

ClimateTech APPG Evidence Session: Built Environment

Session Notes



Format: Presentations from Firms with Q&A
Date: Monday 31st March
Time: 16.00-17.30
Venue: Room P, Portcullis House, 1 Victoria Embankment, London SW1A 2JR

Chair/Facilitator: Charlie Mercer

Objective:

For members of the ClimateTech APPG to hear from entrepreneurs developing technology to accelerate the decarbonisation of buildings and homes across the UK; to assess the challenges limiting their growth; and to define the role of Government in unlocking scale.

Context:

In order to reach net zero, we need to reduce the environmental impact of buildings in the UK. Today, the greenhouse gas emissions of the built environment constitutes 20% of the total emissions we produce in the UK annually. Successive UK Governments have failed to produce a credible plan to decarbonise this sector, with successive governments falling short with unambitious, complex, and ever-changing policies.

The Labour Government plans to accelerate housebuilding to fuel economic growth, but under current plans we do not have the carbon budget to deliver these homes in a way that is compatible with our net zero goals. This is a huge challenge, and has led to the growth of a highly innovative built environment startup sector developing cutting edge solutions across the construction and building use supply chain.

In 2023, the UK was home to a £878m built environment ClimateTech sector, employing over 2,500 people across the UK and contributing 12% of all ClimateTech exits over the last 14 years. Startup Coalition wants to put this high-growth, high-impact sector at the heart of the Government's Warm Homes plan, and wants to shine a light on the opportunities to unlock decarbonisation and economic growth through ClimateTechs in this sector. In October 2024, Startup Coalition published a [Built Different report](#), outlining steps to accelerate the growth of this sector.

Attendees:

- Steve Race MP (Chair)
- Lord Graham Evans
- Lord Ben Gascoigne
- Lord John Russell
- Startup Coalition - Charlie Mercer, Policy Director
- [AirEx](#) - Agnes Czako, Co-Founder & CEO & Joe McMullen, Co-Founder & COO
- [Wondrwall](#) - Daniel Burton, CEO & Founder & Mark Lufkin, Sales Director
- [Furbnow](#) - Becky Lane, Co-founder and CEO
- Innovate UK - Dr Mike Pitts, Head of the Net Zero Heat programme & Deputy Challenge Director for Transforming Construction.
- [Kestrix](#) - Lucy Lyons, Co-founder and CEO
- [Switchee](#) - Tom Robins, CEO
- [Mixergy](#) - Andrew Keating, CCO

- [Checkatrade](#) - Benjamin Bell, VP of Corporate Affairs
- TechUK - Laura Packham

Minutes

- The meeting was brought to order and opened at 16.00.
- After introductions from the Chair and the Secretariat, the evidence session was held under the Chatham House rule.
- The following minutes capture the key topics covered.

Framing retrofit as an economic opportunity

- The sector represents a growth opportunity for UK PLC as it features dozens of startups developing innovative technologies that could be deployed across the country and exported beyond.
- Retrofitting a home is not just better for the planet but better for occupants, such as through direct reductions to energy bills and increasing health outcomes of occupants.

The blocking role of standards bodies

- The Government has recently focused on the opportunity to accelerate growth through challenging the attitudes and behaviours of Quangos and Arms-Length Bodies, but little to no attention has been paid to the role of standards bodies like the BRE and BSI.
- As has been demonstrated by the experience of some firms, standards such as PAS2035 are opaque, inflexible and inaccessible for innovators. There is an opportunity for the Government to challenge some of these standards to unlock growth.

We need to get new builds right

- It is more expensive, more disruptive, and less efficient to retrofit a home compared to building it well in the first place.
- It is therefore vital that we get the New Homes and Building Standard right, and that it is introduced as soon as possible.
- This standard must incorporate the best technologies to optimise efficiency.

There is an incentives gap with retrofit

- At present, households do not value retrofitting their homes in part because the investment does not pay off in the value of the home - we need to account for efficiency in the house price/rent.
- Alternatively, we need retrofit investment to be borne by future occupants, as much as those at the time of installation.

There is a finance gap with retrofit

- We need more innovative financing options to fund retrofitting, including through asset-linked finance.
- Some of the international comparisons given by firms included Germany, Ireland, France, who range from offering partial subsidy to retrofit services, to a retrofit one stop shop.

There is a regulatory barrier to retrofit

- Energy Performance Certificates need reform, but it is critical that the underlying methodologies function. In terms of EPC reform, some colleagues emphasised the need for the new metrics to recognise "smart" readiness of homes.

- Today, EPCs are arbitrary, and rely on manual calculation that is error-prone. Ideally, under the Home Energy Model, we should see an outcomes-oriented methodology that utilises best in class technology to optimise accuracy. Attendees made the key point that the HEM should aim to record the "truth", not a "proxy for the truth".

The retrofit challenge could become a skills challenge

- Whilst the above opportunities will unlock barriers to growth for retrofit startups, to get technology into homes, we will need skilled professionals. There is a risk that we do not have enough of them.
- Please let me know if you feel like I've missed anything and many thanks again for joining the session.