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# Study: UK clean tech sector secures 'record-breaking' investment

**Amber Rolt**

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**But new analysis from Cleantech for UK confirms country is lagging behind rivals when it comes to deployment and is facing increasing competition from overseas**

The UK is emerging as a leading market for clean tech globally, with investment in the sector reaching a record £2.8bn last year. But the country remains at risk of falling behind the US, China, and the EU unless “significant policy measures” are adopted to support the deployment of clean technologies.

That is the headline conclusion from investor-backed Cleantech for UK’s first annual report, which has sought to take the temperature of the UK’s cleantech ecosystem through a combination of investment and deployment data and input from more than 70 clean tech experts.

According to the report, the UK saw a doubling of investment in the sector in 2022 compared to the period between 2019 and 2020, with investment in clean energy and transport driving much of the recent growth.

Sarah Mackintosh, director at Cleantech for UK and lead writer of the report, said the UK’s “vibrant” cleantech ecosystem was continuing to expand, but she warned many promising clean tech start ups were still struggling to scale.

“Stronger market signals and more growth-stage investment [are needed] to impactfully deploy these technologies,” she said. “The total number of late-stage deals is on average only 30 per cent the number of early-stage deals, whereas the global average is closer to 50 per cent”

"By addressing the current uncertainties about demand, the needs of companies and projects ready to scale, and by building up the UK's industrial base, we believe the UK can maintain its competitiveness as a frontrunner of cleantech innovation."

Cleantech for UK was launched in February this year by a coalition of venture capital funds with the aim to better co-ordinate support for the next generation of UK clean tech firms.

Backed by Bill Gates' Breakthrough Energy investment vehicle and analyst firm Cleantech Group, founding members of the coalition include Imperial College London's clean tech accelerator Undaunted, clean tech venture capital investors Kiko Ventures, Breakthrough Energy Ventures, Clean Growth Fund, climate-led investor Just Climate, and alternative asset platform Legal & General Capital.

Jamie Vollbracht, founding partner of Kiko Ventures, celebrated the fact that the UK has made "major strides" in some areas of clean tech, most notably in the decarbonisation of electricity and the development of an "active innovation scene".

However, he warned that without "significant policy changes" the UK risks being left behind as the US, China, and EU all move to ramp up investment in both proven and early stage clean technologies.

"The US's commitment to climate change - through the Inflation Reduction Act - is immense," he said. "China has impressive industrial policy, for example in solar and more recently battery and EV technology. To match the US IRA act, the UK would need to spend at least £33bn. These are daunting sums and we are not suggesting it is the only way for the UK to remain competitive but this underlines the challenge the UK is facing and the potential opportunity if it gets it right."

To fulfil legally binding climate targets and maintain a competitive advantage in the face of increased global ambition, Cleantech for UK stressed that the UK government needs to "empower its next generation of clean tech champions".

While investment trends in the sector remained positive, the report also warned that the UK's "excellent" research and development base had not yet been translated into lasting results in terms of creating clean tech companies at scale.

Overall it stressed that policy consistency, long term signals on public funding and international collaboration will be key to achieving the UK's climate goals, with the bonus of helping the UK to level up and maximise the economic benefits from the innovation that the country is already producing.

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