

Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
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Rt Hon Ed Miliband MP
Secretary of State
Department for Energy Security and Net Zero
55 Whitehall
London
SW1A 2HP

23 May 2025

Dear Chancellor and Secretary of State,

The Government has made early and welcome progress on industrial decarbonisation. The announcement of £21.7 billion last year to support carbon capture clusters and recent Financial Close for Eni's Liverpool Bay CCS Projects, as well as Net Zero Teesside Power and the Northern Endurance Partnership, provides hope to industries in those regions. The forthcoming Spending Review offers an opportunity for the Government to build on this early success.

As associations, unions, academics and companies representing a wide range of manufacturing businesses and workers, as well as the energy sector, we are calling on the Government to announce further support for carbon capture and hydrogen projects at the Spending Review. It is vital that we decarbonise, not deindustrialise the UK's industrial heartlands.

The UK has made substantial progress in reducing emissions over recent years, but the hardest sections of industry are still to come – and it is imperative industry is provided with a route to decarbonise in a way that protects jobs, our international competitiveness, and of course, economic growth. We very much welcome the fact that the Government recognised the potential of reviving British manufacturing and bringing jobs and investment forward in the country's industrial heartlands in its Plan for Change.

We have all seen recent reports about the huge pressures facing British foundational industries. The challenges facing British steel are well documented, and the loss of hundreds of jobs at Grangemouth refinery is a warning shot for both industry and Government alike. In an age of such global volatility and uncertainty, we cannot afford to lose capabilities such as the domestic production of steel, cement, refining and low-carbon fuels. To do so would undermine the Government's economic efforts and targets like building 1.5 million homes over this Parliament, as well as threaten Britain's energy and product security.

Many foundational industries have ambitious plans for the future – plans which will allow them to continue operating through the energy transition, while protecting jobs and the communities which have built up around industrial clusters. They stand ready to invest in clean energy technologies and ensure the Government is supported in its mission to make Britain a clean energy superpower.

They need support, however, to make this investment a reality. Many industries need access to low-carbon hydrogen or carbon capture to fully decarbonise. While the funding envelope provided last October was a hugely welcome start, we are now calling on the Government to go further and announce – at the Spending Review – funding support for the most mature clusters and projects in Track 2, Track-1 expansion and other clusters along the same timescales. Selection of emitter projects, including projects that can provide industry with low-carbon hydrogen, and a clear timetable for economic licence negotiations would also reassure investors that Government remains committed to delivering on its CCUS ambitions.

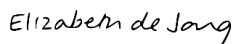
We hope that industrial decarbonisation is given the same focus and support as achieving Clean Power by 2030. Both are vital. The Government has rightly stated that it wants to work in partnership with private sector investors to deliver both economic growth and the energy transition. Investment is waiting to be brought forward, and we hope that in the coming months, the Government will provide the support needed to do so.

Yours sincerely,

Trade Associations and Trade Unions



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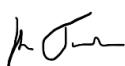
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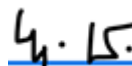
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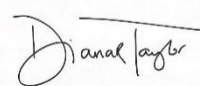
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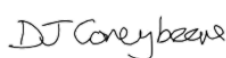
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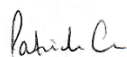
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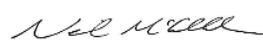
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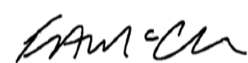
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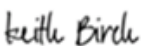
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