



Sector

By Maya Derrick

March 06, 2024 7 mins



Chancellor Jeremy Hunt Called the Budget one for Long-Term Growth

The Spring Budget sets out changes for the year ahead. Here, executives weigh in on how announcements will impact the energy industry and their customers

Acting as a roadmap for the year ahead, the UK's 2024 Spring Budget highlights recent challenges — such as the pandemic, inflation and rising energy costs — and how the government plans to set out and tackle them.

One pivotal focal point is the state of the energy landscape both in the UK and how that impacts the industry on a global level. As with the many other sectors under scrutiny during the address, climate change concerns and the ever more pressing need for sustainable energy solutions has driven the government to unveil a blueprint poised to shape the nation's energy trajectory.

The Budget is a statement made to the House of Commons by the Chancellor of the Exchequer, currently **Jeremy Hunt**, on the nation's finances and the Government's proposals for changes to taxation. It gives a pivotal insight into the state of the economy ahead of the upcoming election later this year.

There have been a number of announcements that will have an impact on the energy sector and its partners and customers — with Hunt's opening remarks showcasing how the UK economy has dealt with the energy crisis caused by war in Europe.

He said: "We can now help families not just with cost of living support but with permanent cuts in taxation", calling the 2024 Budget one "for long term growth".

Energy-centric highlights from the 2024 Spring Budget

- Extension to the windfall tax on the profits of North Sea oil and gas companies totalling a year. This is expected to raise £1.5bn (US\$1.9bn). The tax was first introduced in May 2022 following Russia's full-scale invasion of Ukraine, which sent gas prices soaring. Despite being due to end in March 2028, it will now continue into 2029.
- The government will spend £160m (US\$204) on two nuclear sites, one on Anglesey in north Wales and a second in South Gloucestershire.
- £120m (US\$153m) has been allocated for green industries to develop technologies, such as offshore windfarms and carbon capture and storage projects.

What do energy leaders and other industry professionals have to say following the Spring Budget?

The Association for Renewable Energy and Clean Technology (REA) has shared its disappointment with the measures outlined in the Spring Budget. The association stresses the need for broader support for the UK's transition to a net zero economy.

Frank Gordon, Director of Policy at REA said: "This is a political budget above all that does not reflect the urgency of net zero and while we welcome the CfD budget announced alongside the Spring Statement today and extension of the windfall tax on oil and gas excess profits, this is disappointing overall.

"In particular, the Chancellor had promised the sector a response to the US investment in green supply chains and manufacturing at the last fiscal event and to see very little once again on how we can ensure the UK does not miss out on the vital green jobs and investment up for grabs is very disappointing."

Anthony Ainsworth, Chief Operating Officer at **npower Business Solutions** — which is powered by **E.ON** — said: "For business energy users, there was little new information to take from today's announcements. While it is undoubtedly welcome that the government is intending to extend full expensing — where businesses get tax breaks when investing in major assets, such as plant and machinery that reduce emissions — to leased assets, crucially he said that this would only be possible 'when it is affordable to do so'. With no definite timeline, it will be difficult for businesses to plan.

“Business energy users who had been asking for measures such as a reduction in VAT for public EV charging, increased incentives for energy efficiency, and sector roadmaps for net zero, will have been left disappointed.

“In this crucial election year, it is vital that the voice of business is heard. And, while some measures announced today will be welcome, there is still the feeling that more could have been done to support businesses, particularly when it comes to sustainability investments.”

This sentiment is echoed by **Keith Fenner**, SVP and GM EMEA at leading GRC SaaS company **Diligent**.

With the announcement that the UK government will invest £120 million (US\$152.7m) more to the Green Industries Growth Accelerator in line with the **CBI**’s call for the UK government to double down on support for green industries and commit to developing a Net Zero Investment Plan, Fenner calls for further clarity on the government’s sustainability commitments, which he advocates is needed to help business leaders to comply with the ESG reporting requirements that will follow.

“Greater clarity from the UK government on net zero plans is needed for businesses to embrace innovation, carefully manage transition risks and become confident in meeting the country’s sustainability goals,” he said.

“The mission to reach net zero by 2050 means it is critical that organisations of all sizes focus on ESG. It’s important to remember that the government has set goals not guidance, so the pressure is on to meet them.

“This transition to a low-carbon economy presents both exhilarating opportunities and daunting challenges for business leaders and boards.”

Construction giant **Turner & Townsend**’s Director and Head of UK Natural Resources **Alan Sinclair** also gave his two cents on the Budget, stating it is clear that investment in clean energy and natural resources remain a key part of the government’s growth and energy security strategies.

“Nuclear power, both traditional and small modular reactors, received welcome attention, bringing confidence that support for the sector will remain strong,” he added. “Our sector must work closely with ministers to advise on where support is needed — providing clear roadmaps for the shifts to net zero and de-risking private investment in the industry.

“In an election year, the importance of overall policy consistency is even more critical to maintain confidence and momentum in these sectors.”

Over at law firm **McDermott Will & Emery**, Partner **Shah Jahan Khandokar** highlighted the significance of Prime Minister Rishi Sunak’s announcement of plans to introduce a revenue certainty mechanism for the sustainable aviation fuel industry.

“This will encourage investment in the manner the renewable energy industry was buoyed by the same type of mechanism, especially as this is an area with cross-party support so is unlikely to be affected by a change in Government,” he shared. !The capital investment requirements of such projects would result in many, many jobs across the supply chain and be a boost for the UK’s energy transition goals.

“The extension of the energy profits levy is in itself is good news for consumers. Eyes will be on the next government to see if the energy profits levy remains in place, but if the existing tax relief remains favourable to producers.”

Make sure you check out the latest edition of *Energy Digital Magazine* and also sign up to our global conference series - *Sustainability LIVE 2024*.

Energy Digital is a *BizClik* brand.

ENERGY BUDGET NET ZERO DECARBONISATION

SHARE

in







SHARE

in







AUTHOR

Maya Derrick >

RELATEDCONTENT

Top 10: Cloud Providers to the Energy Industry

Technology & AI



Transforming Customer Satisfaction in the Utilities Industry