

The 2024 Autumn Budget: UKYCC reacts in detail

On 30 October, the new Chancellor, Rachel Reeves MP, laid out the Government's first Autumn Budget, providing one of the first real insights into their plans and priorities for managing the economy over the next five years. Providing her statement to Parliament, the Chancellor detailed changes to taxation, public spending, and other fiscal rules. While the Budget included a number of positives for the green transition, it doesn't go far enough or fast enough to deliver a just and nature-positive transition to net zero.



Ahead of the Autumn Budget, UKYCC submitted proposals to the Chancellor, urging the Government to take bold action across three main pillars:

1. Aligning economic decision-making with environmental and social needs
2. Increasing investments in the economy and environment, and
3. Redistributing wealth.

You can read our full letter [here](#).

In this blog, we assess the progress - or lack of - made in the Budget in addressing climate change and socio-economic inequalities, and argue where the Government must move faster and quicker to deliver better outcomes for people and planet.

Energy

The Budget included a number of welcome announcements on clean energy, continuing the Government's strong focus on delivering the Clean Energy Mission by 2030, including the £125 million for setting up GB Energy and the £2 billion committed for new green hydrogen production (that is, hydrogen produced using renewable energy sources). We also welcome the increase and extension of the energy profits levy, which now means the headline tax rate on oil and gas activities will be one of the highest in the world. These funds will then be funnelled into green energy projects.

However, there remains significant room for improvement in the Government's plans in



order to create a fair and sustainable energy system. We believe the Government should go further on:

- Prioritising nature-based solutions over unproven carbon capture technologies: The Budget set aside £3.9bn to develop Carbon Capture, Use and Storage (CCUS) projects. This was accompanied by an announcement giving oil and gas companies tax relief for investing in CCUS infrastructure. Instead of funnelling significant amounts of public funding into CCUS (a technology not yet proven at commercial scale), the Government should prioritise increasing public spending on nature-based solutions, such as restoring woodlands, which have wider benefits to the public and environment.

- Funding for upskilling and training energy workers is unclear: Given the critical role that skilled workers play in achieving the UK's clean energy goals, it is essential for the Government to provide clear and dedicated funding to train and upskill workers, particularly those working in the oil and gas sectors. Further clarity and commitment are needed to ensure that the workforce is adequately prepared for the transition to renewable energy.

- Lack of clarity on community energy under GB energy: We need further commitment from government on funding to decentralise energy and provide support for community energy projects to thrive. This will help to build a resilient and sustainable energy sector that benefits all communities.

Transport

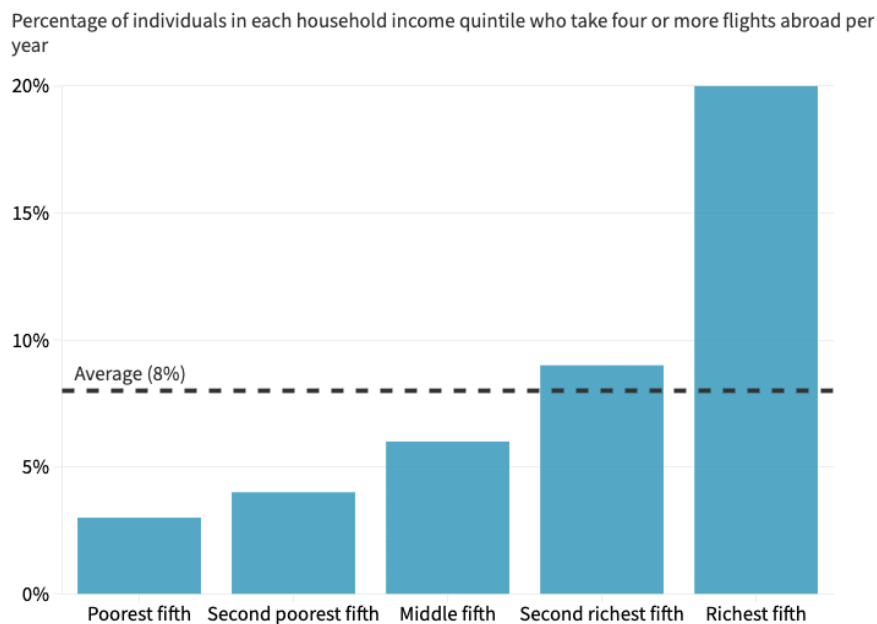
The Budget made some headline-grabbing moves on transport policy - such as the 50% increase in private jet air passenger duty and marginal increases for normal flights - and some sensible progress was made, including the continuation of incentives for electric cars and new funding of £2 billion for building a domestic supply chain for electric cars.

But, the Government failed to properly consider climate change in its budgetary decisions. In order to remedy this, the Government should take the following action:

-Be brave on reducing demand for air travel: The Government needs to take decisive action to bring down emissions from aviation further and quicker. This must be done by focusing on demand reduction instead of blindly trusting that technology (such as low-emission planes) will get us there. Just 10% of the UK's fliers are responsible for over half of all our international flights and 48% of the population do not fly at all in a given year. Even moderate behavioural nudges by the Government, such as a frequent flier tax,

could be highly effective, which would apply to highest earners - and therefore the most able to pay - the most, as shown in the New Economics Forum analysis below.

Figure 1: A far higher proportion of high earners fly regularly compared to lower earners



Source: DfT National Travel Survey analysis

Source: [New Economic Forum](#)

- Bus fare cap increased by 50%: The decision to increase the bus fare cap by 50% (to £3) is a huge disappointment and sends the wrong signal in a transition where we need to encourage far greater use of public transport over personal vehicles. Additionally, these costs will be felt the most by young people and those on lower incomes that make the greatest use of public transport. Continuing the cap at £2 would only have cost £300 million - one tenth of the cost of extending fuel duty.

- Freeze in fuel duty cut: The Chancellor announced an extension of the freeze on fuel duty for another year and a continuation of the previous Government's 5p cut. The Government is wrong to prioritise maintaining low petrol prices (and costing the taxpayer £3 billion in the process) over other forms of transport - for example, VAT on EV charging in public is still 15% higher than VAT for at-home charging and the decision on the bus fare cap increase. The Government must show more bravery in its push for a greener UK - we must prioritise public transport and zero-emission vehicles over polluting cars, and stop avoiding the difficult decisions.



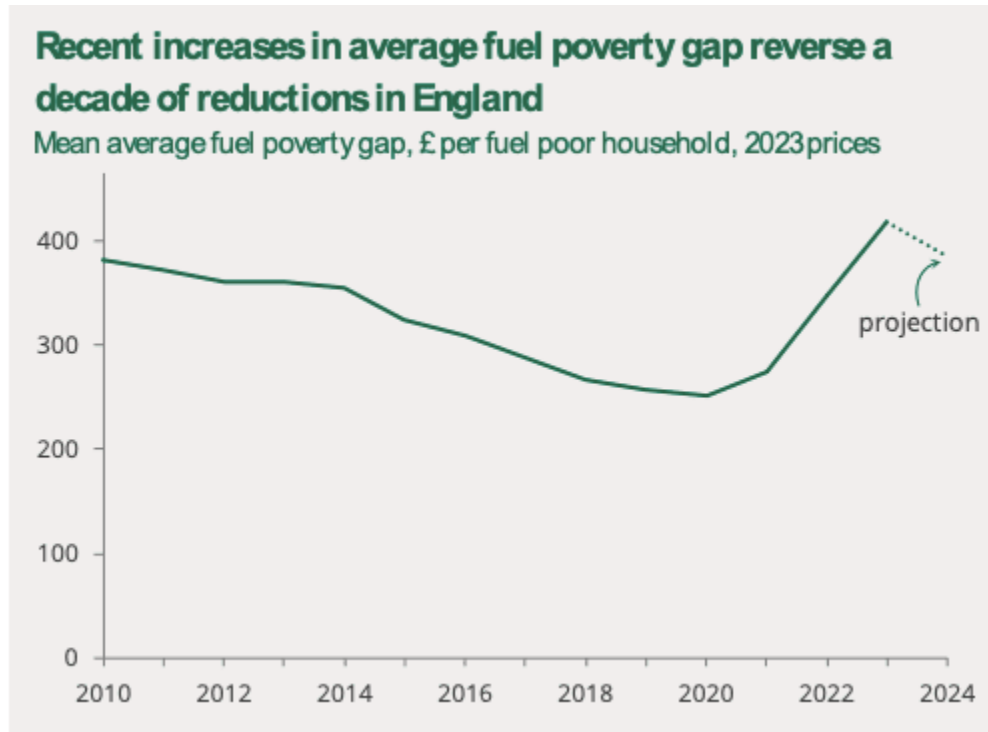
Housing

The Budget made a start in tackling some of the major housing challenges in the UK, including support for retrofit - with an initial £3.4bn allocated to delivering the Warm Homes Plan and half of that specifically for fuel poverty schemes - and increasing affordable homes - with £3.1bn earmarked for an Affordable Homes Programme.

However, this is nowhere near enough. The Government must:

- **Massively accelerate retrofit action:** The initial funding announced at the Budget is only drop in the ocean for the scale of the problem and is well short of the £13.2 billion pledged in the Labour manifesto. Over half of the UK housing stock was built before building regulations first required any thermal insulation in 1965. The Government needs to show urgent ambition in this space to ensure UK homes are decent and liveable, with a particular focus on ensuring those in rented accommodation are supported in light of the new minimum energy efficiency standards and do not face inflated rents as a result.

- **Urgently resolve growing fuel poverty crisis:** The Government has committed £1.8 billion to support fuel poverty schemes, but this will only help around 225,000 households. Announcing this in the same month as the Ofgem price cap rise (that caused the average energy bill to rise by 10%) is particularly stark as we know that there are 6 million households living in fuel poverty in the UK, with fuel poverty rising again after a decade of falling rates. The Government needs to urgently take bigger and broader action to tackle fuel poverty. The energy sector has made £457 billion in profits since the start of the energy crisis, so a social tariff to help those struggling the most should be a start here.



Source: [House of Commons Library](https://www.parliament.uk/library/)

Education & Pay

Some positive news for young people came in the form of increasing wages and more funding for green skills development. The highlights from the Budget were:

+ Increased minimum wage for young adults to bring into parity with other adults: The Chancellor announced a 6.7% increase in the National Living Wage from April 2025, rising to £12.21 per hour. Pledging to abolish the minimum wage's age bands, the Government makes the first step towards this by a 16.3% increase in the minimum wage for ages 18-20, from £8.60 to £10.

+ Increase to hourly pay for apprentices: The Autumn Budget 2024 includes a significant commitment to apprenticeships wages. The Chancellor announced an 18% increase to the minimum hourly wage for apprentices, raising it from £6.40 to £7.55 per hour, starting in April 2025. This increase aims to make apprenticeships a more attractive and sustainable option for young people and employers alike.

+ £40 million investment into the new Growth and Skills Levy: The Budget confirmed funding for the transformation of the Apprenticeship Levy into a new Growth and Skills Levy, which will enable more foundation and shorter apprenticeships in key sectors,



such as engineering and technology. While just a first step of a wider programme of activity to support people into work, it is accompanied by other decisions, such as £950 million for skills capital, including new funding to help colleges improve their estate.

+ £6.7 billion investment into education: The Department for Education will receive £6.7 billion in capital investment next year to support various educational initiatives. The core schools budget will increase by £2.3 billion next year, with £1 billion allocated specifically for high needs education. Additionally, £1.4 billion is committed to the School Rebuilding Programme, ensuring the continuation of 100 rebuilding projects to ensure schools are fit for use. An extra £300 million will be allocated to further education, alongside a £40 million investment to transform the Apprenticeship Levy into a more flexible Growth and Skills Levy. These investments aim to enhance the quality of education, improve facilities, and ensure that young people have the skills needed for future success.

Call to Action

We urge the Government to revisit the areas of the Budget highlighted here, and to take bold action in line with our pre-Budget [letter](#).