ClearBridge
A Franklin Templeton Company

U.K. Autumn Budget Is Infrastructure Friendly

5 December 2025

Key Takeaways

- The November U.K. Budget features no major changes to regulatory frameworks and offers continued support in terms of pipeline visibility and policy direction, a positive for infrastructure investors.
- The North Sea Future Plan and Warm Homes Plan continue policy support for the energy transition, which is supportive for listed renewables and networks.
- The budget also includes pay-per-mile road charging for EVs beginning in 2028; toll road companies with U.K. exposure should benefit on the margin.

Continued Policy Endorsement for the Energy Transition

For infrastructure investors, while the November U.K. Budget (known locally as the Autumn Statement) is largely neutral on near-term earnings, it offers welcome support in terms of pipeline visibility and policy direction. Overall, it features no major changes to regulatory frameworks — the bigger determinants for networks remain price control reviews by the regulators (Ofgem/Ofwat) and the allowed weighted average cost of capital (WACC) assumptions in a higher-rate world — and continues the U.K.'s endorsement for the energy transition, to the benefit of renewables and regulated utilities.

Key budget measures relevant to infrastructure include protection out to 2029-30 for capital budgets for infrastructure, which were set in the June Spending Review and 10-Year Infrastructure Strategy, avoiding the sort of capex cuts seen in prior consolidations.

Its North Sea Future Plan and Warm Homes Plan continue policy support for the energy transition. For example, the temporary Energy Profits Levy has been replaced with a permanent Oil and Gas Profits Mechanism — a 35% revenue-based tax above specified oil and gas price thresholds. This cements a high-tax regime for oil and gas in the North Sea basin and should accelerate the pivot to renewables. The North Sea Future Plan further frames the role of offshore wind, carbon capture, utilisation and storage (CCUS), hydrogen and associated infrastructure there as explicitly strategic.

The Warm Homes Plan and other measures to reduce electricity bills are also likely to keep political support for renewables strong, even if there is pressure on how costs are socialised.

Policy remains directionally supportive, then, for electricity transmission and distribution companies connecting renewables and reinforcing the grid, gas networks where repurposing and fitting hydrogen is relevant and water utilities through their ongoing environmental and resilience capex.

The budget also includes pay-per-mile road charging for EVs beginning in 2028, which should make road funding more sustainable; toll road companies with U.K. exposure should benefit from this more stable fiscal backdrop.

While near-term performance should be more a function of bond yields, power prices and project-level execution, our positioning takeaways are that the budget is incrementally positive for renewables and renewable-adjacent utilities, and we continue to see listed infrastructure as a strong beneficiary of U.K. policy.

About the Author

Nick Langley

Managing Director, Head of Real Assets, Portfolio Manager

- 30 years of investment industry experience
- Joined firm in 2006
- Bachelor of Commerce from the University of Auckland
- Bachelor of Laws from the University of Auckland

ClearBridge Investments
ClearBridgeInvestments.com.au