

Environmental Audit Committee

The Seventh Carbon Budget: Government Response

First Special Report of Session 2026–27

HC 25

Environmental Audit Committee

The Environmental Audit Committee is appointed by the House of Commons to consider to what extent the policies and programmes of government departments and non-departmental public bodies contribute to environmental protection and sustainable development; to audit their performance against such targets as may be set for them by His Majesty's Ministers; and to report thereon to the House.

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First Special Report

The Environmental Audit Committee published its Eighth Report of Session 2024–26, [The Seventh Carbon Budget](#) (HC 1327), on 4 March 2026. The Government Response was received on 2 June 2026 and is appended below.

Appendix: Government Response

Introduction

The government welcomes the Environmental Audit Committee’s report on ‘The Seventh Carbon Budget,’ published on 4 March 2026. The government is grateful to the Committee and all those who provided evidence to the inquiry. The recommendations made by the Committee will be valuable as Parliament considers the government’s proposed Carbon Budget 7 level.

Net zero is the economic and industrial opportunity of the 21st century, and carbon budgets provide a framework for governments to protect us from the long-term threat of climate change while realising that opportunity. They set legally binding limits on greenhouse gas emissions over successive five-year periods, and the UK has over-achieved against the first, second and third carbon budgets. The seventh carbon budget will cover the period 2038 to 2042 and will provide an important framework for giving certainty to investors, businesses and households, allowing the time for technologies to be adopted and for businesses and households to adjust.

Making Britain a clean energy superpower is one of five missions of this Government – to deliver clean power by 2030 and accelerating to net zero across the economy.

Recent geopolitical developments have underscored the importance of going further and faster to deliver homegrown, clean power, that we control. In April, the government announced a series of new policies designed to accelerate the rollout of clean power in the power system, and the electrification of home heating and transport.

In less than two years, the government has taken decisive action to end Britain's dependence on volatile fossil fuel markets through its Clean Energy Mission. This includes delivering a record-breaking renewables auction; investing in the biggest nuclear building programme in half a century; backing the builders, not the blockers, on clean power projects – including lifting the onshore wind ban; consenting a record number of projects and fixing the broken queue for grid connections. The government has already taken action to reduce electricity costs, including moving legacy costs such as the Renewables Obligation to the Exchequer and cancelling the Energy Company Obligation and removing the associated VAT.

The government's response to the Committee's recommendations is set out below.

Setting the Seventh Carbon Budget and Parliamentary Scrutiny

Setting the Seventh Carbon Budget, sectoral delivery pathways, and Parliamentary scrutiny
(Recommendations at paragraphs 32, 33, 86 and 154)

Recommendation at paragraph 32:

The Government should legislate for the Climate Change Committee's recommended level of 535 MtCO₂e for the Seventh Carbon Budget period. However, legislation must be accompanied by strengthened action to address the delivery risks identified in this report.

Recommendation at paragraph 33:

The Government should consider additional measures that offer an opportunity to provide resilience and headroom against delivery risk, without damaging public consent for the measures.

Recommendation at paragraph 86:

Alongside the draft Seventh Carbon Budget Order, the Government should publish draft sector delivery plans setting out how each sector is expected to contribute to delivery of the budget. These plans should:

Set out the policy instruments that will be used and when they will take effect;

- ***Identify the funding routes, including the balance between public support and private investment;***
- ***Specify the infrastructure required, with indicative sequencing and delivery milestones to ensure that grid expansion, planning reform and infrastructure readiness precede electrification and deployment surges.***
- ***Set out the behavioural, skills and capacity assumptions underpinning delivery;***
- ***Demonstrate how the sectoral plans align with each other and with wider Government strategies and policy frameworks, such as those affecting land use, infrastructure, industrial strategy and skills;***
- ***Explain how competing demands across sectors for constrained resources, including clean power, grid capacity, skilled workers, land and sustainable feedstocks, will be prioritised and managed, and how trade-offs between departmental objectives will be resolved to support delivery of the carbon budget as a whole***
- ***Set out how projected growth in electricity demand from data centres and other emerging energy-intensive sectors is factored into system planning and infrastructure delivery, including the implications for low-carbon generation, network capacity, and competing demands across the economy;***
- ***and, for sectors reliant on emerging or nascent technologies it should include pre-agreed contingency options and clearly defined and actively monitored trigger points to be activated if technologies are not delivered at the expected pace or scale. This should include explicit consideration of delivery capacity and skills constraints, to avoid poor implementation that could undermine public confidence.***

Together, these plans would strengthen Parliamentary scrutiny, provide greater transparency on delivery risk, and give investors, industry, and the public clearer signals about the Government's long-term commitment and expectations.

Recommendation at paragraph 154:

The Government should support a formal, enhanced Parliamentary scrutiny framework for the Seventh Carbon Budget that enables meaningful scrutiny both before approval and throughout delivery, by an annual report on each Department's progress towards time framed targets. Following the setting of the Sixth Carbon Budget, our predecessor Committee made a comprehensive set of recommendations on how Parliamentary scrutiny of future carbon budgets should be strengthened. We consider that those recommendations remain the most appropriate framework for scrutiny of the Seventh Carbon Budget, and we recommend that the Government implement them in full. In particular, the Government should adopt the approach set out below:

- ***When Ministers announce the proposed level of the Seventh Carbon Budget, they should simultaneously lay before Parliament a draft carbon budget delivery framework, setting out the policies and proposals intended to deliver the budget, as described in Chapters 2 and 3, for scrutiny and debate. Ministers should give notice of a motion under Standing Order No. 118(3)(a) that the draft Order is not to be referred to a Delegated Legislation Committee in the House of Commons, but instead debated on the Floor of the House.***
- ***A defined period of three months of Parliamentary scrutiny should elapse between publication of the draft delivery framework and the laying of the draft Carbon Budget Order. While recognising statutory constraints, this period should be sufficient to allow committees to take evidence, publish reports, and engage constructively with Ministers on delivery feasibility and risk.***
- ***This scrutiny period will enable relevant House of Commons and House of Lords committees to examine elements of the draft delivery framework within their remits. The Secretary of State for DESNZ, who has principal responsibility for delivery, should agree to appear before the Environmental Audit Committee at an early stage.***

- ***The Government should arrange for a debate of not less than half a day on the floor of the House on a motion to approve the draft Order. This would allow the House to consider the budget level as a whole.***
- ***The Government should introduce an annual oral ministerial statement to Parliament on progress in delivering carbon budgets, timed to coincide with publication of the Climate Change Committee's statutory annual progress report. This statement should set out progress against delivery plans, identify emerging risks, and explain how Ministers intend to respond where delivery is off track.***
- ***The Government should facilitate engagement with devolved legislatures.***
- ***If the draft Order is approved, Ministers should, when laying a final delivery plan as required under section 14 of the Climate Change Act 2008, clearly reflect changes made in response to Parliamentary scrutiny.***
- ***The Government should publish and maintain a Seventh Carbon Budget Risk and Contingency Register once the delivery plan has been approved, setting out key delivery risks, early warning indicators, and the policy responses that would be triggered if progress deviates materially from the planned pathway.***

Government response to recommendations at paragraphs 32, 33, 86 and 154

The government will propose to Parliament that the seventh carbon budget is set in line with the Climate Change Committee's recommended level of 535 MtCO_{2e}, equivalent to an 87% reduction in emissions in 2040 from a 1990 baseline.

The carbon budgeting framework within the Climate Change Act 2008 (CCA) was enacted by Parliament. The Act includes mechanisms for Parliamentary scrutiny of carbon budgets: Carbon Budget Orders must be debated and approved by both Houses of Parliament via the affirmative procedure. The DESNZ SoS must lay before Parliament a plan for delivering the carbon budget after it has been set. The government's approach to setting and delivering Carbon Budget 7 (CB7) will align with these statutory duties.

The Climate Change Act made the UK the first country to introduce a legally binding, long-term emissions reduction target, and we are proud to have such a robust legal framework in place. As the Climate Change Committee (CCC) has said, the Act provides an institutional framework for long-term

decision making and a counterbalance to short-term political pressures – setting the CB7 level is a key example. The Act provides crucial certainty to businesses and investors and also shows the world that we are serious about climate leadership. Since the UK passed the Act in 2008, 60 other countries have developed their own climate legislation, demonstrating that the UK's climate leadership is driving global ambition on emissions reductions.

We are grateful that the Environmental Audit Committee (EAC) has engaged so fully in scrutinising the CCC's recommendations in their advice on CB7, and we welcome their support for the CCC's recommended level for CB7.

The government has published an extremely detailed Impact Assessment alongside the draft Carbon Budget Order for CB7, so that this is available to the EAC and rest of Parliament when the Order is being considered and debated. The Carbon Budget Order for CB7 is subject to the affirmative procedure, which means the instrument cannot be made until both Houses have debated and approved it. The government accepts the EAC's recommendation that the draft Order is not to be referred to a Delegated Legislation Committee in the House of Commons, but instead debated on the Floor of the House, and will work with Business Managers to ensure this happens. We also accept the recommendation to arrange for a debate of not less than half a day on the floor of the House on a motion to approve the draft Order, and will work with Business Managers to arrange this.

The CCA already requires that the government takes into account representations made by the Devolved Administrations on the CCC's advice on setting a carbon budget. This is in addition to ongoing close engagement with the Devolved Administrations on carbon budgets, including delivery of existing budgets.

In line with the requirements set out in the Act, the government will publish a delivery plan for CB7 as soon as reasonably practicable after Parliament has decided on the CB7 budget level. This is to allow adequate time for CB7 policies and proposals to be developed further – noting that the start of the CB7 period will still be 12 years away – and presented in a delivery plan which meets the legal requirements of Section 14 of the Act. The government will consider views expressed by Parliament in the course of considering the CB7 level when preparing this delivery plan.

The government published a delivery plan to meet carbon budgets 4–6 in October 2025 and encourages Parliament to refer to this document as part of its scrutiny of CB7. This publication is an important milestone on the road to CB7 and net zero – the vast majority of emissions reductions and wider benefits such as lower bills in the CB7 period will come from the continuation of these policies.

Nevertheless, we recognise the importance of providing clear sectoral pathways to support delivery and give certainty to industry, investors, and the public. The Carbon Budget 7 Impact Assessment provides modelled pathways to illustrate what delivery of CB7 could mean across different sectors, including the scale of abatement required and the role of key technologies, while allowing flexibility ahead of final policy decisions.

Following the setting of the CB7 level, there will be a cross-government process to develop and agree the delivery pathway and any new policies required to meet the level. We welcome the Committee's suggestions, and the elements outlined in this recommendation – including policy instruments, infrastructure readiness, skills and capacity, system constraints and contingency planning – will be considered carefully as we develop the delivery plan. Many of these are already under consideration by government, including the consideration of projected growth in electricity demand from data centres, as addressed in recent correspondence with the Committee.

The government keeps delivery risks under regular review and considers alternative measures to deliver additional emissions savings where appropriate. Delivery risks are published through the statutory delivery plans required under the CCA, most recently in the [Carbon Budget and Growth Delivery Plan](#). The delivery plan for CB7 will continue to fulfil these requirements.

Regarding updating Parliament on ongoing carbon budget delivery, the CCA already requires the Climate Change Committee to lay before Parliament an annual report setting out its views on the progress made towards meeting carbon budgets. The Secretary of State for DESNZ's response to these annual progress reports must also be laid before Parliament and government will consider whether seeking an oral statement would also be beneficial. This is in addition to the Annual Statement of Emissions.

We also proactively communicate with Parliament and the public on climate and nature; in July 2025, the Secretary of State for Energy Security and Net Zero, alongside the Secretary of State for Environment, Food and Rural Affairs, gave the first-ever [statement on the State of Climate and Nature](#). This is intended to be an annual statement to Parliament.

Global fairness and the United Kingdom's contribution to emissions reductions (Recommendation at paragraph 39)

Recommendation at paragraph 39:

The Government should set out clearly in the Impact Assessment that will accompany the draft Carbon Budget Order, how the proposed legislative level of the Seventh Carbon Budget aligns with the United Kingdom's legally binding obligations under the Paris Agreement, including how CB7 enables the UK to meet its status as an Annex I Party, with heightened responsibilities under the UNFCCC.

Government response to recommendation at paragraph 39

The UK is committed to ambitious climate action, guided by the best available science, equity, and international cooperation. Under the Paris Agreement, all countries are required to communicate Nationally Determined Contributions (NDCs) to the United Nations Framework Convention on Climate Change (UNFCCC) every five years. The UK's 2030 and 2035 NDCs commit to reducing economy-wide greenhouse gas emissions by at least 68% by 2030 and at least 81% by 2035, relative to 1990 levels and excluding of international aviation and international shipping emissions. This represents the most ambitious emissions reductions among major economies based on current pledges. The UK's 2040 NDC – once set – will fall within the period covered by Carbon Budget 7. The analysis published within the Carbon Budget 7 Impact Assessment articulates how the chosen CB7 level of 535 MtCO_{2e} is credibly aligned with pathways to limit the global temperature increase to 1.5 °C.

Government delivery of the Seventh Carbon Budget

Delivery framework and leadership (Recommendations at paragraphs 51, 58 and 59)

Recommendation at paragraph 51:

Alongside the draft Carbon Budget Order for the Seventh Carbon Budget, the Government should publish a clear, indicative, cross-governmental delivery framework. The framework

should demonstrate how departmental policies will be aligned, mutually reinforcing and consistent with the emissions limits set by Parliament. This framework should:

- set out the respective roles and responsibilities of relevant departments in delivering the carbon budget pathway;***
- be explicitly endorsed by the Prime Minister's Office and HM Treasury to demonstrate collective ownership;***
- provide transparency on how cross-government governance arrangements will operate in practice to resolve policy conflicts and oversee delivery; and***
- set out clearly how delivery shortfalls will be identified, addressed and allocated across departments, including where responsibility lies for corrective action within the overall carbon budget framework.***

Recommendation at paragraph 58:

DESNZ should set out a clear cross-sector prioritisation framework within the Seventh Carbon Budget Delivery Plan, explaining how limited low-carbon resources, including clean electricity, network capacity, sustainable feedstocks and land, will be allocated between competing demands. This framework should set out how priorities will be managed where policies across sectors draw on the same constrained resources, and how trade-offs will be handled to ensure that progress in one part of the economy does not displace or constrain decarbonisation elsewhere.

Recommendation at paragraph 59:

DESNZ Ministers should provide visible cross-government leadership by setting out, in a single, authoritative statement within our recommended indicative delivery framework, how departmental policies collectively support delivery of the Seventh Carbon Budget. This should include clear objectives, indicative timelines and an explanation of how policies that risk increasing emissions or delaying progress will be mitigated, so that Parliament and the public can assess the coherence and credibility of the Government's overall approach. However, DESNZ will only have the credibility, capacity and capability to do this if it is explicitly backed by the Prime Minister and the Chancellor of the Exchequer. This includes public statements, clear steers across government and the resources to ensure departments meet their agreed net zero commitments and work together when delivery requires it.

Government response to recommendations at paragraphs 51, 58 and 59

The government recognises the importance of strong cross-government coordination to support effective delivery of the seventh carbon budget. Decarbonisation impacts are already considered in major decisions, and we have a robust framework that tracks policy delivery on an ongoing basis. This allows us to unblock issues across government and take remedial action where necessary to remain on track.

DESNZ's coordinating role in delivering CB7 and net zero is supported at the centre of government. The Prime Minister and the Chancellor of the Exchequer are committed to ensuring that departments work together to meet carbon budgets.

In line with the requirements set out in the Act, the government will publish a delivery plan for CB7 as soon as reasonably practicable after Parliament has decided on the CB7 budget level. This is to allow adequate time for CB7 policies and proposals to be developed further—noting that the start of the CB7 period will still be 12 years away—and presented in a delivery plan which meets the legal requirements of Section 14 of the Act. The government will consider views expressed by Parliament in the course of considering the CB7 level when preparing this delivery plan.

Following the setting of the CB7 level, there will be a cross-government process to develop the delivery plan. Government will carefully consider the Committee's recommendations for strengthening cross-government delivery.

Contingency arrangements (Recommendations at paragraphs 93 and 94)

Recommendation at paragraph 93:

The Government should ensure that delivery of the Seventh Carbon Budget is grounded primarily in early, high-confidence emissions reductions where possible. Greenhouse gas removals should be treated as conditional and supplementary, not as substitutes for mitigation.

Recommendation at paragraph 94:

The Seventh Carbon Budget delivery plan should set out explicit contingency arrangements, identifying in advance how mitigation would be strengthened if nascent technologies or greenhouse gas removals are delayed or underperform. These contingencies should

prioritise accelerating proven measures, including energy efficiency, electrification, and demand reduction, rather than increasing reliance on uncertain technologies later in the pathway.

Government response to recommendations at paragraphs 93 and 94

The government agrees with the Committee on the importance of building resilience into the delivery of the seventh carbon budget. As part of our ongoing monitoring process, we assess opportunities to realise greater emissions reductions from our existing plans and continue to explore alternative policies should they be needed, informed by advice – including from the CCC. Our plans already prioritise deployment of more developed technologies.

This is reflected in policies such as the Zero Emission Vehicles Mandate, which provides a clear, legally binding framework to accelerate the uptake of zero-emission cars and vans using mature technologies, while giving industry certainty and reducing reliance on less certain mitigation options later in the pathway.

At the same time, the government is clear that Greenhouse Gas Removals (GGRs) will be very important for reaching net zero – balancing residual emissions from hard-to-decarbonise sectors, for example in industries where the process itself, rather than the heat source, produces emissions. This is recognised by both the Intergovernmental Panel on Climate Change and the CCC. The government's priority remains to reduce emissions across the economy, with GGRs used to balance residual emissions from hard-to-decarbonise sectors.

On 23 October 2025, the GGR Independent Review was published, setting out a range of recommendations to government. The government welcomes this report and will consider the recommendations and respond in due course. The role of GGRs in delivering CB7 and net zero will be set out in due course through the publication of a delivery plan for carbon budgets 4–7 out to 2042 on the trajectory to net zero.

Preventing carbon leakage (Recommendations at paragraphs 104, 105 and 106)

Recommendation at paragraph 104:

The Government should set out clearly how its carbon budget policies will prevent the offshoring of emissions and support domestic decarbonisation, particularly in energy-intensive and trade-exposed sectors.

Recommendation at paragraph 105:

The carbon budget delivery plan should provide clarity on how key policy mechanisms, including electricity price support, infrastructure delivery, and carbon pricing will operate together during the Seventh Carbon Budget period to support domestic investment and manage carbon leakage.

Recommendation at paragraph 106:

The Government should also set out how free allocation under the UK Emissions Trading Scheme and the forthcoming UK Carbon Border Adjustment Mechanism will interact during the transition, with a commitment to review their combined effectiveness globally once the UK Carbon Border Adjustment Mechanism is in place.

Government response to recommendations at paragraphs 104, 105 and 106

The government agrees with the Committee that we must ensure our climate policies do not drive offshoring of emissions and instead maintain the competitiveness of UK industry as the economy decarbonises. Such offshoring of emissions specifically due to climate policies is termed carbon leakage. Government is committed to supporting UK industry to decarbonise, while ensuring that this does not mean deindustrialisation, and protecting and creating hundreds of thousands of jobs in regions across the UK.

So far, the UK has halved its emissions, having cut them by 54% between 1990 and 2025, while growing the economy by over 85% in the same period.¹ We have also seen over £90 billion of private investment announced in the clean energy industries since July 2024. This reflects that we can successfully drive decarbonisation while reaping the economic benefits of the transition. In their [2025 Progress in Reducing Emissions Report](#), the independent Climate Change Committee stated that our reduction in territorial emissions from 1990–2022 significantly outweighs the increase in emissions from imports over that period, reflecting the fact that emission reductions in the UK have largely occurred without offshoring emissions.

We are taking ambitious steps to lay the groundwork for further industry investment to reap the benefits of industrial decarbonisation. Last year, the government set out its modern [Industrial Strategy](#), which will drive forward ambition for UK business operating in the clean energy space. This set out several of the key measures government is taking to support Industry.

1 [Provisional UK greenhouse gas emissions statistics 2025](#)

Among others, this included increasing the Clean Industry Bonus from £200m to £544m to build on its success, backing growth in UK's industrial heartlands and coastal communities, including a potential expansion to hydrogen and onshore wind. Additionally, from 2027, a new British Industrial Competitiveness Scheme will reduce electricity costs by approximately £35–£40/MWh for around 7,000 businesses. The scheme is aimed at frontier manufacturing industries within the Industrial Strategy growth sectors, as well as foundational manufacturing industries in their supply chains, and will exempt eligible businesses from the indirect policy costs of the Renewables Obligation, Feed in Tariffs and the Capacity Market.

The UK ETS Authority distributes free allowances to industrial sectors at risk of carbon leakage under the UK Emissions Trading Scheme (UK ETS). These allowances mitigate the risk of carbon leakage by reducing exposure to the carbon price, while maintaining a flexible incentive for manufacturers to decarbonise over time.

The UK ETS Authority will be gradually phasing out free allocations for sectors covered by the UK Carbon Border Adjustment Mechanism (CBAM) from 2027, over an indicative 9-year period. This approach will work holistically with the introduction of the UK CBAM and will ensure that there will be no gap in carbon leakage mitigation. The gradual reduction of free allocations in early years of the phase-out from 2027 will give businesses the time necessary to adapt to the change in primary carbon leakage mitigation. Government will continue to monitor the effectiveness of this transition and interaction between ETS free allocations and the introduction of UK CBAM.

The delivery plan will set out the full package of measures, and how these will operate together over the CB7 period, to drive decarbonisation while supporting industry, including across electricity, infrastructure, and carbon pricing.

Including aviation emissions within carbon budgets (Recommendation at paragraph 107)

Recommendation at paragraph 107:

We reiterate our previous recommendation in our report on Airport Expansion, and that of the Climate Change Committee, that the Government should provide Parliamentary time to legislate to include international aviation emissions within carbon budgets and the UK's net zero targets, before laying the draft Carbon Budget Order. This is increasingly important given the growing reliance on sustainable aviation fuels and international supply chains,

Government response to recommendation at paragraph 107

On 14 April 2026, the Government laid a statutory instrument to formally include the UK's share of international aviation and international shipping emissions in Carbon Budget 6 (2033–37), all subsequent carbon budgets, and our net zero target. This instrument will bring legislation into line with the government's long-standing planning assumption that these emissions would be included in carbon budgets from Carbon Budget 6 onwards.

Behaviour change, fairness, and the public mandate

Behavioural policy, co-benefits and public engagement (Recommendations at paragraphs 116, 117, 123 and 138)

Recommendation at paragraph 116:

The Government should treat behaviour change for delivery of the Seventh Carbon Budget as a major national delivery challenge. Meeting this challenge should include sustained political leadership, clear accountability within Government, and coordinated action across departments. The Government should set out its approach to behaviour change within the Impact Assessment accompanying the draft Budget Order, supported by a costed public engagement and delivery plan with clear objectives, milestones, and reporting arrangements.

Recommendation at paragraph 117:

Behaviour change should not be treated as an adjunct to technology deployment or as a matter of individual responsibility alone. Delivery planning should make full and explicit use of policy levers to shape prices, incentives, defaults, infrastructure and markets, so that low carbon choices are affordable, accessible and practical at scale. The Government should support behaviour change in practice through a place-based approach to decarbonisation, ensuring that households are offered low-carbon options that reflect their housing type, local infrastructure and circumstances.

Recommendation at paragraph 123:

The Government should place delivery of co-benefits at the centre of its approach to the Seventh Carbon Budget. Policies intended to drive behaviour change should be designed from the outset to improve

affordability, health outcomes, air quality and local environments. Departments responsible for housing, transport, energy, planning and public health should be required to set out, within their contribution to the Seventh Carbon Budget Delivery Plan and Impact Assessment, how their policies deliver these co-benefits and enable the level of behaviour change assumed under the budget.

Recommendation at paragraph 138:

The Government should set out its public participation approach for the Seventh Carbon Budget as a clear, resourced programme within the Seventh Carbon Budget Delivery Plan. This should focus on engagement, rather than just communications, and should:

- embed ongoing, two-way engagement, including deliberative processes at a national and local level, with transparent feedback loops showing how public input has shaped decisions;***
- use trusted messengers and independent advice, supporting local authorities, community organisations and industry practitioners to engage communities and guide households through key decisions, particularly on home upgrades;***
- ensure communications and policy are mutually reinforcing, with consistent cross-government messaging on the practical choices people are being asked to make; and***
- frame engagement around tangible co-benefits and fairness, including warmer homes, lower bills, cleaner air and improved health, while being clear about costs, constraints and the consequences of inaction.***

Government response to recommendations at paragraphs 116, 117, 123 and 138

Co-benefits were placed at the centre of government's decarbonisation approach in the [Carbon Budget and Growth Delivery Plan](#) and the decision on the seventh carbon budget level, and it will continue to guide future plans.

The CB7 Impact Assessment demonstrates how this approach informed the decision. Whilst the Impact Assessment is policy agnostic, it gives an assessment of the potential co-benefits of the CB7 level: energy security, cleaner air, warmer homes, better health, protected nature. It concludes that the CCC recommended level will bring forward co-benefits

of decarbonisation and improve people's lives by protecting households, businesses, and consumers from fossil fuel price shocks and unlocking real health and environmental gains.

More broadly, the government is pursuing policies which deliver tangible improvements to the everyday lives of working people, by harnessing clean energy and supporting the transition to greener transport, including electric vehicles (EVs). Alongside the ambitions set out in [Better Connected](#), these policies help cut bills, deliver warmer homes, while supporting cleaner, more efficient vehicles on our roads. [The Warm Homes Plan](#) is the biggest ever public investment in British home upgrades, with £15 billion of investment to cut energy bills, bring households out of fuel poverty, increase our energy security and make our homes warmer and more efficient. Warmer, decent homes can improve people's physical and mental health, whilst the transition to EVs improves air quality for communities across the country.

We recognise that our Clean Energy Mission will only succeed if we take people with us and ensure that everyone can feel the benefits of a more sustainable, more prosperous society. Our priority is making it easier and more affordable for people to switch to clean technologies and more sustainable behaviours, creating better lives now and for generations to follow. We take a clear approach to demonstrating the opportunities and benefits that the transition can deliver. We are committed to achieving this by working in partnership with industry to drive innovation, develop new low-carbon technologies and eliminate barriers so that people can make the choices that are right for them. This includes through the Net Zero Council, which was relaunched in 2025 with an expanded membership and a commitment to maximise the many economic and societal opportunities of the transition.

The first UK-wide climate and nature public participation plan, [Energising Britain](#), sets out how we will involve and engage the public in the policies and decisions that will help to tackle climate change. This includes increasing the use of social and behavioural research to help deliver the government's ambition for a fair and affordable transition. The plan is being delivered according to five principles that were co-designed with experts: Communicate, Listen, Enable, Grow and Collaborate. The government continues to consult widely with experts in behavioural science and public engagement, and these insights inform our climate and energy policies.

Engaging widely enables better informed decisions and helps build trust and legitimacy by having open and transparent discussions with people, communities, businesses and trade unions. Energising Britain guides how

we work in partnership with organisations leading high-quality engagement and deliberation across the country ensuring we are listening to the views and needs of communities on a wide range of issues.

Government is committed to ongoing inclusive and participatory approaches and will continue to explore the full range of two-way engagement at local and national levels to ensure a diverse range of views are captured and inform policy design and delivery. We are also launching a new, annual Energising Britain event in 2026 to support and learn from the vital climate and nature action taking place across the country. Alongside this we are creating a new Youth Climate and Nature Panel under the Net Zero Council to ensure young people's insight and intergenerational perspectives are embedded in climate and nature policymaking.

Net zero communications (Recommendation at paragraph 57)

Recommendation at paragraph 57:

DESNZ should provide clear, consistent and sustained cross-government leadership on communication of net zero policy. Policy announcements and public messaging should reinforce, rather than dilute, the urgency of emissions reductions and the long-term direction of travel required to deliver the Seventh Carbon Budget.

Government response to recommendation at paragraph 57

The government agrees with the Committee that tackling climate change is essential, and that there is an urgent need to tackle emissions. DESNZ provides cross government leadership on net zero communications to ensure consistent and coherent messaging to the public. This includes developing comprehensive communications plans to explain the actions this Government is taking to tackle climate change. The Government has run several communications campaigns to increase public understanding and awareness of the actions that they can take to reduce their emissions and realise the benefits of the transition to clean energy. These include the 'Warm & Fuzzy' heat pump campaign, 'A Little Saves a Lot' Energy Saving campaign and 'Get That Electric Feeling' EV campaign. In addition, a new Clean Energy website explaining the government's mission and providing advice and guidance for the public launched in September 2025.

Government is also committed to clearly communicating the latest scientific information about climate change and its impacts. As discussed above, in July 2025, the Secretary of State for Energy Security and Net Zero, alongside the Secretary of State for Environment, Food and Rural Affairs, gave the

first-ever [statement on the State of Climate and Nature](#). The statement provided an appraisal of the state of climate and nature in the UK and the action being taken to benefit people now, as well as future generations. This is intended to be an annual statement to Parliament.

Communicating the tangible benefits of action now (such as lower bills, better jobs and cleaner air) will help people to see the value for themselves, their communities and future generations. We will continue to share clear and engaging information that demonstrates the benefits of the transition so that people feel informed and confident about the journey to CB7 and beyond.

Affordability (Recommendation at paragraph 130)

Recommendation at paragraph 130:

The Government should further prioritise reducing electricity costs by removing appropriate policy costs from electricity bills and funding them through general taxation. This would improve affordability for households and businesses, strengthen incentives for the electrification of heat and transport, and avoid placing additional costs on households that are not yet able to switch away from gas. Shifting policy costs from electricity to gas bills may improve price signals in the short term, but would risk unfairly penalising households who face practical, financial or housing constraints on electrification.

Government response to recommendation at paragraph 130

The government recognises the importance of this, and has already taken action to reduce electricity costs, including moving legacy costs such as the Renewables Obligation to the Exchequer and cancelling the Energy Company Obligation and removing the associated VAT.

Recent geopolitical developments, including events in Iran, underline the risks of continued exposure to volatile international fossil fuel markets. Investment in a more independent and resilient energy system, alongside targeted support, will help protect households from volatile gas prices and set the foundation for a more stable energy system that can bring down energy bills for good.

As set out in April, families, schools, colleges, and small businesses will get more support to upgrade their homes and buildings and cut energy bills, in order to move further and faster on clean, homegrown power. The Government has announced that the British Industrial Competitiveness Scheme will be expanded to cover an extra 3,000 businesses, cutting electricity bills by up to 25% for over 10,000 businesses in total. Government

will also accelerate its £15 billion Warm Homes Plan, backed by an uplift to the Boiler Upgrade Scheme grant, and provide an additional £100m of funding for the Warm Homes: Social Housing Fund.

Fairness and distributional impacts (Recommendation at paragraph 131)

Recommendation at paragraph 131:

Alongside the Seventh Carbon Budget Delivery Plan, the Government should publish a Fairness and Distribution Assessment setting out the expected distributional impacts of carbon budget policies, identifying groups at risk of disproportionate costs, including workers whose jobs are displaced by the transition, and the measures in place to support them.

Government response to recommendation at paragraph 131

Working towards net zero and adapting to climate change is essential to prevent widening inequalities, because we know that if we do not act, the impacts of climate change will more severely impact vulnerable groups.

Alongside the decision to set the seventh carbon budget level, the government has published an Impact Assessment which includes a distributional analysis and co-benefits analysis. This assessment draws on evidence on how the net zero transition will affect different groups and considers how fairness can be embedded at the centre of policies to mitigate risks for vulnerable groups.

In addition, in line with the Public Sector Equality Duty, an equality analysis has been undertaken to inform the ministerial decision to set CB7 at the recommended level. This analysis assesses, at a proportionate and appropriate level, how setting CB7 interacts with equality outcomes, drawing on the Impact Assessment, including its distributional and co-benefits analysis.

The equality analysis makes clear that the decision on the CB7 level does not determine the specific policies through which it will be delivered. Impacts on groups who may face disproportionate costs or barriers during the transition will ultimately depend largely on the design, sequencing and implementation of individual policies. These impacts will be considered in more detail as part of the development and agreement of the CB7 delivery plan.

[The Clean Energy Jobs Plan](#) explains how we will help workers in all parts of the country benefit from these opportunities: supporting our existing workforce to find new opportunities, training up the next generation, and helping our young people to get good jobs. In addition, the [Fuel Poverty Strategy](#) for England seeks to ensure that 1 million households are supported to achieve warm homes.

The role of local authorities in delivering net zero (Recommendation at Paragraph 143)

Recommendation at paragraph 143:

The Government must place local authorities at the centre of delivery of the Seventh Carbon Budget by:

- ***legislating for a clear statutory duty for local authorities in relation to net zero delivery; and***
- ***providing long-term, predictable funding to support place-based delivery, including behaviour change, public engagement and household decarbonisation.***

Government response to recommendation at paragraph 143

The government recognises the essential role that local places play in accelerating to net zero and supercharging our mission to deliver clean power by 2030.

As part of the Warm Homes Plan, £5 billion of the total £15 billion is allocated to low-income households, initially delivered through the Warm Homes: Social Housing Fund and the Warm Homes: Local Grant (“WH:LG”). The WH:LG used an expression of interest model to allocate funding to local authorities, with all eligible local authorities which expressed interest allocated funding. From 2027/28 onwards the government intends to integrate these into a single low-income capital scheme shifting towards area-based delivery. The government will also establish the Warm Homes Agency, which will play a pivotal role in supporting place-based decarbonisation efforts, working with local authorities to support partnerships, convene, facilitate and support successful planning and delivery at a local level.

Great British Energy (GBE) and DESNZ have published the [Local Power Plan](#), which sets out the UK’s largest ever public investment in community energy, with GBE committing to spend up to £1 billion and support at least 1,000

local and community energy projects by 2030. This will include funding and capacity building support for local government as well as encouraging local government to work with community energy organisations.

The government is giving local government more certainty with a multi-year settlement allowing local leaders to focus on longer term financial planning and opportunities for ambitious regional growth plans. This also provides them with the autonomy and flexibility to pursue a place-based approach to net zero, according to the varying needs and opportunities in each local area.

Local Authorities have significant scope to reduce transport emissions in their areas. Consolidated and simplified funding is supported by a clear long-term strategy on transport as set out in [Better Connected](#) and guidance through [Local transport plans](#). These set a clear expectation that local government will work to deliver a transport system that is greener, healthier, and more resilient.

The government is aware of the Local Government Association's consultation on a statutory duty to act on climate change and plan to discuss their findings at a future [Local Net Zero Delivery Group](#) meeting once their consultation analysis is complete. Additionally, through a Local Net Zero Delivery Group working group, we are working with UK100 and local government to develop a local net zero framework. This framework will provide clarity on local government's role in delivering net zero.

The [Energising Britain](#) plan sets out how working with local government, organisations and community groups is a vital part of our mission. The new annual Energising Britain event will seek to celebrate and support public participation across the country. We know that change often begins at a local level and there is a wealth of experience and success in engaging communities on the issues that matter to them where they live, but that can also have national and global significance.