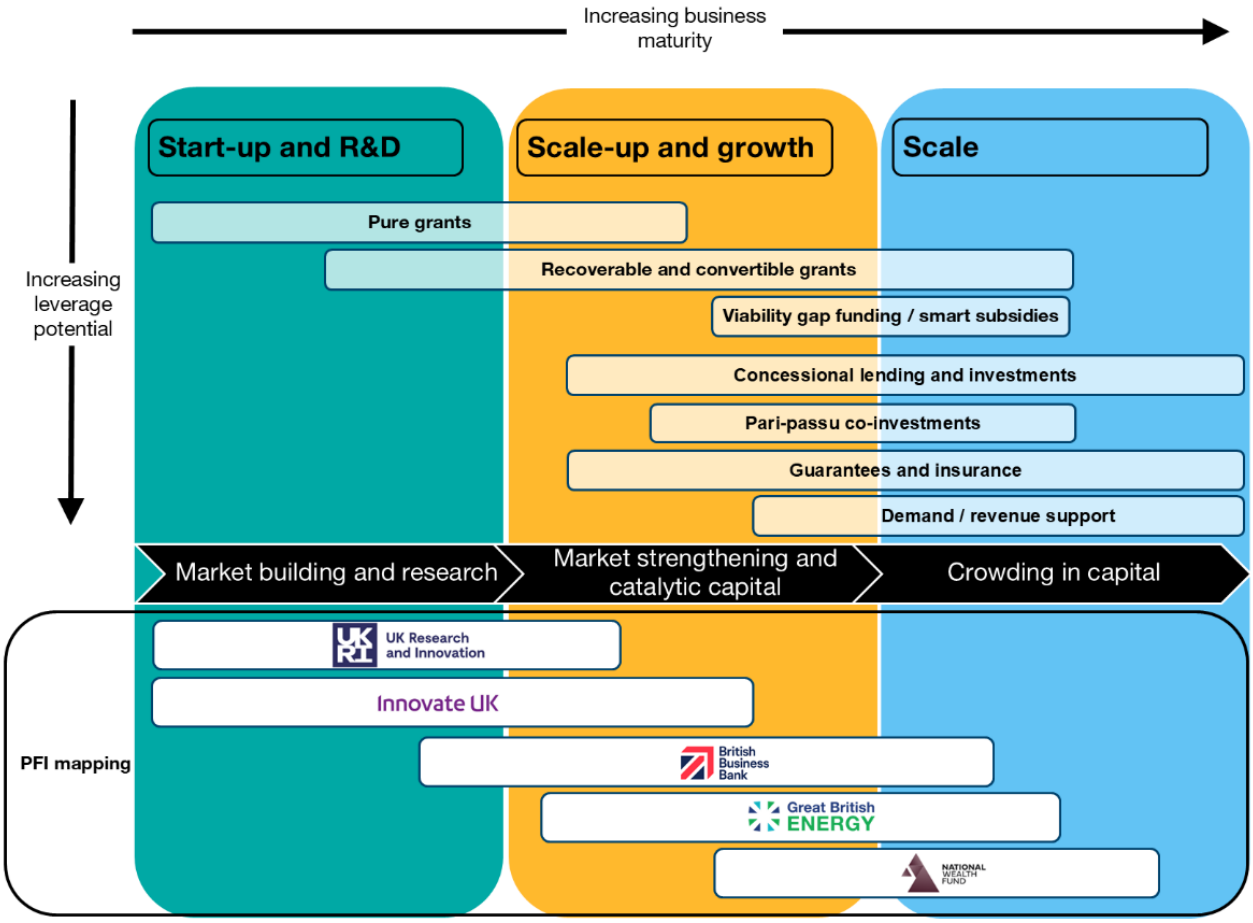
  For further information: please refer to www.nationalwealthfund.org.uk/contact-us
- **The British Business Bank** is the UK's economic development bank, wholly owned by the Department for Business and Trade. The British Business Bank is significantly ramping up its investment activity, including in Clean Energy Industries, through the new £4 billion British Business Bank Industrial Strategy Growth Capital - crowding in c. £12 billion of private sector capital. This will support the eight growth-driving Industrial Strategy sectors, including support for

[13] National Wealth Fund, British Business Bank, Great British Energy and UK Export Finance have £137.4 billion in financing capacity this parliament. Table 4.1, Spending Review 2025 (HTML) - GOV.UK

climate tech companies, to scale up through expanded abilities to provide greater venture capital fund investments, enhanced direct investment programs with increased ticket sizes, and a greater focus on large strategic investments in historically hard to finance deep tech sectors. The British Business Bank's previous investments in this space include an £8 million direct investment into Tokamak Energy in November 2024 and a commitment of up to £50m to Elbow Beach's Climate Impact Fund 2 announced in March 2025.
For more information, please contact: breakthrough@british-business-bank.co.uk.co.uk

Government partnership models for investment also include blended finance solutions that combine public with private capital.

Figure 1: Public finance supports all stages of technology readiness



Next steps

Over the next few months, we will publish a series of factsheets that will provide more detailed information on the key policies, government interventions and timings for power, heat & buildings, industry and transport.

In these documents, we will set out the main policies that deliver decarbonisation and prosperity in the CBGDP and what this complex yet highly complementary policy landscape means for investors at all stages of the capital cycle.

Table 2: CBGDP documents most relevant to investors

Document title	Use case
Unlocking the benefits of the clean power economy	Outlines overall direction of travel for policy on clean energy and wider industries
Carbon Budget and Growth Delivery Plan (Section 14 report)	Appendix B, Table 4: Modelled proposals and policies Appendix C: Table 9, Sector deployment assumptions Appendix D: Sectoral summaries of delivery confidence Appendix F: Summary of impact of proposals and policies across sectors of the economy
Technical Annex of Carbon Budget and Growth Delivery Plan (Section 14 report)	Sector modelling, pages 27-59. Explainer on what model and assumptions each sector uses to develop their emissions pathway Wider Impacts, pages 60-64. Explainer on what investment figures represent and how data was collected.