

Craig Mackinlay MP
House of Commons
London
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8 August 2021

Dear Mr Mackinlay,

I am writing to draw your attention to inaccurate and misleading claims in your recent writings about the UK's target for net zero annual emissions of greenhouse gases in 2050, particularly your blog for the Conservative Home website on 16 July 2021 and your article on 'What will Net Zero cost?' in the August/September 2021 issue of 'The Critic'.

For instance, your article for the Conservative Home website on 16 July 2021 states:

"The CCC is a significant player in the political debate around Net Zero, often explicitly directing Government policy, while being totally unelected and unaccountable. Mainstream media regurgitates its words sagely with little space offered to those who question its assumptions.

"More recently, it has come up with a new estimate for the cost of Net Zero that details £1.4 trillion of capital spending that will be required to meet it. The committee was keen not to publicise this mind-boggling number (over half of UK annual GDP or 35 times the annual defence budget for context), and so discounted it with a range of speculative benefits that may or may not materialise.

"The £1.4 trillion figure has finally been brought to public attention after the Office for Budget Responsibility (OBR) recycled the CCC figures for its fiscal risks report. The revelation that households are each facing a £50,000 bill over the next 30 years has caused, rightly, an awakening in the press. I am worried that the true cost could be much higher still."

This passage is full of inaccurate and misleading claims. The Climate Change Committee is not "unaccountable". Its role is set out in the Climate Change Act, indicating that it should, among other responsibilities, advise and be directed by the Secretary of State, as well as reporting annually to you and other Parliamentarians.

The Committee's advice on a net zero target was explicitly requested on 15 October 2018 in a letter by Rt Hon Claire Perry MP, Minister of State for Energy and Clean Growth, Roseanna Cunningham MSP, Cabinet Secretary for Environment, Climate Change And Land Reform in the Scottish Government, and Lesley Griffiths AM, Cabinet Secretary for Energy, Planning & Rural Affairs in the Welsh Government. The Committee published its advice on 2 May 2019. The amendment to the Climate Change Act to include the net zero target was approved by Parliament on 24 June 2019. As you know, you and other Conservative MPs were elected

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in December 2019 on a manifesto that stated: "We will lead the global fight against climate change by delivering on our world-leading target of Net Zero greenhouse gas emissions by 2050, as advised by the independent Committee on Climate Change".

Contrary to your claim, the Committee did not estimate that £1.4 trillion is the cost of reaching the statutory target of reducing annual emissions of greenhouse gases to net zero by 2050. The Committee's report in May 2019, which I am sure you read closely, states that its "central estimate is that a net-zero GHG target could be met at an annual resource cost of around 1.3% of GDP in 2050". This would be equivalent to about £50.7 billion assuming that UK GDP reaches £3.902 trillion in 2050. It noted that uncertainties relating to the estimate mean "it is not sensible to be overly precise in reporting cost estimates (e.g. we emphasise our estimate of 1 – 2% of GDP, rather than our central estimate of 1.3%). However, provided policy is developed in an effective and timely manner, there appears to be more opportunity for upside of lower costs than downside risk of higher costs."

The Committee updated its estimates of the investment costs and savings in reaching net zero emissions in its advice on the Sixth Carbon Budget, which was published on 9 December 2020. It states:

"In our Balanced Net Zero Pathway, this in-year capital investment ramps up significantly during the 2020s and early 2030s from around £10 billion in 2020 to around £50 billion by 2030.

"It remains at approximately this level or slightly above until 2050 (Figure 5.1). By comparison, Gross Fixed Capital Formation in the UK in 2019 was approximately £390 billion (17% of GDP).

"We have not explicitly modelled in-year capital investment post-2050, but it is likely that it will decrease as costs of low-carbon technologies continue to fall and as capital replacements can be deployed more cheaply than the projects they replace."

The report also states: "Our analysis indicates that the annualised resource cost of reducing GHG emissions to Net Zero would rise towards 0.6% of GDP by the early 2030s, remain at approximately this level through the 2030s and early 2040s, before falling to approximately 0.5% by 2050. Our scenarios demonstrate the potential for slightly higher or lower costs, all around 1% of GDP or less."

However, the report also points out: "Much of the investment spending can be recouped through lower operating costs. These savings, many of which relate to reduced reliance on imported fossil fuels, will rise to around £35 billion by 2035 and £60 billion by 2050."

Figure 5.3 on page 250 of the report shows capital and investment costs and operating cost savings in the Committee's 'Balanced Net Zero Pathway', indicating that by 2050 the annual savings would exceed annual costs. Of course, as the Committee, explicitly notes, costs and savings would continue beyond 2050, and should be taken into account in any overall assessment of the total investments and savings arising from reaching net zero emissions by 2050. It should also be noted that these benefits do not include the avoided impacts of climate change and other gains from cuts in fossil fuel use, such as lower local air pollution.

The £1.4 trillion figure that you cited was actually calculated by the Office for Budgetary Responsibility and published in its 'Fiscal risks report' in July 2021. I encourage you to read the report carefully as you will see that your use of the £1.4 trillion figure has been extremely misleading. The report's conclusions states:

"Between now and 2050, the fiscal costs of reducing net emissions to zero in the UK could be significant but not exceptional. The CCC puts the cumulative 30-year investment cost for the whole economy, plus the operating costs of removals, at £1.4 trillion in real terms, with our

central variant assuming that the Government picks up around a quarter of that cost. When combined with savings from more energy-efficient buildings and vehicles, the net cost to the state is £344 billion in real terms. But spread across three decades, this represents an average of just 0.4 per cent of GDP in additional public spending each year. Factoring in the costs of lost fuel duty and other emissions-related revenues, and the fiscal impact of a modestly smaller economy, partly offset by the yield from taxing carbon more heavily, the fiscal impact of achieving net zero would add 21 per cent of GDP to public sector net debt in 2050-51 (£469 billion in today's terms). That would be somewhat less than the 23 per cent of GDP (£520 billion in today's terms) rise between 2019-20 and 2021-22 that we expect as a result of the pandemic."

It is clear that the £1.4 trillion figure was a gross investment figure for the period between 2020 and 2050 and did not include the significant savings from reduced imports of fossil fuels. Indeed, if the period beyond 2050 is included, it is likely that the cumulative savings would eventually exceed the cumulative investment costs, even without accounting for the considerable benefits from avoided climate change impacts and other gains, such as lower local air pollution. Hence it was extremely misleading for you to describe in your article for Conservative Home the cost of reaching net zero as equivalent to "over half of UK annual GDP".

I understand from media reports that you are now leading a new 'Net Zero Scrutiny Group' of MPs, which will be supported by the Global Warming Policy Foundation, a campaign organisation that lobbies against policies to reduce greenhouse gas emissions from fossil fuel use. As I am sure you know, the Foundation has a track record of promoting inaccurate and misleading information about climate change, and was sanctioned by the Charity Commission in 2014 for its activities.. I encourage you to draw on more credible and authoritative sources of information, such as the Climate Change Committee.

Finally, I have noticed that you seem reluctant to acknowledge the large and growing costs of climate change to your constituents in Thanet South and other people across the UK. Thanet South is already suffering the impacts of climate change, including higher risk of coastal flooding from sea level rise, higher risk of river and surface water flooding due to more intense rainfall, and higher risks of damage to lives and livelihoods from heatwaves, which are growing in severity and frequency.

The Government has recognised some of these risks to your constituents and other people across England. For instance, on 29 July, the Department for Environment, Food and Rural Affairs published its 'Flood and coastal erosion risk management: An investment plan for 2021 to 2027'. It states: "The amount invested in the new 6-year investment programme in England has doubled to £5.2 billion for 2021 to 2027. This will better protect 336,000 properties and is forecast to reduce national flood risk by up to 11% by 2027. It will help to avoid £32 billion of wider economic damages. The programme will invest in around 2,000 new defence schemes."

The Introduction to the document makes explicitly clear that climate change is increasing the risks of flooding, requiring higher investments in resilience:

"Flooding and coastal erosion can be devastating. As well as the potential for loss of life and damage to property, they can impact our businesses and livelihoods, and affect our health and wellbeing. The risks we face are significant and continue to grow. Climate change is leading to rising sea levels and warmer and wetter winters, together with an increase in the frequency and intensity of extreme events such as heavy rainfall, coastal erosion and landslips."

I see from your website that you welcomed that £6.5 million of the investment has been earmarked to protect 913 homes in Thanet. However, you omitted any acknowledgement that flooding is increasing the risk of flooding in Thanet. It is not clear whether you are simply not aware of the growing risks of climate change to your constituents, or are not keen for them to hear from you about these escalating costs.

In summary, I hope you will be more careful about the accuracy of the information you promote in the media about the costs and benefits of achieving the statutory target of net zero emissions of greenhouse gases by 2050, and start to draw on more reputable and authoritative sources of information, such as the Climate Change Committee,. I would be very happy to support any efforts you may wish to make to become better informed about these issues.

Yours sincerely,

A handwritten signature in black ink that reads "R.E.J. Ward". The letters are cursive and connected, with a large, sweeping "W" at the end.

Bob Ward
Policy and Communications Director

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