

## CCSA Member Briefing Autumn Budget 2025

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### Summary

The Chancellor of the Exchequer, Rachel Reeves MP, today delivered the UK Government's Autumn Budget, with much of the contents leaked by the OBR in their Economic and Fiscal Outlook, which was published in error this morning.

Against the backdrop of poor polling ratings for the Government and internal Party pressure over the future of the Prime Minister and Chancellor, Reeves set out tax and spending plans shaped by weak productivity, high borrowing costs and the cost-of-living crisis. This is the third largest tax raising Budget since 2010. You can read the full Budget details [\[HERE\]](#).

The Financial Statement and Budget Report (Red Book) makes direct mention of carbon capture – specifically the Final Investment Decision at Padeswood cement works, noting it will “deliver growth for the region and provide highly skilled jobs.”

However, we were not expecting further funding updates until the Spending Review 2027, and had put forward three non-fiscal [recommendations](#) for the Budget. We have been informed that these were well received by the Treasury and DESNZ and have laid the ground for our work in leading to the Spending Review in 2027.

Of importance to the CCUS sector in today's announcements:

- **Refineries and CBAM:** The Government recognises that refineries play a role in energy security and the UK's industrial base and will publish a call for evidence on the fuel sector. The government is also considering the feasibility and impacts of including refined products in the Carbon Border Adjustment Mechanism (CBAM) in future. The Government will legislate to introduce the CBAM from 1 January 2027. The inclusion of indirect emissions within scope of the CBAM will be delayed until 2029 at the earliest.
- **North Sea Future Plan:** The North Sea's energy future will be focused on three key clean energy sectors: offshore wind; CCUS, and Hydrogen.
  - Government will continue to develop CCUS cluster development, ensure supply chain development is a critical consideration in future CCUS policy, and will work with EU partners to agree a regulatory framework for enabling cross-border CO2 transport and storage networks.
  - Government will cease issuing new oil and gas licences to explore new fields and will introduce new 'Transitional Energy Certificates' to support the management of existing fields for their lifespan.
  - Establishment of a new North Sea Jobs Service, offering tailored end-to-end support for the current workforce
- **EPL:** Energy Profits Levy (Windfall Tax) to remain in place until 2030 despite speculation of its early removal due to its impact on investment. The EPL will then be replaced by the permanent Oil and Gas Profits Mechanism (OGPM). The OGPM will be a revenue-based mechanism which only operates in times of high prices and will replace the EPL when it ends in 2030, or earlier if the EPL price floor is triggered.

- **Skills:** The Government is making over £1.5 billion available across the spending review period into the Youth Guarantee and the Growth and Skills Levy.
  - £820 million for the Youth Guarantee
  - £725 million for the Growth and Skills Levy, including a change to fully fund SME apprenticeships for eligible people under 25
- **Grangemouth:** £14.5 million of funding in Grangemouth to support industrial projects.
- **Bringing down energy bills by £150:** Cuts to ‘green levies’ in energy bills – this relates to renewables and energy efficiency policies only. There is no specific mention of levies for CCUS business models, however, the Government has set out that it is focused on securing investment to build a resilient energy system and reduce dependence on imported fossil fuels. New levies will face enhanced scrutiny under a new framework to ensure they are affordable, represent value for money and do not impose unnecessary costs on households and businesses.

Alongside the Budget, the following documents were published;

- (i) A consultation on [Gas system in transition: security of supply](#)
- (ii) The [North Sea Future Plan](#)

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## **Headlines overview**

- The Budget will raise taxes by £26 billion by 2029-30, and will bring the tax take to an all-time high of 38% of GDP in 2030-31.
- The amount of headroom the Government has against its borrowing rules will be expanded to £22.9 billion, up from £9.9 billion, in five years' time. The Chancellor has stuck to her fiscal rules.
- 2025 GDP growth forecast UK economy will grow by 1.5% this year, upgraded from a 1% forecast in March.
- Growth will be 1.4% in 2026 down from a forecast of 1.9% in March.
- The OBR has cut its forecast for the underlying rate of productivity growth in the medium term to 1%, down by 0.3 percentage points.
- Inflation will stand at 3.5% in 2025, above 3.2% forecast in March
- A 4% rise in the national living wage to £12.71. A bigger rise of 8.5% for 18 to 20-year-olds taking their pay to £10.85.
- The Chancellor is set to direct the OBR to assess the fiscal rules just once a year, rather than twice a year.

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## **Energy, Infrastructure and Environment**

### **North Sea Future Plan**

#### **Summary:**

- Today the Government published their response to their consultation on building the North Seas Energy future, titled the [North Sea Future Plan](#). Alongside oil and gas production from existing fields, Government note that the North Sea's energy future will be focused on three key clean energy sectors: offshore wind; CCUS, and Hydrogen.

- **Government will continue to develop CCUS cluster development, ensure supply chain development is a critical consideration in future CCUS policy, and will work with EU partners to agree a regulatory framework for enabling cross-border CO<sub>2</sub> transport and storage networks.**
- Government will develop a comprehensive guidance package for supply chain businesses and investors, and work to improve transparency of upcoming activity in the North Sea.
- Great British Energy's £1 billion Supply Chain Fund will support the North Sea transition through strategic funding and a focus on utilising the UK's existing industrial strengths in oil and gas to deliver the next generation of clean energy technologies.
- **For oil and gas operations, Government will cease issuing new oil and gas licences to explore new fields and will introduce new 'Transitional Energy Certificates' to support the management of existing fields for their lifespan**
  - These certificates will enable limited oil and gas production on or near to existing fields - so long as this additional production does not require new exploration and is already part of or links back to existing fields and infrastructure, and is necessary for a managed, orderly and prosperous transition.
- Government will reform the NSTA's principal objective to allow it to balance economic, environmental and transition factors in decision making and strengthen and clarify a number of the NSTA's powers to strengthen its ability to support the transition.
- For North sea workers, Government will:
  - **Ensure a level playing field on job quality, including grant conditions and a Fair Work Charter.**
  - Support a smooth, end-to-end career transition journey for workers leaving the oil and gas industry to work in clean energy and other growth sectors, **including through developing a new North Sea Jobs Service.**
  - Reduce training burdens and costs for workers **through the expanded Transition Training Fund.**
  - Minimise qualification barriers between sectors, including through the Energy Skills Passport and a new collaborative group to address non-technical barriers.
  - Ensure workers and communities are involved in the development and delivery of this Plan, by engaging trade unions, **and through representation on the North Sea Future Board.**

### **CCSA Analysis:**

- For CCUS, the CCSA understands the majority of announcements to be continuing commitments already outlined in previous statements, budgets and consultation responses.
- For oil and gas licences, the Government have now confirmed that no new oil and gas licences will be issued to explore new fields, however there will be some flexibility to manage the existing fields and their lifespans.
- The Fair Work charter is an ongoing policy development which the CCSA is engaging with DESNZ, other sector associations and unions on to understand the nature of the proposals, and how this may be applied to CCUS in the future.
- The North Sea Jobs Service and North Sea Future Board are both new additions, which the CCSA will engage with to ensure our members are represented.

### **Next Steps:**

- Government will undertake the actions in the plan as a priority over the next few months and the CCSA will continue to engage with DESNZ on delivery of these actions.
- Government will launch the new North Sea Future Board soon.
- Where necessary, the government will take forward appropriate legislative measures to implement the commitments when parliamentary time allows.

### Energy Profits Levy (Windfall Tax)

#### **Summary:**

- The Energy Profits Levy (EPL) is due to end on 31 March 2030 unless oil and gas prices fall below the Energy Security Investment Mechanism ('ESIM') threshold.
- The Government confirms that the EPL will then be replaced by the permanent Oil and Gas Profits Mechanism (OGPM). The OGPM will be a revenue-based mechanism which only operates in times of high prices and will replace the EPL when it ends in 2030, or earlier if the EPL price floor triggers. The rate will be 35% with thresholds of \$90/barrel (oil) and 90p/therm (gas).
- This has been reiterated in the [outcome](#) to the OGPM consultation, also published today by HM Treasury, and which ran earlier this year.
- The Government is also announcing legislation that confirms that no payments can arise under a Decommissioning Relief Deed in relation to the EPL, which excludes tax relief on decommissioning expenditure

#### **CCSA Analysis:**

- There is no change to the end-date committed to at Autumn Budget 2024, despite speculation in the run up to the Budget that the EPL could end in 2026.
- As previously reiterated by the CCSA and in ongoing conversations with HMT, a stable fiscal regime, and one which facilitates investment in CCUS, is needed by the oil and gas industry in order to enable long term investment into decarbonisation.
- This includes recognising concerns that the continuation of the EPL could result in a negative effect for investment in CCUS and hydrogen projects, deterring private sector capital from being invested in the UK. This could also lead to reductions in the workforce and equipment that is needed to deliver CCUS in the UK and the wider North Sea transition.

#### **Next Steps:**

- In its [summary of responses](#) for its Oil and Gas Price Mechanism (OGPM) consultation, confirming the above and stating that once the EPL ends, the government is *"committed to ensuring that there is a new permanent mechanism in place to respond to future oil and gas price shocks. This new mechanism will form an integral part of the permanent regime but will respond only when there are unusually high prices, helping to protect jobs now and in the future."*
- DBT note they will continue to work with the sector to deliver this mechanism as effectively and efficiently as possible.
- **The Government will then introduce legislation in the next available Finance Bill to provide for the OGPM once the EPL ends.**

### Refineries & The Carbon Border Adjustment Mechanisms

#### **Summary:**

- The Budget states that refineries play a role in energy security and the UK's industrial base. Government will publish a call for evidence on the fuel sector.
- The Government is also considering the feasibility and impacts of including refined products in the Carbon Border Adjustment Mechanism (CBAM) in future.

### **CCSA Analysis**

- The CCSA have previously highlighted the importance of UK refineries and the need to protect them in the current economic environment. This has included regular calls for them to be included in the CBAM, which is a welcome move on an area the CCSA has continued to raise with government.
- The Budget, however, doesn't provide information on what will be covered in the call for evidence, or how wider economic challenges being faced by refineries will be addressed or the critical speed required for reforms to be made.

### **Next Steps**

- The CCSA will continue to push for faster action on these decisions and support the extension of CBAM to cover refined products.

### **Climate Change Levy and Carbon Tax**

#### **Summary:**

- The main rates of CCL for **gas, electricity and solid fuels** will be updated in line with RPI from 1 April 2027. The main rate for liquefied petroleum gas will continue to be frozen. The reduced rates will remain at an unchanged fixed percentage of the main rates.
- Alongside announcements on **Hydrogen** in the North Sea Strategy (above), the budget also announced that electricity used in electrolysis to produce hydrogen will be made exempt from Climate Change Levy.
- **Carbon Price Support:** The government will freeze the Carbon Price Support rates, which is a flat tax that sits on top of the ETS, at a level equivalent to £18 per tonne of CO<sub>2</sub> in 2027-28.

#### **CCSA Analysis**

- Changes to CCL are as expected, although notable the lack of specific reference to Blue Hydrogen.
- There were rumours that the Carbon Price Support could have been scrapped as an energy bill saving measure, which would have negatively impacted carbon prices. While positive it is maintained, it remains at the same level of £18 per tonne that it has for a number of years.

### **Energy bills**

#### **Summary:**

- The Government will cut certain "green levies" on energy bills, specifically the Renewables Obligation (RO), and will end the Energy Company Obligation (ECO) from April 2026.
- This will save households on average around £150 per year, combining the RO funding and an expanded Warm Home Discount for six million households.
- Bills will still cover policies including Sizewell C, the Warm Home Discount and upgrades to the electricity grid.
- Additional £1.5 billion investment will support households in fuel poverty through the Warm Homes Plan.

- These measures are expected to reduce inflation by over 0.2 percentage points in 2026–27.
- The Chancellor did not remove VAT from energy bills.
- The Budget states that it is focused on bringing down energy bills for households and businesses, while securing the necessary infrastructure investment to build a resilient energy system and reduce the UK's dependence on imported fossil fuels.
- The Government will subject any additional costs, including new levies, to enhanced scrutiny under a new framework to ensure they are affordable, represent value for money and do not impose unnecessary costs on households and businesses.
- The Government will increase the generosity of the British Industry Supercharger from April 2026.

### **CCSA Analysis:**

- In advance of the Budget, DESNZ launched a consultation on the British Industrial Competitiveness Scheme (BICS). The scheme is designed to reduce electricity costs for manufacturing businesses operating within the eight growth-driving sectors identified in the Industrial Strategy, as well as the foundational sectors that support them and so should benefit industries looking to deploy CCUS.
- From 2027, the scheme is intended to exempt qualifying businesses from costs associated with the Renewables Obligation, Feed-in Tariffs, and the Capacity Market. The consultation is open until 19 January and accessible [here](#). DESNZ are holding a webinar on 27 November at 10am to provide an overview of the scheme and outline their proposed eligibility approach. You can sign up [here](#).
- These targeted reductions in energy costs could improve the economics for CCUS-adjacent projects and make investment cases more viable.
- We also note that intentions to remove a portion of RO costs (75%) from consumer bills will affect how the scheme is funded; however, this is not expected to impact the operation of the scheme for sites currently utilising the RO, including biomass and energy-from-waste assets.
- Levies for CCUS business models (power and hydrogen) are not mentioned in the budget, however it does state that new levies will be subject to enhanced scrutiny and the CCSA will continue to monitor this to ensure CCUS levies are protected.

### **Next Steps:**

- BICS could be significant for CCUS-adjacent industries as reducing electricity costs improves project economics. CCSA members should engage in consultation responses to ensure alignment with sector decarbonisation priorities.

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## **Education and Skills**

### **Skills and apprenticeships**

#### **Summary:**

- **In the Budget the Government noted they will make more than £1.5 billion available over the Spending Review period for investment in employment and skills support.**
  - £820 million for the Youth Guarantee, which includes offering a guaranteed six-month paid work placement for every eligible 18-to 21-year-old who has been on Universal Credit and looking for work for 18 months.

- £725 million for the Growth and Skills Levy to help support apprenticeships for young people, including a change to fully fund SME apprenticeships for eligible people under 25.
- More details on the wider Youth Guarantee and Growth and Skills Levy package will be announced shortly.
- **Government will introduce new reforms to simplify the apprenticeship system** and make it more efficient as short courses are introduced from April 2026.
- **Regarding international students / immigration reforms, Government will:**
  - Reform the high-skill visa system – making it is easier for highly skilled workers to work and stay in the UK.
  - The High Potential Individual route will expand to graduates from the world’s top 100 universities, while international students will be able to transition through the Innovator Founder route.
  - Reform and simplify the Global Talent visa.
  - A new Global Talent Taskforce will help attract leading professionals in priority sectors and provide tailored support for relocation.
  - From 2028-2029, introduce a £925 per-year International Student Levy on higher education providers’ income from international students. The income raised by the Levy will be fully reinvested into higher education and skills.
- The Government will provide the MHCLG, DSIT and Defra £48 million over the next three years to boost capacity and capability in the planning system – including additional investment to recruit an extra 350 planners in England by **expanding the Pathways to Planning Graduate Scheme and creating a new Planning Careers Hub to retain and retrain mid-career professionals.**

### **CCSA Analysis:**

- The CCSA welcomes the Government’s investment in employment and skills support, which will help fund training relevant to CCUS roles. We are particularly pleased that SME apprenticeships for eligible people under 25 will be fully funded, improving access for young people into these opportunities. However further focus needs to be directed towards simplifying the system more widely and enhancing the visibility of SME apprenticeship routes.
- The reforms to the apprenticeship system by introducing short courses is also welcomed.
- The CCSA note that a significant number of highly skilled workers, who could work on CCUS projects, could come to the UK via skilled visa routes. Therefore, it is good to see that the Government are simplifying access to the UK for skilled workers from abroad.
- The expansion of graduate routes should also help to maintain an adequate supply of workers needed for specialised occupations for CCUS projects, however this remains uncertain as it is unclear if homegrown talent can be developed at a faster pace than the likely reduction in skilled individuals coming from abroad which will likely occur as a result of the increase in costs of their training.

### **Next Steps:**

- The CCSA will look to engage with Government, Skills England and other stakeholders to gather further details on the Youth Guarantee and Growth and Skills Levy package.

### **Devolved Administrations and Local Authorities**

### Investments in Mayoral authorities and Wales

- **The Government will launch a £902 million, four-year Local Growth Fund** for the Mayoral Strategic Authorities of Greater Manchester, North East, West Midlands, South Yorkshire, West Yorkshire, Liverpool City Region, Greater Lincolnshire, Tees Valley, Hull & East Yorkshire, York & North Yorkshire and East Midlands. Each area will receive funding for growth-focused initiatives, including employment support and skills programmes.
- **The UK and Welsh Governments have approved the Flintshire and Wrexham (North Wales) Investment Zone** – the first outside England. Supported by £160 million over 10 years and focused on advanced manufacturing, the zone will include skills programmes to help local people access over 6,000 high-quality jobs.

### Investments to support Scotland's clean energy growth

#### **Summary:**

- Investing up to £14.5 million of funding in Grangemouth to support industrial projects that can create new jobs, recognising Grangemouth's almost 250-year history as a key UK industrial site. The Government will collaborate with the Scottish Government to use this funding, which will work alongside the National Wealth Fund's (NWF) £200 million commitment to support investment opportunities in Grangemouth. This follows the £100 million Falkirk and Grangemouth Growth Deal, delivered jointly with the Scottish Government, which will also support jobs, including through a Skills Transition Centre.
- £17.3 million for the Aberdeen Energy Transition Zone, expanding low-carbon and renewable industry capacity.
- Establishment of a new government campus for energy in Aberdeen, including Great British Energy HQ, alongside assessments of potential nuclear sites.
- £20 million (subject to business case) to upgrade Inchgreen Dry Dock.
- Approval of the full business case for Forth Green Freeport, unlocking £25 million in seed capital, aimed at leveraging £7.9 billion of investment and creating up to 16,000 jobs, with a strong focus on clean energy and sustainable fuels.

#### **CCSA Analysis:**

- As set out in today's Budget, the UK Government is making a series of investments to support industrial growth, clean energy development and economic regeneration in Scotland.
- Alongside the NWF funding and the Growth Deal, the Chancellor's announcement of £14.5m for investment to support industrial projects at Grangemouth will support the hub's ability to prepare for Acorn deployment, including strengthening associated CO<sub>2</sub> transport and storage infrastructure.
- The Aberdeen Energy Transition Zone funding is also indirectly supportive of Acorn, given its emphasis on low-carbon technologies, skills transition and harnessing North Sea workforce expertise, which are, of course, essential for developing CCUS supply chains, engineering capacity and potentially CO<sub>2</sub> transport solutions.
- Other announcements (wind projects, Freeport incentives) do not directly affect CCUS but may create broader complementary conditions, such as improved clean energy infrastructure, supply chain strengthening and regional economic growth that can support Scotland's low-carbon industrial ecosystem.

**Next Steps:**

- Continue to engage with UK government ministers and officials on how the £9.4bn of development funding committed to Acorn and Viking at the recent Spending Review is allocated, keeping them on track to reach FID within this Parliament.
  - Engage HM Treasury and DESNZ to clarify the deployment of the £14.5 million for Grangemouth and assess whether any of it can support early enabling works that would accelerate the connection of industrial emitters to Acorn once the project is operational.
  - Work with the Scottish Government on how the NWF £200 million commitment and the Growth Deal funding can be sequenced to accelerate CCUS deployment.
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**Other relevant announcements:****[UK Government Green Financing Framework 2025 \(Policy Paper\)](#)****Summary:**

- The UK Government Green Financing Framework (the “Framework”) has been developed in accordance with the 2025 ICMA Green Bond Principles (the “ICMA Green Bond Principles”).
- This [update](#) to the Framework adds nuclear energy-related expenditures to the list of Eligible Green Expenditures.
- The update to the Framework includes a commitment by HM Treasury to annual reporting on the environmental impacts and social co-benefits of allocated eligible green expenditures, to the extent that this is relevant and feasible.
- This update provides tables outline the categories of Eligible Green Expenditures (“Green Category”), where Pollution Prevention and Control with example expenditure of **CCUS infrastructure has been included**
  - Renewable Energy, whose sub-categories include supporting the development of renewable energy generation capacity such as wind, solar and hydrogen.

**CCSA Analysis:**

- The Framework outlines the role that CCUS plays in pollution prevention and control, such as in energy/emission-efficient waste-to-energy.
- The Framework also flags the importance of renewable energy generation capacity such as wind, solar and hydrogen – this aligns with the potential of low-carbon hydrogen capacity stated in the Seventh Carbon Budget (CB7).

**Next steps:**

- HM Treasury, DMO and NS&I will issue Green Financing instruments against Eligible Green Expenditures. The proceeds of Green Financing will be received and tracked in the same way as funds raised from other UK Government debt issues.
  - Allocation reporting will be updated annually until full allocation to Eligible Green Expenditures of the proceeds of all Green Financing raised under this Framework.
  - Impact reports will contain information addressing the positive environmental impacts and social co-benefits of the Eligible Green Expenditures and case studies – the social co-benefit metrics include the number of jobs created/supported.

- The government will continue to convene the stakeholder discussion forum (SDF) as necessary throughout the Programme.
- The CCSA will work with members to address the role of CCUS in green finance and organise future investor roundtables with the government to discuss in detail.

## [Gas system transition: security of supply consultation and technical annex](#)

### **Summary:**

- A [consultation](#) has been launched, coinciding with today's Budget, as a first step to the programme of public engagement on the gas system's transition.
- The consultation covers government's three-point plan for gas security of supply, the current picture of midstream gas infrastructure, and further policy and regulatory actions that can be taken to ensure commercial viability.

### **CCSA Analysis:**

- This consultation was outlined in the [June 2025 update to market](#), and we have been awaiting its publication.
- It is important that there is close alignment and transparency between DESNZ, NESO and Ofgem as they consider next steps for future gas supply security in consideration of this consultation, as well as wider strategic plans being developed.

### **Next steps:**

- The consultation also notes that NESO are shortly due to publish their first Gas Supply Security Assessment.
- The CCSA will work with members to respond to this consultation, ahead of the deadline on 18 February 2026.

### [Other](#)

The Government is also investing to deliver growth across the UK by:

- Unblocking key growth projects across Scotland and Wales by overhauling the grid connection process, and rolling out the Connections Accelerator Service to support the most strategically important projects to find solutions to connection delays.
- Launching entrepreneurship fellowships to support commercialisation in universities in the UK, including those in Scotland, Wales and Northern Ireland, supporting UK Research and Innovation's (UKRI) existing investments to fuel regional growth across the nations.

### **CCSA next steps:**

Years of planning and persistence are now paying off: five FIDs have been secured, allowing the first major projects to start construction. CCUS is no longer an ambition - it's becoming the cornerstone of Britain's clean industrial future.

The CCSA engaged the Treasury and DESNZ in advance of the Budget on three non-fiscal recommendations:

- **Confirm the next steps** for allocating the development funding committed to Viking CCS and the Acorn Project, and for progressing the build-out of the East Coast Cluster and HyNet. Alongside allocation of committed supply chain

investment, this will set these projects on course to reach financial close within this Parliament.

- **Provide a clear route to market** and an allocation framework for all CCUS clusters and projects, while accelerating CO<sub>2</sub> transport by ship, road and rail.
- **Implement enabling policies and regulations** to stimulate markets for low-carbon products, carbon removals, and European-wide CO<sub>2</sub> storage, supporting the transition to a self-sustaining UK CCUS market.

Further details around these CCSA asks, and the economic benefits they provide, can be read within our submission to the Autumn Budget - *“Next Steps for UK CCUS Deployment”* - available [here](#).

Delivering these measures in 2026 is important for maintaining momentum. The CCSA is prioritising these asks as we develop our thinking and evidence for the Spending Review in 2027, where we aim for further funding commitments for clusters and projects.