

Briefing

Carbon Budget 7 Debate

June 2026



Background

Established under cross-party agreement in the Climate Change Act, a carbon budget sets a legally binding cap on the amount of greenhouse gases the UK can emit during a five-year period, with this budget covering 2038-42. Far from being solely about emissions reductions, carbon budgets are central to improving people's lives and securing the UK's economic future. As the political consensus on climate action falters, it is vital that supporters of the UK's climate goals are present at this debate to provide a clear, unified voice, backing political ambition and engaging with future policy design.

The public are demanding action.

Across the UK, polling consistently shows that people of all backgrounds and politics care deeply about the environment and want the government to take action to reduce emissions. In the last few weeks more than 1.6 million people have directly engaged on climate and nature issues through [Great Big Green Week](#), showing the huge public appetite for action. Despite media headlines suggesting growing backlash, the majority of the public understand that high energy bills are not driven by climate policy but by [volatile fossil fuel markets](#).

At the same time, climate change is now on our doorstep, impacting lives and livelihoods across the UK. The [latest report on our preparedness](#) showed that the UK is currently built for a climate that no longer exists. The economic impacts are staggering, costing the UK around £60bn a year, or about 2% of GDP and rising, through things such as flood damage and loss of crops.

Key opportunities in CB7

Protection in an increasingly volatile world

The war in Iran has once again highlighted the UK's unique vulnerabilities to international fossil fuel markets. In a world now increasingly defined by instability, the UK must act quickly to protect its own interests and tackle its systemic vulnerabilities.

- Rolling out green technology makes economic sense, with the total cost of meeting net zero [less than that of a single fossil fuel price shock](#).
- [93% of the oil and gas](#) that is likely to come from the North Sea has already been extracted. Our import dependence is rising and with it, our exposure to

global price volatility. Every year we delay the transition is another year households will face gas price shocks.

Supporting jobs, growth and investment across the UK

With rising concern about unemployment and economic security, Carbon Budget Seven (CB7) presents a key economic strategy for the future.

- The net zero economy is growing by [10 per cent a year](#) and supporting nearly a million jobs.
- These are high quality jobs, with average salaries around [15 per cent higher](#) than the national average.
- This is revitalising industrial heartlands through high-skilled jobs in manufacturing and engineering.

Demonstrating leadership and pushing others to act

The UK has already cut emissions by 50 per cent since 1990, supported by successive governments' commitment to the Climate Change Act. This leadership pushes other countries to act and adopt similar approaches across the world.

- China is currently installing [more renewables in a year](#) than the rest of the world combined.
- The UK is a global hub for green finance and offshore wind. If the UK retreats now, we are sacrificing a stake in the global green tech market that could be worth up to a [trillion](#) pounds.

Reports that the government is considering reducing the Zero Emission Vehicle (ZEV) Mandate target from 80 per cent to 50 per cent by 2030 have raised concerns about the implications for the UK's climate goals. Analysis indicates that such a change could leave millions more petrol, diesel and hybrid vehicles on UK roads, resulting in up to 70 million tonnes of additional CO₂e emissions between 2038 and 2042 and creating a 13 per cent shortfall against the pathway set out for the Seventh Carbon Budget.

Conclusion

Ultimately, CB7 is not merely a technical milestone: it offers the opportunity to deliver a UK that is safer, fairer and more resilient to global shocks. By supporting a robust carbon budget and the policies that flow from it, parliament can help ensure that climate leadership goes hand in hand with a resilient economy, energy security, protection of the natural environment and real improvements in people's lives.

Suggested interventions

- What assessment has been made of the impact that reducing the ZEV mandate would have on the UK's ability to meet CB7?

- How will the government use the upcoming Energy Independence Bill to deliver on the commitments needed to reach CB7?
- Does the Minister agree that carbon budgets have benefited from broad cross-party support, providing the long-term certainty needed by businesses and investors?

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