

## The UK government is falling way short in its planning ...

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Two parliamentary reports this week tell the same story about the government's preparedness for climate change.

As the [FT notes](#) this morning:

*The UK will miss its net zero carbon targets because the government has failed to introduce “credible plans” to drive investment in key alternative technologies, such as heat pumps, a parliamentary report has warned.*

The House of Commons [Public Accounts Committee made the same point](#) earlier this week in a powerful report, the first major suggestion from which read as follows, and I make no apology for reproducing it in full:

**Government has no clear plan for how the transition to net Zero will be funded. Its ability to track its performance against the 2050 target is hampered by vague performance measures, a lack of overall budget or plans to collate and report what it is spending and limited assessment of the cost impact on consumers.**

Currently, the government does not plan to report spending in pursuit of its net zero objectives, which the Department considers may be challenging to separate from other costs. While we acknowledge the challenge, which will increase over time as behavioural changes are embedded, this should definitely not be a reason for the Department, working with HM Treasury, to shy away from tracking and reporting public money spent on achieving its net zero objectives and outcomes achieved. For example, the NAO overcame similar challenges to create its Covid Cost Tracker. In addition, some of the net zero measures are cast as best endeavours “as many as possible” or “as many...as reasonably practicable”. These features will make any assessment of progress less transparent and more challenging.

HM Treasury was reluctant to be drawn on the future costs of achieving net zero, cautioning that while the Climate Change Committee has provided estimates, they

contain 'heroic assumptions' with errors potentially compounding over very long periods.**1 To publish policy without commensurate funding merely amounts to an aspiration not a real intention by government. At a time when people are worried about their energy bills, government must be clearer about the costs facing consumers, households and business of achieving its net zero objectives. Our previous work on green taxation did not give us any confidence that there is a clear plan, and we highlighted our concern that HM Treasury and HM Revenues & Customs (HMRC) have taken a very limited view of tax so far and could not clearly explain to us how the tax system is to be used in achieving the government's environmental goals. One example is government's goal of increasing ownership of electric vehicles, which requires HM Treasury to take account of Fuel Duty and Vehicle Excise Duty receipts forgone and provide clarity on how these impacts on the consumer and Exchequer will be managed. At present HMRC and HM Treasury only recognise four environmental taxes as these are the only ones with specific environmental objectives. They have focussed on the revenue these taxes raise but have not kept track of the impact of other taxes such as tax reliefs to support energy saving and clean technologies, or the impact of tax measures affecting the consumption of fossil fuels. We were encouraged to hear that the departments have started to assess the impact of fuel duty freezes on the environment, but environmental assessments should be made for all taxes.**

**Recommendations:** Alongside the Treasury Minute response, the Department and HM Treasury should write to the Committee setting out in detail how it will report progress in implementing its net zero policies, including:

- \* specific metrics, including the effects of tax measures such as vehicle and fuel related duties.
- \* how it will use these metrics to track progress against long-term targets on an annual basis, for example by setting interim or annual ambitions; and
- \* what it will do if progress demonstrates underperformance.

The Department and HM Treasury should also set out how it will ensure Parliament can scrutinise the implementation of its net zero policies. We expect this to take the form of annual reports that include the updated costs to 2050 and the amount spent in that year in the public sector to achieve net zero as well as the impact on consumers, households, businesses and local and central government across all sectors and departments and what the expected CO2 reductions will be.

The remaining recommendations are also significant - including on how consumer behaviour is to be changed and the net-zero policy is to be integrated across all tiers of government. The dependence on the private sector is criticised.

This matters. It is very easy to be distracted at present, for obvious reasons. It is also entirely reasonable to wonder what will happen in the world in the next few weeks. But the paradox of life is that we have to live as if life will last forever when we know that individually it cannot. That suspension of belief has to also be applied to the circumstances of war, and we have to plan for what happens when this conflict is over. What these reports suggest is that we are not planning well enough already. We have to do so much better.