

The Rt Hon Rishi Sunak MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

Wednesday 4 March 2020

Dear Chancellor,

We are writing to you ahead of the Budget, due to be delivered on Wednesday 11 March, to call on you to use it to deliver real leadership on decarbonisation ahead of the Glasgow COP 26 summit. Specifically we urge you to invest in action on the environment and climate that is ambitious enough to ensure the UK economy achieves the Government's net zero carbon target at the very least, while also delivering a programme of investment that can fulfil promises to 'level up' the nation.

There are huge public benefits to significant investment in decarbonisation, including the creation of hundreds of thousands of new jobs that can revitalise the UK economy, bringing economic benefits to the regions and a much-needed sense of purpose to the nation.

The British business and the investment community also need assurance about government decarbonisation priorities. Failure to act in the Budget will undermine business certainty at a key juncture, which in turn will affect long term investment decisions and potentially result in us falling even further behind in the transition to the post carbon economy of the future.

Where the climate is concerned, winning slowly is the same as losing – with all of the costs that entails. Failure to reduce emissions now, will not only store up problems for future generations, it could make meeting even the targets the government have set impossible.

In order for the UK to be an effective host of COP26, we must have credible decarbonisation policies and public and private investment in place, so that the government's diplomatic efforts to achieve a successful outcome at a critical moment in world history carry weight.

We welcome reports that the government will commit to invest £9 billion so that all homes reach energy performance band C by 2035, alongside £500 million to help energy-intensive industries to move to low-carbon techniques. The attached briefing, prepared by the Green New Deal Group, urges that you go further on both fronts, and proposes that government borrowing for the investment needed can be financed by simple changes to the rules for pensions and ISAs.

An ambitious training and works programme to insulate the 30 million homes and buildings in the UK by 2030 would deliver on commitments to decarbonise and level up the UK economy. It would also signal the kind of real domestic leadership required to significantly enhance the possibility of a successful global outcome to the COP26 meetings.

The Green New Deal Group have long argued that it is prudent for government to borrow to invest while interest rates are low, and have made the case for greater coordination between the Bank of England, the Treasury and the Debt Management Office to better manage the flow of money through the economy.

This new briefing further makes the case that government borrowing for investment can be financed in a way that also creates a safe place for the nation's pensions and savings, by making small changes to existing tax incentives for pensions and ISAs.

It also sets out proposals for measures that build on the reported commitment of £500 million to help energy-intensive industries to move to low-carbon techniques, ensuring that businesses are fully

involved in the Green New Deal. The measures proposed would require all large businesses to prepare a plan for how they and their supply and customer chains will become net zero emitters, ideally by 2030.

We commend these proposals to you and urge you to consider them as you make your final preparations for the Budget. Beyond the scope of this Budget, in time for the autumn Spending Review, a full and rapid assessment must be conducted of the necessary public investment needed to safeguard our environment and rapidly decarbonise our economy in line with the climate science, and a commitment made to make resources available immediately, and on an ongoing basis, in line with the results of that assessment.

This 'Green New Deal' would fundamentally restructure and revitalise our economy, providing secure, high-quality employment in every corner of the country, unleashing the skills and potential of the British people, while laying the foundations for a carbon-free, ecologically sustainable future in which everyone has the chance to thrive. We urge you to make this your highest priority in the Budget, and as you prepare for the Spending Review in the autumn.

Yours sincerely,

Caroline Lucas MP  
Clive Lewis MP  
Alan Brown MP  
Nadia Whittome MP  
Liz Saville-Roberts MP  
Wera Hobhouse MP  
Baroness Bennett of Manor Castle  
Baroness Jones of Moulsecoomb  
Baroness Lister of Burtersett  
Layla Moran MP  
Lloyd Russell-Moyle MP  
Alex Sobel MP  
Jonathan Edwards MP  
Debbie Abrahams MP  
Colin Hines, Convener, Green New Deal Group  
Richard Murphy, Professor of International Political Economy, City, University of London, UK and  
Green New Deal Group Briefing author