HM Treasury’s Net Zero Review

Presentation to the Sherpas (Coalition of Finance Ministers for Climate Action)

18 November 2019
To consider how the transition to net zero will be funded and assess options for where the costs will fall. This will involve:

• Analysing the range of choices for how households, businesses and the taxpayer could contribute towards different elements of the transition to net zero.

• Identifying mechanisms to create an equitable balance of contributions.

• Maximising opportunities for economic growth as we transition to a green economy.

• Evaluating the trade-offs between cost, competitiveness, effects on consumers and impacts on the taxpayer.

From this we will develop a framework of principles to guide future decision making.
Working across HM Treasury

• Reports to Chancellor of the Exchequer and Exchequer Secretary (Minister within HM Treasury responsible for environment, economic growth and productivity, research and development)

• Senior oversight through Steering Board drawn from across HM Treasury

• New Review team working with teams across HM Treasury

Chancellor of the Exchequer and Exchequer Secretary

Steering Board

Net Zero Review team

Teams responsible for: tax, spend, distributional analysis, growth
### Split of work

<table>
<thead>
<tr>
<th>Net Zero Review</th>
<th>Other HMT teams</th>
<th>Departments</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Medium to long-term (30yrs) strategic work on costs, how to minimise them, how they should be distributed, opportunities for economic growth</td>
<td>• Shorter-term work e.g. meeting interim carbon budgets, environmental taxes, support development of energy/environmental policy</td>
<td>• Shorter-term work on policies to help meet interim carbon budgets AND long-term thinking on policies to deliver net zero</td>
</tr>
</tbody>
</table>
Our approach

Research and analysis

Certain

Uncertain

Highly uncertain

Total resource costs

Cost allocation trade-offs

Choices

Principles
Outputs of the review

• Public report in Autumn 2020
  • Principles - framework for decision making
  • Analysis
• Exchequer implications
  • Growth policy
  • Fiscal planning
  • Decision making and budgeting