



WWF-UK

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WWF AUTUMN BUDGET BRIEFING

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Chancellor Rachel Reeves will deliver her Autumn Budget on 26th November. Measures are expected to increase the government's fiscal headroom, while “targeted action” has been promised to address the cost-of-living crisis. This Budget will also be a key test of whether Reeves can meet her 2021 pledge to be Britain's “first green Chancellor”. With the right approach, Government can boost living standards for working people, unlock sustained economic growth, and increase the UK's resilience to the impacts of extreme weather and volatile fossil fuel prices. This briefing sets out the steps that the Government should take at the Budget to achieve this.

CUTTING ENERGY BILLS FOR GOOD

Amid a cost-of-living crisis, the transition to a Net Zero economy must deliver short-term financial benefits for households, in addition to unlocking sustained growth and decreasing the UK's exposure to the impacts of extreme weather and volatile fossil fuel prices. WWF's [recent report](#) sets out a range of policies to put pounds in people's pockets, at minimal cost to the Exchequer.

At this Budget, reducing energy bills should be a key focus; if the right approach is taken Government can boost living standards while accelerating progress towards our climate and nature targets. We recommend that Government:

- **Reduce the amount of levies falling on electricity bills.** While energy price rises have been predominantly driven by the price of gas, levies form a substantial element of electricity bills and hold back the transition to clean heating and industry. Levies should be moved from electricity bills to tax where possible; this is the least regressive approach and has clear political benefits. This would be a more effective use of limited funds than delivering a VAT reduction on electricity and gas bills.
- **Ensure that any levies removed have confirmed alternative funding sources.** The Energy Company Obligation (ECO), for example, should not be removed unless it is funded from elsewhere in addition to the Warm Homes Plan's £13.2 billion budget.
- **Protect the confirmed £13.2 billion funding for the Warm Homes Plan,** which will ensure affordable energy bills for working households, reduce the need to provide costly emergency financial support during energy bill price spikes, and boost the UK's economy and energy security.
- **Offer a stamp duty rebate of up to £3,750 for homebuyers who invest in energy improvements within two years of purchase.** This could cover the full cost of some energy efficiency upgrades or cut the cost of a heat pump installation by 31%, or 92% when combined with other support e.g. the Boiler Upgrade Scheme.
- **Maintain the windfall tax at its current level.** Oil and gas companies have made billions in recent years, while the public have struggled with unaffordable



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energy bills. Removing the Energy Profits Levy would result in a tax loss of £6 billion over the next decade, while failing to cut bills, stimulate growth, or increase energy security. The windfall tax should be retained and the money used to grow renewable energy supply chains, support retraining of energy workers, and insulate homes.

FINANCIAL REGULATION

The Chancellor will shortly be publishing new remit letters for the UK's financial regulators. Last year, we welcomed HMT's regulatory remit letters for the Financial Policy Committee, Monetary Policy Committee, Prudential Regulation Authority and Financial Conduct Authority, which renewed a focus on environmental issues.

It is imperative that this year's letters maintain that focus to ensure that the financial system is aligning with the government's environmental ambitions – something which is still not happening.

There is a need for renewed scrutiny of the regulator's work, especially so in last year's Financial Policy Committee (FPC) letter, which instructed the FPC to consider the materiality of nature-related financial risks for its primary objective of financial stability. There has been no substantive work from the FPC on this matter in the last year.

More broadly, the government must move quickly following its consultation on climate transition planning, deliver on its manifesto commitment to make those plans mandatory, and avoid further uncertainty for business.

AGRICULTURE

Farmers feel under significant pressure, with tax policy changes compounding concerns they will be undercut by trade deals, and the pressure to produce at low cost while input prices have risen significantly. Farmers and rural communities also feel the impacts of climate change and nature loss first hand as droughts and flooding threaten their profitability and national food security.

To address these concerns, improve farm profitability and rebuild confidence in the sector, while tackling climate change, restoring nature, and ensuring the UK's long-term nutrition security, Government should take action to:

- Introduce Core Environmental Standards to ensure all food sold in the UK meets a shared set of minimum environmental criteria, whether produced in the UK or imported.
- Create incentives for farmers to adopt low-carbon fertilisers, enabling savings of £60 per hectare, and reducing greenhouse gas emissions by 80% per kilogram of fertiliser use.
- Publish the Food Strategy, Environment Improvement Plan, Land Use Framework and Farming Roadmap, with an holistic vision for the food system. This should be grounded in nature friendly farming practices that ensure nutritional security, tackle climate change, restore nature, and rebuild confidence in the sector.



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FISCAL ARCHITECTURE

In opposition, Labour's [Make Britain a Clean Energy Super Power](#) mission document promised to introduce a "Net Zero and Nature Test on all government spending", to:

- help ensure that fiscal policy unlocks the economic opportunities of the transition,
- send clear signals to crowd in private investment, and
- mitigate climate and nature risks to the UK's financial stability.

Importantly, a Net Zero Test would not stop Government delivering priorities with carbon and environmental implications, but it would enable these implications to be mitigated elsewhere in a fiscal package.

A Net Zero Test should be applied to this budget and all future fiscal events.

SUGGESTED PARLIAMENTARY QUESTIONS

If any of the issues above are of interest to you, it would be helpful if you could table a parliamentary question. The below are a few suggestions:

- Can the Chancellor outline how the Budget ensures households and businesses will be better off financially through policies that advance the UK's net zero and nature objectives?
- Will the Chancellor commit to publishing analysis of the projected carbon and environmental impacts of the fiscal package to demonstrate transparency of decision-making and show how fiscal choices can help get the UK on track for net zero.
- Can the Chancellor update the House on how the Bank of England has, over the past year, supported the Government's transition to a climate-resilient, nature-positive and net zero economy?
- Will the Chancellor reaffirm her commitment to building a climate resilient, nature positive and net zero economy by explicitly including these priorities in her next remit letters to the Bank of England and FCA.