

# ClimateTech Index

1000 UK Startups Combatting  
Climate Change

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STARTUP  
C\*ALITION

 Beauhurst

## Authors

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## About Startup Coalition

Startup Coalition, formerly the Coalition for a Digital Economy (Coadec), is an independent advocacy group that serves as the policy voice for Britain's technology-led startups and scaleups.

Startup Coalition was founded in 2010 by Mike Butcher, former Editor-at-Large of technology news publisher TechCrunch, and Jeff Lynn, Chairman and Co-Founder of online investment platform Seedrs. Startup Coalition works across a broad range of policy areas that matter the most to startups and scaleups: access to talent, access to finance & regulation.

## Acknowledgements

Many thanks to Beauhurst for supplying the data underpinning this Index. Many thanks also to the Index startups that are profiled in this report and for the hundreds of firms engaged in Startup Coalition's ClimateTech advocacy.

## About Beauhurst

Beauhurst is the ultimate private company data platform. They source, extract and package data from thousands of locations to create the best source of information on the UK's companies, the investors that back them, and the people that run them. Whether you're interested in early-stage startups or established companies, they've got you covered. Our platform is trusted by thousands of business professionals to help them find, research and monitor the UK's business landscape. For more information and a free demonstration, [visit beauhurst.com](https://beauhurst.com).

# Policymaker Foreword

When the first of these Indexes was published, the political weather around climate was settled. A 2050 target sat in law, backed across the benches, and the argument was largely about pace. That settlement has frayed: the cross-party consensus is broken, and the case for climate action is being re-litigated in public. I think that makes a report like this one more important, not less, because it moves the argument onto the ground where it is strongest: not obligation, but opportunity.



I come at this not as a cheerleader for the Government of the day, but from a career spent on the other side of the table. Before this place, I worked in renewable energy and in carbon finance, backing clean cooking and solar projects, and helping businesses cut their emissions. I have seen, up close, both the brilliance of these companies and the brutal gap between a promising technology and a deployed one. So when the numbers in this Index are good, I believe them. And when the warning lights are flashing, I take them seriously.

The headline is genuinely something to be proud of. The UK's thousand best-funded ClimateTechs are now worth £42bn, have raised £22bn, and employ more than 24,000 people, most of them outside London. Across the UK, from the windy Highlands to the beautiful Dorset coast, British innovators are building world-leading technologies of a low carbon future.

But I will not pretend the picture is uncomplicated, because the report does not. Some sectors and regions are growing faster than others, and not just because of raw market forces. Policy is materially impacting the ability of ClimateTech entrepreneurs to scale in the UK. Nowhere is this more pronounced than the late stage funding cliff, which the ClimateTech APPG has spoken extensively about.

This Index also shows grant funding falling off a precipice after the Net Zero Innovation Portfolio was not renewed. Grants are not a handout; they are seed-corn that de-risks private money, and the evidence here is that every pound granted pulled in several more. Cutting them is not a saving. It is a false economy that pushes our best firms towards the valley of death, or towards overseas buyers.

None of this is a counsel of despair. It is a call to go further and faster, which is what I have always asked of the Government and will keep asking. Through the ClimateTech APPG, I want us to be a place where founders, investors and policymakers of every party can be honest about what is working and blunt about what is not. The ingredients are all here. Our job now is to back the people building with them.

**Edward Morello MP, Chair of the All-Party Parliamentary Group on ClimateTech**

# Industry Foreword

We are living through a technologically transformative age powered by the rise of ClimateTech. In 2025, global investment in the energy transition and clean technology reached a record \$2.4 trillion, double the amount spent on fossil fuels. Renewables overtook coal as the world's largest source of electricity. Electricity itself has become the single largest supplier of useful energy on earth, overtaking every other fuel or carrier. We are witnessing a structural shift in the foundation of the global economy.



This shift stems from the economic promise of climate technologies. These solutions are now the cheapest source of new electricity almost everywhere, and the gap is widening. Nations and companies that lead in building and harnessing these technologies hold a decisive structural advantage in competitiveness, resilience and security. Pakistan, for example, has become the third largest importer of solar panels globally not because of policy or mandates, but to get access to cheap, reliable energy quickly independent from the grid and centralised supply. The question is no longer whether this transition will happen, but who will capture the industries, jobs and wealth it creates.

Britain is extraordinarily well positioned to answer that question. The ClimateTech Index demonstrates why. The UK's 1,000 best-funded climate technology startups have raised £22 billion, are collectively valued at £42 billion, and employ more than 24,000 people. Funding rose 17% year-on-year between 2024 and 2025. Exits continue to climb. New cohorts of companies are forming around the decarbonisation of data centres and the efficiency of the built environment, responding in real time to the demands of the AI-enabled economy. These are not speculative bets. They are businesses generating revenue, creating high-skilled jobs in every region of the country, and attracting global capital.

Yet the warning signs in this Index deserve attention. Record firm failures, a collapse in grant funding following the end of programmatic support, and a persistent valley of death at the Series A to B boundary all threaten to undermine a sector that should be accelerating. The UK has built something remarkable. The task now is to ensure these companies can scale here, not just start here.

At 2150, we invest in companies that sustainably reimagine and reshape the urban environment. We see through our own portfolio how the UK remains fertile ground for climate technology entrepreneurs solving the world's most pressing energy and industrial challenges. We are proud of our continued partnership with The Startup Coalition to showcase the UK's incredible, growing ClimateTech ecosystem.

This Index is both a celebration and a challenge. The UK has the entrepreneurs, the science, and the capital networks. This foundation of ClimateTech businesses and investment can accelerate the country's future success. Policymakers must act with long-term ambition, free from short-term politics, and affirm a structural, long-term backing that matches the promise of this sector.

**Christian Hernandez, Partner & Co-Founder at 2150**

# Executive Summary

Britain's 1,000 best-funded ClimateTechs have raised £22bn, are worth £42bn and employ more than 24,000 people. They are businesses that, yes, will shift the economy away from fossil fuels, draughty homes, and inefficient production and towards net zero. But more importantly, they are businesses that represent economic opportunity. As the old Westminster consensus around net zero fragments, the economic viability of the most valuable "ClimateTechs" has not.

Funding rose 17% year on year between 2024 and 2025, exits continue to climb, and the cohort sits within a wider net zero economy valued at £105bn in gross value added and 1.1 million jobs. Britain remains one of the best places in the world to start, scale and exit a ClimateTech company.

This year's Index examines that strength through three lenses. Energy is the first and most consequential: a single sector accounting for a third of the firms but roughly half the capital and value in the Index, a £10.5bn engine central to Clean Power 2030. The second is a newly forming cohort of firms decarbonising data centres, which have raised £262m combined and include a distinctive UK strength in waste-heat reuse. The third is grant funding, a core catalyst for early stage ClimateTech innovation.

Beneath the good news headlines, however, the warning lights are real. The number of Index firms failing hit record highs in both 2024 and 2025, with last year's failures having raised a combined £1.3bn between them. Across the Index, firms remain stuck at the Series A-B ceiling, the point at which promising technology should become deployed infrastructure. Grant funding, critical as it is, is down dramatically.

Three lessons follow for policymakers.

First, the UK Government must double down on EnergyTech as a national asset, backing generation, storage and flexibility to end the £1bn-a-year scandal of curtailed renewables, empowering Brits to take back control of their bills, and rewarding households that feed the system.

Second, policymakers must unlock market forces. One of the state's most valuable roles is to build their markets through outcomes-based subsidy, first-of-a-kind procurement and reform that lets price, not the order of the grid connection queue, allocate capacity.

Third, we must recognise that the funding cycle is fragile: early-stage grants seed the whole ecosystem and cuts there are systemic risks. Overall, the three points at which the state funds ClimateTech, grants, go-to-market subsidy and scaling capital, should be joined into a continuous escalator that hands the same strategic firms through the valley of death rather than each body optimising its own portfolio.

**It's time that the Labour Government took these firms for what they are: critical allies and compelling growth opportunities.**

# Introduction

For most of the past decade, the case for climate action in Britain was made in the language of obligation. Net zero was the right thing to do, a moral and environmental duty, owed to future generations and to the wider world, and that framing carried a rare cross-party consensus, enshrined in the 2050 target in law and sustained across seven governments.

**That values-based settlement has now frayed, and two of the five major political parties in Westminster have explicitly committed to moving away from Net Zero.**

But as the argument from obligation has weakened, a more durable case has moved to its centre. Mitigating climate change and adapting to its impacts are not simply virtuous but economically rational.

**The net-zero economy generates £105bn GVA with a £1.85 multiplier; its jobs are 48% more productive than the UK average.<sup>1</sup>**

The jobs the sector supports are around 48% more productive than the UK average, and the business base is overwhelmingly entrepreneurial: more than 96% of the 23,500 active net zero companies are small or medium sized businesses.

The ClimateTech Index represents firms at the high-tech vanguard of innovation in this part of the economy, or 1/23rd of the active net-zero company base identified in the data above. We produce this Index to look at the creme de la creme of ClimateTechs, namely the best-funded 1,000 firms in this ecosystem ever. For the last three years we have defined the cohort and then analysed their fundraising journeys, their interactions with grants, the number of jobs they provide, and a range of other core metrics that demonstrate their value to the British economy.

In this year's Index, we will dive into the data in three new ways: first, the EnergyTech sector; second, we will look at Index firms decarbonising data centres; and third, we will look at what is going on with grants.

**First and foremost, however, the Index continues to illustrate the sheer size and opportunity of ClimateTech innovation in the UK.**

**Spoiler alert, it's big.**

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[https://publish.cbi.org.uk/media/kblfoto5/cbi-economics-the-uk-net-zero-economy-in-2025.pdf?gator\\_td=MVTxeMmqKKFqd%2fpxY9NBKq%2bGSmMv4iEH%2bj8xPjBms4BECS1ViHS9nVdqVNLo3CN26gmKriyr58mJqmV%2bL7tcclz6IDN%2fxZzQXbOENKf9FHI%3d](https://publish.cbi.org.uk/media/kblfoto5/cbi-economics-the-uk-net-zero-economy-in-2025.pdf?gator_td=MVTxeMmqKKFqd%2fpxY9NBKq%2bGSmMv4iEH%2bj8xPjBms4BECS1ViHS9nVdqVNLo3CN26gmKriyr58mJqmV%2bL7tcclz6IDN%2fxZzQXbOENKf9FHI%3d)

# Our Findings

As always, the 1,000 startups and scaleups featured in this report include a wide range of technologies, sectors, and founder backgrounds. Our definition of ClimateTech covers any venture-funded business mitigating greenhouse gas (GHG) emissions, adapting to locked in climate change, or developing technology to support monitoring, verification and reporting on climate change. Fourteen sectors are represented in the Index, covering the entire economy, and every region of the country.

The minimum funds raised by a firm in the sample was by Tidal Energy hardware firm Neptune Renewable Energy, which raised £1.35m. Octopus Group continues to have raised more than any other firm in the sample, at over £1.2bn.

## Headlines

- At the end of 2025, the UK's ClimateTech best funded 1,000 ClimateTechs were worth at least **£42bn**.
- Combined, firms in the 2024 Index have raised **£22bn** and received **£1.3bn** in grant funding.
- **38** firms in the Index have raised more than £100m.
- **89%** of the funds raised by Index firms came in the form of equity finance.
- At the end of 2025, **more than 24,000 people worked** for ClimateTech startups in the Index.
- **18%** of firms in the Index had at least one female founder, with only **4%** founded solely by female founders.
- **119 of the 1,000 startups** in our Index were University Spinouts.
- **24%** of ClimateTech Index firms have previously attended an accelerator program.
- **118 of the 1,000** firms in our Index have exited, **with 167 having "failed"**.

## Reasons to be Cheerful

**The size of the sector:** the ClimateTech Index shows that the UK remains one of the best places in the world to start, scale and exit a ClimateTech startup. There was a 17% increase in annual total funds raised by firms in the Index between 2024 and 2025, and around 23% of the Index firms have been launched since 2020, raising over £3.5bn in funding already. At the other end of the spectrum, exits continue to rise, with 118 firms in the Index now having exited, 16 in 2024 and 13 in 2025. The headline value of the 2026 Index firms held at around £42bn.

**Some sectors continue to attract fresh capital and firms:** ClimateTechs in the water, nature-based solutions and industrial decarbonisation sectors all grew their footprint in the Index, while a brand-new green data centre cohort has begun to form, responding to the dramatic growth of the AI-enabled economy.

**The strength of the EnergyTech sector:** the UK is home to a £10.5bn energy startup sector decarbonising energy production, distribution and usage, employing over 9,600 people across the UK. These firms are critical to the Government's Clean Power 2030 mission, particularly as many are looking to increase efficiency, increase diversity of supply and lower household bills.

**ClimateTech for the masses:** ClimateTech firms are disproportionately exposed to geography, meaning founders need to be close to the hills, rivers and beaches of the UK. This leads to high-skilled jobs across the country; from the countryside to seaside towns; cities to the middle of nowhere. A majority of the funds raised by firms in the Index, grants secured, and jobs provided, are outside of London.

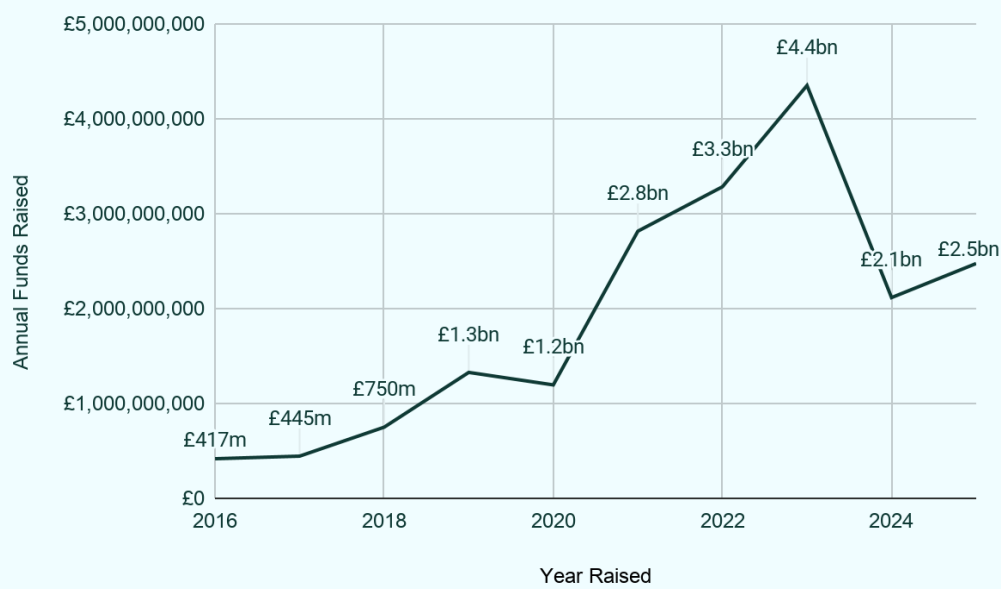


Figure 1, Annual investment in the ClimateTech Index over time (2016-2025)

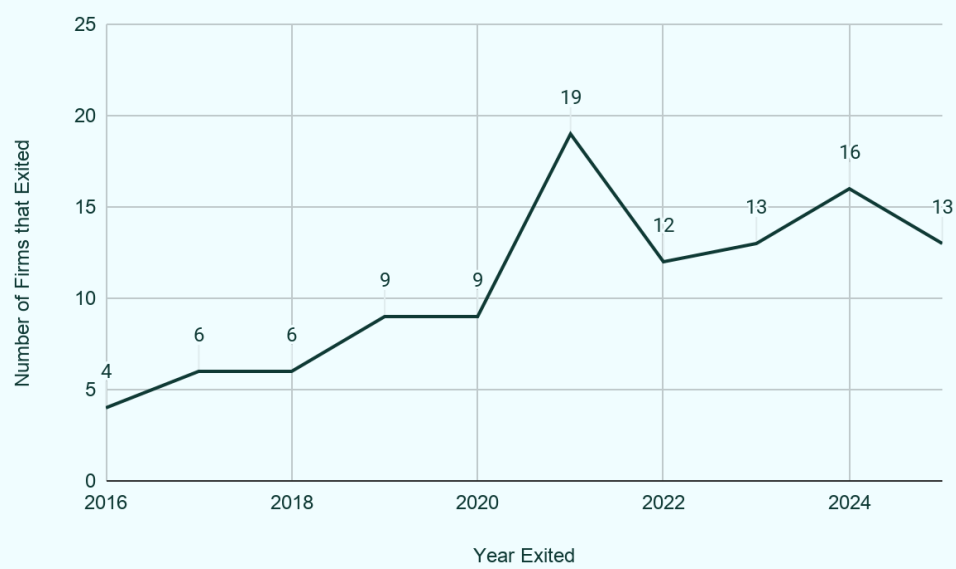


Figure 2, Exits by Index Firms by Year (2016-2025)

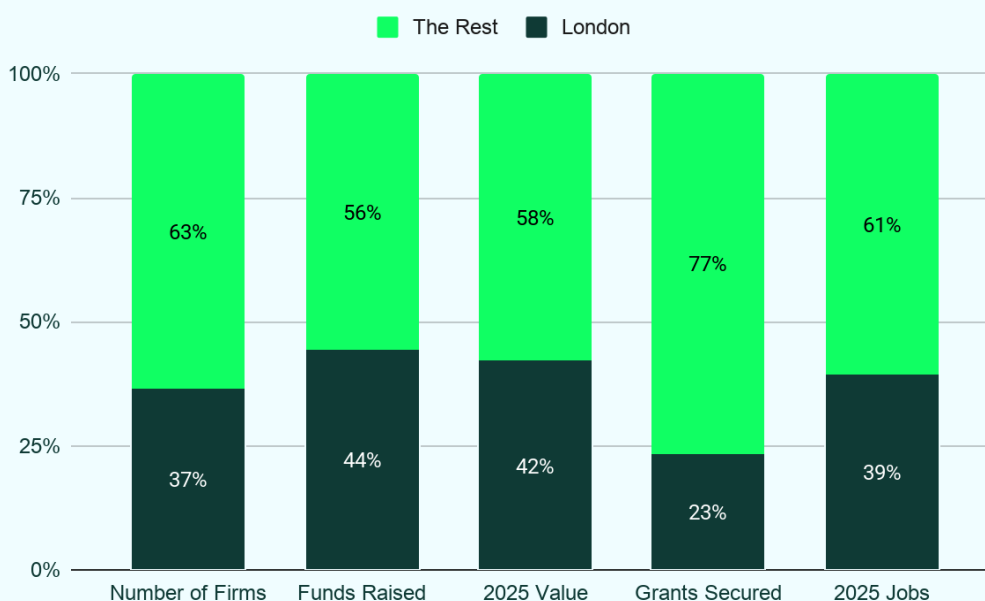


Figure 3, Split of Key Metrics between London and Rest of UK

## Warning Lights

**Firm failures are at a record high:** the biggest warning light on the dashboard is that 2024 and 2025 were the two worst years on record for failures among the UK's most valuable ClimateTech startups. Before 2024, the most "deadly years" had been 2019 (coinciding with Brexit uncertainty) and 2023, with around 15-16 failures each. In 2024, 37 ClimateTech startups in the Index failed; in 2025, 38 did. More concerningly, firms that failed in 2025 had raised a combined £1.3bn, constituting 40% of funds raised by all failed firms in the Index. The Index now counts 167 firms that have failed in total. Increasing failures necessarily reflect a maturing sector, but the rate of increase is cause for alarm.

**Grant funding has tanked:** over the last two years, the total value of the grants secured annually by ClimateTechs in the Index has nosedived, from a record high £272m in 2023, to £64m in 2025, the lowest since 2018. Despite the usual disclaimer of a lag in the data, there is no denying that the end of the Net Zero Innovation Portfolio has been felt. Startups in the Index that have received grant funding have raised 30% more on average than firms that haven't.

**The late-stage Valley of Death remains:** this year's data continues the trend we have highlighted before. 96% of firms in the Index have raised a Series A, but only around a third of these go on to raise a Series B. Once they do, just over half go on to raise a further round, reinforcing how hard it is to break through the Series A-B ceiling, the stage at which many startups commercialise their products at scale.

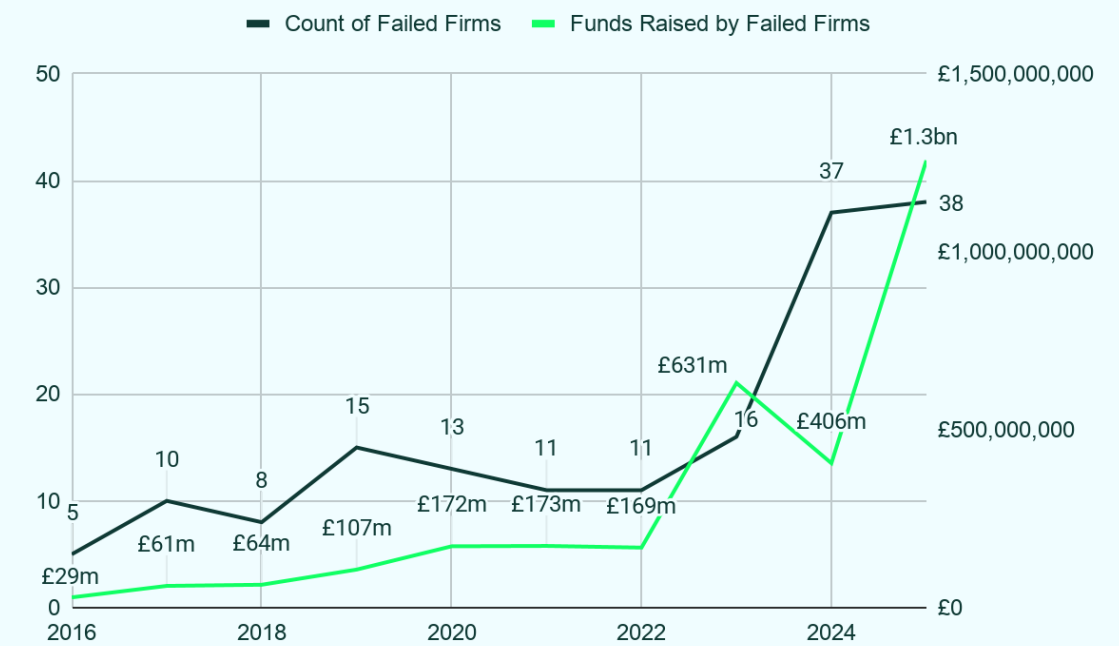


Figure 4, Failed Firms 2016-2025, including funds raised by firms that failed that year

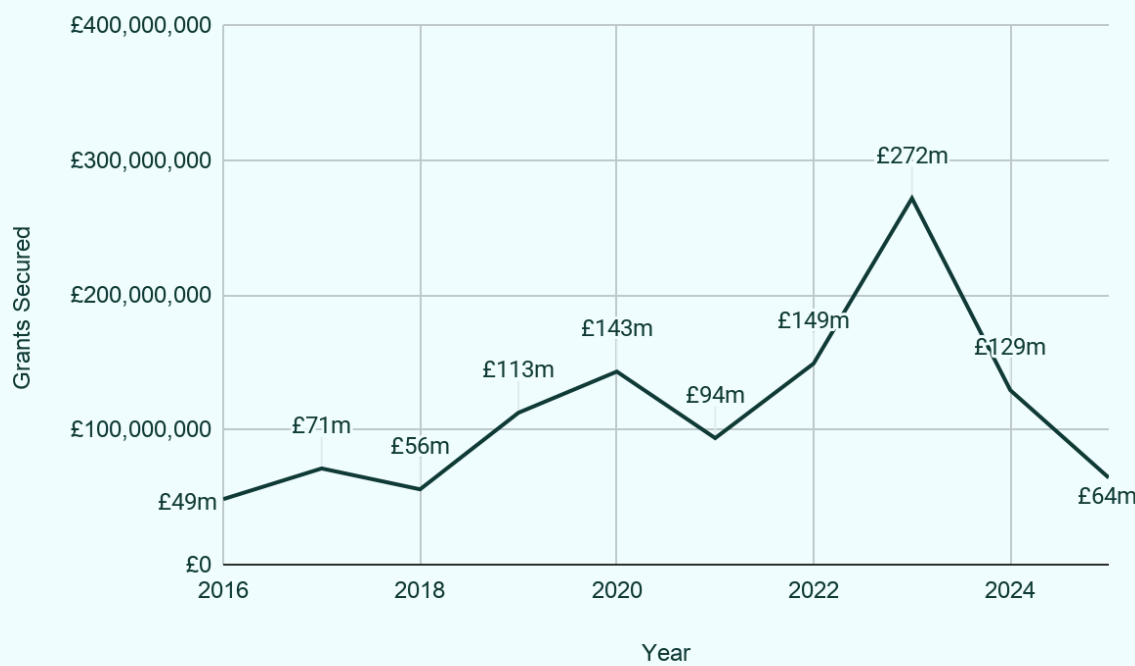


Figure 5, Grants Received by the ClimateTech Index over time (2016-2025)

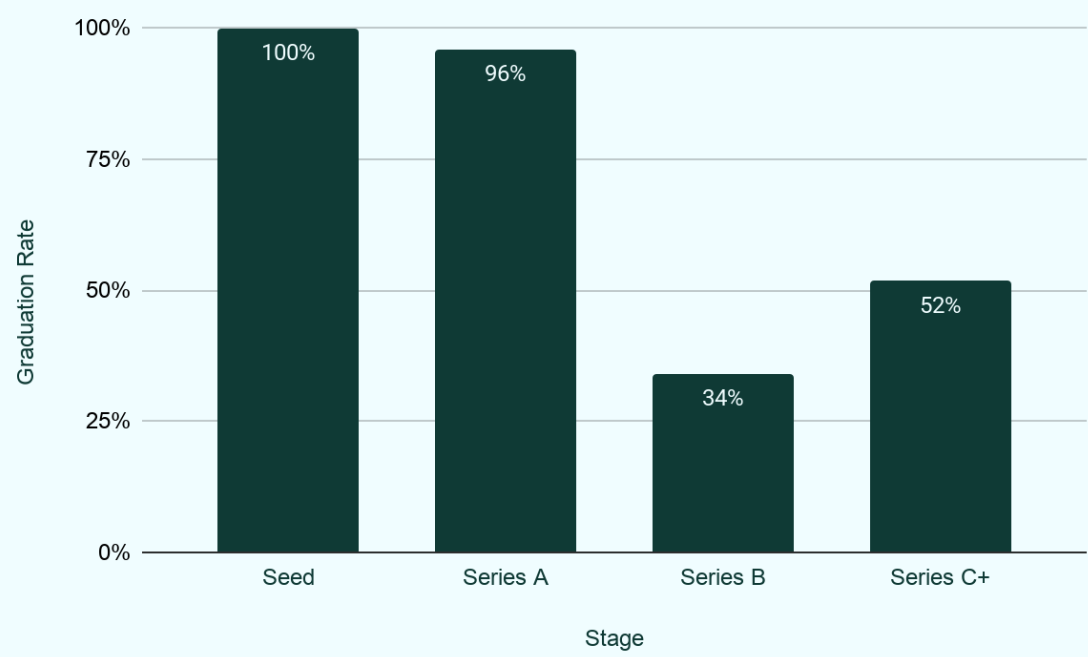


Figure 6, Share of firms that progress to named funding round

# Deep Dives

## The 2025 Intake

There are 13 startups in the 2025 ClimateTech Index that enter the Index having raised 100% of their funding in 2025. They include firms across a range of sectors, including EV charging infrastructure, renewable energy generation, and long-term energy storage. Below, we have profiled a handful.

### Argyll Infrastructure Holdings

The UK faces a growing challenge in balancing rising demand for digital infrastructure with the transition to a low-carbon economy. As artificial intelligence adoption accelerates, demand for data processing, storage and resilient digital infrastructure is increasing rapidly. Meeting this demand will require new approaches that align economic growth, energy security and sustainable infrastructure development. Argyll Development Holdings Ltd (ADH), through its subsidiaries Argyll Data Development Ltd (ADD) and Argyll Energy Development Ltd (AED), is developing an integrated digital and energy infrastructure platform on Scotland's Cowal Peninsula. The group's objective is to support the UK's ambitions in artificial intelligence, data sovereignty, energy resilience and regional economic growth. ADD is focused on the development of AI-ready digital infrastructure capable of delivering significant compute capacity through energy-efficient and cost-effective platforms that support enterprise, research and sovereign AI requirements.

AED is advancing renewable energy and supporting energy infrastructure projects designed to provide long-term, sustainable energy capacity. Together, the companies are pursuing an integrated approach that aligns AI compute demand with available energy resources through a combination of grid connectivity, renewable generation and energy storage. By considering digital and energy infrastructure as part of a single ecosystem, the group aims to improve efficiency, resilience and sustainability while helping to address emerging constraints on power availability for large-scale AI deployment. The group's long-term vision is to support the development of next-generation infrastructure that attracts inward investment, strengthens energy resilience, supports regional regeneration and creates high-value employment opportunities across the UK. The project also demonstrates how rural and coastal regions can play a significant role in supporting the UK's digital and energy transition.

**Policy Ask:** The UK Government should continue to support investment in both digital infrastructure and renewable energy, while accelerating transmission upgrades, grid connection reform and planning processes. Policymakers should also encourage frameworks that support the co-location of energy-intensive digital infrastructure with renewable generation and storage assets. A coordinated national approach to energy, grid and digital infrastructure planning will be essential if the UK is to capture the economic opportunities presented by AI while maintaining energy security and achieving long-term sustainability objectives.

### DataGlow Energy

The UK is far off track to meet its target of 450,000 heat pump installations per year by 2030, and the transition away from gas boilers is happening too slowly to meet net zero commitments. At the same

time, demand on the electricity grid is rising sharply, and data centres proliferating rapidly across the UK discard vast quantities of waste heat into the atmosphere. These twin challenges are rarely addressed together. DataGlow Energy designs, builds, and operates next-generation ambient heat networks it calls Energy Superloops: systems that capture waste heat from renewable-powered data centres and recycle it into affordable, low-carbon energy for homes and businesses. By co-locating data centres with residential areas and connecting them via heat networks, DataGlow turns a data centre's thermal by-product into a community energy asset delivering cheaper, cleaner heating without relying solely on individual heat pump installations. DataGlow is backed by Octopus Energy Generation, the investment arm of the UK's largest renewable energy company which invests both directly and through managed funds that also support Deep Green and Kensa. Kensa, Britain's largest and most established ground source heat pump manufacturer, will install and maintain Superloop heat networks and heat pumps. The company's flagship project, a world-first Superloop that will use waste heat from a data centre to decarbonise an entire village is currently in delivery.

**Policy Ask:** We need to create data centre infrastructure that uses our electricity capacity wisely. To support this the UK government needs to encourage data centres that use electrons twice, once for compute and once for heat, even better if those electrons are renewable. Achieving these whole system benefits requires support across a range of policy areas and government bodies, not least OfGEM on electricity supply and DESNZ on heat.

## **Maiven**

The global climate policy landscape is one of the most complex and rapidly evolving regulatory environments businesses have ever faced. Maiven's own research shows that businesses have been exposed to an average of 54 new climate policies per year over the past 15 years spanning carbon markets, emissions trading, disclosure rules, supply chain regulations, and sector-specific obligations across dozens of jurisdictions. For companies operating internationally, this creates enormous risk of missed obligations, stranded assets, and lost revenue opportunities.

Maiven is a London-based AI startup that helps medium and large enterprises in every sector navigate this landscape. The platform provides personalised, real-time monitoring of policy developments worldwide, automated alerts triggered by regulatory changes affecting a company's specific operations or supply chains, and actionable intelligence to help clients respond with confidence. By connecting policy change to commercial risk and opportunity, not just compliance cost, Maiven helps organisations turn regulatory complexity into strategic advantage.

Founded by Larsen Mabika (CEO) and Georgie Steele (CTO) who previously led a 15-person engineering team at Sylvera, boosting performance by over 10x the company raised €1.7 million in March 2025 from Pale Blue Dot, Ada Ventures, Tiny VC, Ventures Together, Earth, and angel investors including Dorothy Chou (Director of Policy and Public Engagement at Google DeepMind). The platform is being adopted by organisations including Arauco, Acwa Power and Engie.

**Policy ask:** The UK Government should invest in open, machine-readable policy data infrastructure, support UK AI regulatory intelligence companies in accessing international markets, and recognise the multiplier effect these tools have on driving corporate action and regulatory compliance.

# Sector

The energy sector remains the key ClimateTech sector in the UK, with a third of all firms in the top 1,000 best funded ClimateTechs innovating to decarbonise energy production and use. We will go deeper into this sector later in this report.

Whilst the lag in the data needs to be accounted for, at this stage only six ClimateTech sectors saw increases in year on year funds raised between 2024 and 2025:

- Built Environment (18% increase)
- Business & Professional Services (42%)
- Energy (47%)
- Financial Services (207%)
- Industrial Decarbonisation (39%) - the only sector in the Index to have seen two year on year increases in annual funds raised in a row.
- Transport (33%)

The biggest year on year decreases between 2024 and 2025 in funding were seen in the Greenhouse Gas Removal sector, which saw a 92% drop and the GHG Accounting, Offset & Verification sector (65% reduction). This latter sector has now seen three successive years featuring drop-offs in funding, from a high of £171m in 2022 to £21m in 2025.

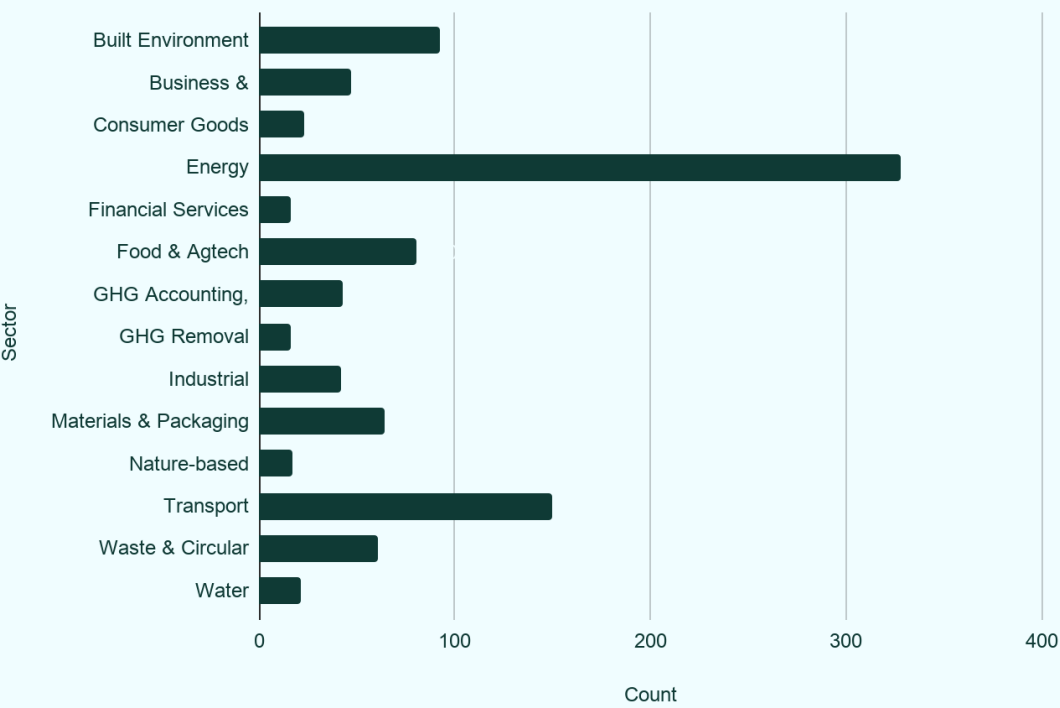


Figure 7, count of ClimateTech Index firms by sector

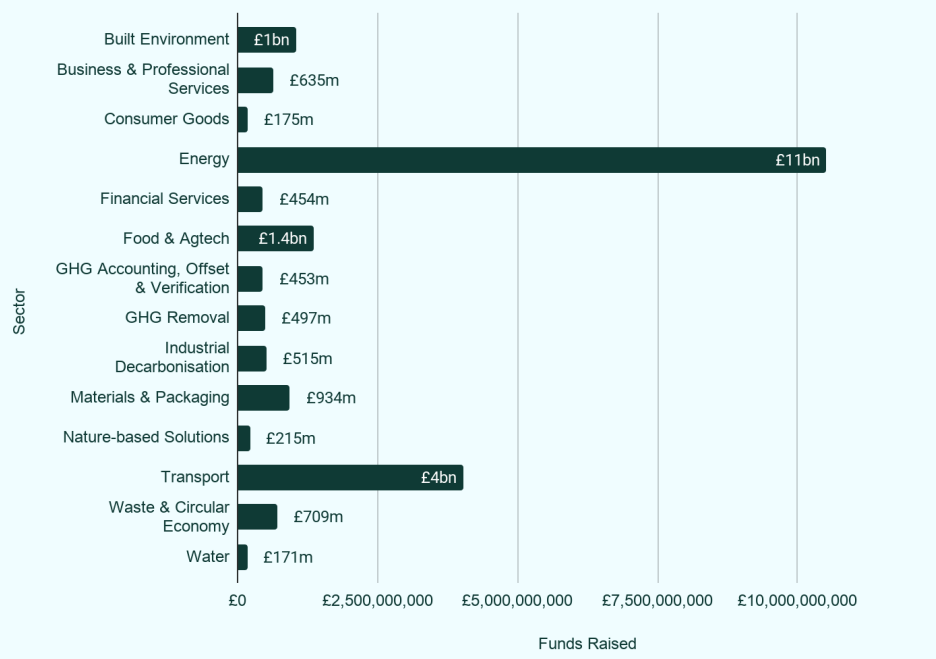


Figure 8, funds raised by ClimateTech Index firms by sector

As the largest individual sector, the energy sector unsurprisingly has the most female founded firms. The Materials and Packaging sector has the fourth most female founders (19) of any sector, but this constitutes 11% of all female founded firms, despite Materials and Packaging firms only constituting 6% of Index firms as an overall share. Meanwhile, 60% of firms in the Index are primarily engaged with developing hardware or manufacturing, holding steady between the 2024 Index and this latest iteration.

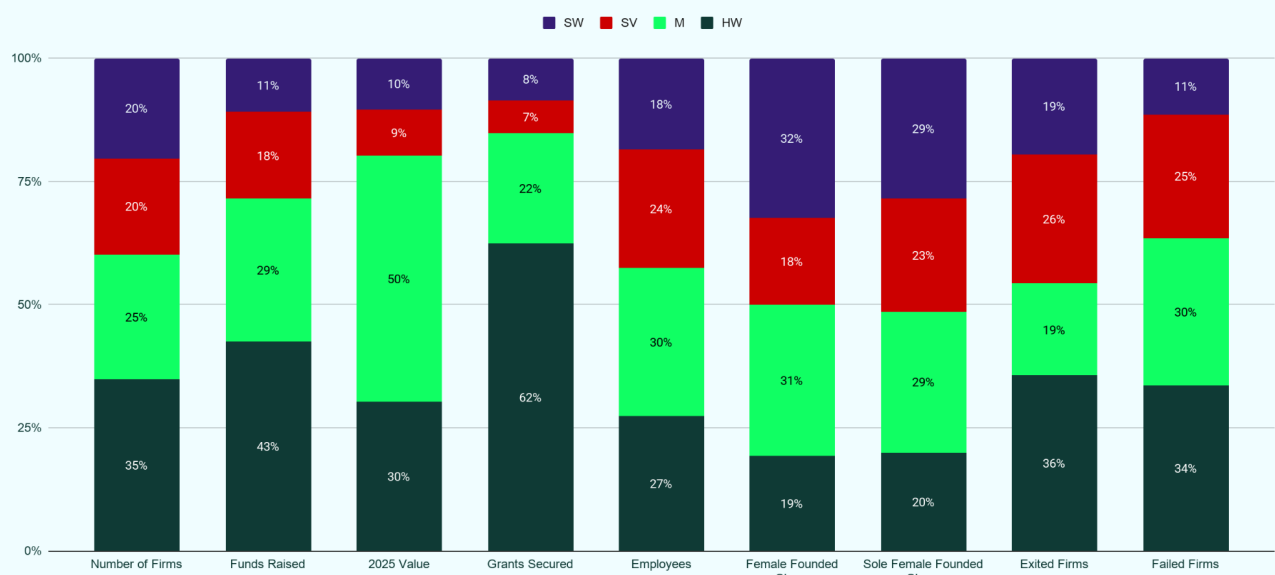


Figure 9, breakdown of key metrics by main activity

## Detailed Breakdown

| Sector                                | # Firms | Funds Raised | 2025 Value | Grants Received | # of Jobs | Female Founded | Solely Female Founded | Uni Spinouts | Exits | Failures |
|---------------------------------------|---------|--------------|------------|-----------------|-----------|----------------|-----------------------|--------------|-------|----------|
| Built Environment                     | 92      | £1bn         | £3.3bn     | £66m            | 1844      | 17             | 2                     | 8            | 10    | 15       |
| Business & Professional Services      | 47      | £635m        | £536m      | £9.3m           | 1030      | 8              | 1                     | 4            | 7     | 10       |
| Consumer Goods                        | 23      | £175m        | £179m      | £8.5m           | 305       | 8              | 5                     | 3            | 3     | 4        |
| Energy                                | 328     | £10.5bn      | £22bn      | £536m           | 9785      | 39             | 5                     | 35           | 46    | 80       |
| Financial Services                    | 16      | £454m        | £478m      | £2m             | 655       | 3              | 0                     | 1            | 2     | 4        |
| Food & Agtech                         | 80      | £1.4bn       | £1.6bn     | £88m            | 1400      | 18             | 4                     | 11           | 1     | 12       |
| GHG Accounting, Offset & Verification | 43      | £453m        | £732m      | £7.4m           | 1010      | 9              | 2                     | 1            | 3     | 1        |
| GHG Removal                           | 16      | £497m        | £1.2bn     | £40m            | 520       | 2              | 0                     | 4            | 0     | 1        |
| Industrial Decarbonisation            | 42      | £515m        | £586m      | £61m            | 479       | 11             | 2                     | 14           | 3     | 7        |
| Materials & Packaging                 | 64      | £934m        | £5.5bn     | £73m            | 987       | 19             | 4                     | 17           | 4     | 4        |
| Nature-based Solutions                | 17      | £215m        | £486m      | £5.6m           | 471       | 6              | 2                     | 1            | 0     | 0        |
| Transport                             | 150     | £4bn         | £3.8bn     | £340m           | 3686      | 21             | 5                     | 11           | 26    | 21       |
| Waste & Circular Economy              | 61      | £709m        | £1.1bn     | £41m            | 1904      | 11             | 3                     | 7            | 10    | 7        |
| Water                                 | 21      | £171m        | £309m      | £6.6m           | 195       | 4              | 0                     | 2            | 3     | 1        |

## Geography

The firms in this Index are building a high-tech, low-carbon economy across the whole of the UK, concentrating in the post-industrial and coastal regions where the old consensus on net zero is fraying. Whatever one's view of the climate argument, £42bn of company value and more than 24,000 high-skilled jobs are now distributed across every region and nation of the country, demonstrating undeniable opportunity.

London remains the single largest and best-funded region, home to 366 of the 1,000 firms, £9.6bn of capital, and 44% of all the female-founded businesses in the Index. But on every aggregate measure, the majority of the sector lies beyond it: 63% of firms, 56% of funds raised, and 61% of jobs are headquartered outside London. The gap is starkest in public money. More than three-quarters of all grant funding, 77%, has gone to firms based outside the capital. Where the state has already chosen to back ClimateTech, it has overwhelmingly backed it in the regions and nations.

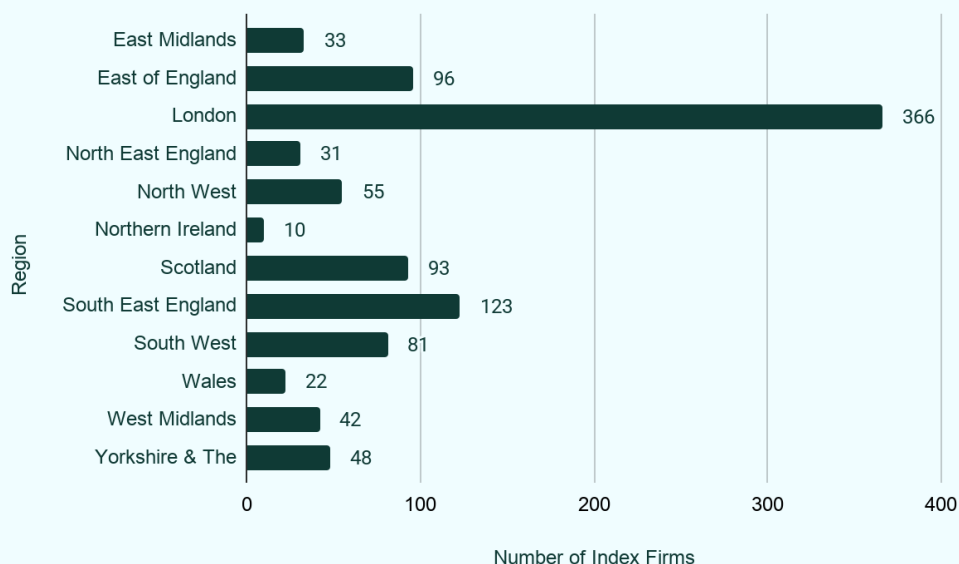


Figure 10, count of ClimateTech Index firms by HQ region

The clearest cross-country story is in energy, the Index's largest sector. Just 31% of energy firms (101) are London-based; the other 69% are spread across the industrial and coastal economy. Scotland is the standout, with 45 energy firms, consistent with its leadership on the national infrastructure pipeline and grid build-out, followed by the South East (39), South West (34), East of England (25) and Yorkshire (19). ClimateTech firms are disproportionately tied to geography, needing proximity to the hills, rivers, coastlines and grid the technology depends on. It is why the UK's wave and tidal developers cluster around its coasts.

Beyond energy, the Index's strengths map onto recognisable regional specialisms. The East of England, anchored by Cambridge, the most prolific spinout university in the Index, with 20, is the country's deep-tech and university-spinout engine. The South East draws on Oxford, whose spinouts are the best-funded of any university. Scotland pairs its energy base with one of the largest shares of grant funding of any region (£210m), behind only London and the South East.

There are six £1bn “unicorn” ecosystems in the Index this year, home to startups valued at a combined £1bn or more: London, the South East, South West, East of England, Scotland and the North West. That breadth is a genuine strength. But the warning light that runs through the rest of this Index shows up here too. Wales (£301m) and Yorkshire & the Humber (£891m) have both slipped below the £1bn line since last year.

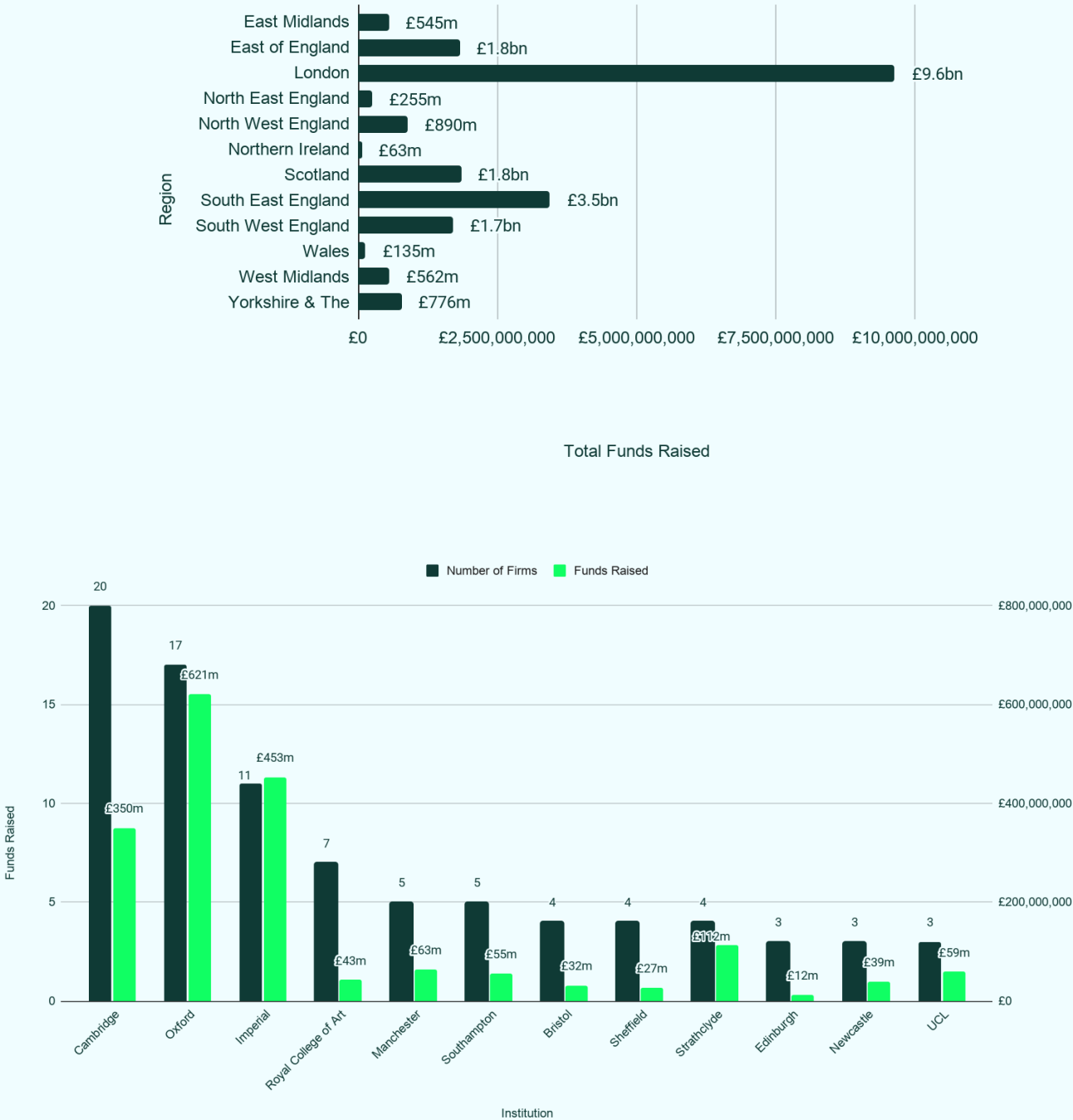


Figure 11, funds raised by ClimateTech Index firms by HQ region

Figure 12, number of ClimateTech Index spinouts founded and funds raised by origin University (top 12 by number of spinouts)

## Detailed Breakdown

| Region                 | # Firms | Funds Raised | 2024 Value         | Grants Received | # of Jobs | Female Founded | Solely Female Founded | Uni Spinouts | Exits | Failures |
|------------------------|---------|--------------|--------------------|-----------------|-----------|----------------|-----------------------|--------------|-------|----------|
| East Midlands          | 33      | £545m        | £617m              | £40m            | 550       | 2              | 0                     | 5            | 5     | 8        |
| East of England        | 96      | £1.8bn       | £12bn <sup>2</sup> | £99m            | 1750      | 18             | 3                     | 17           | 11    | 12       |
| London                 | 366     | £9.6bn       | £18bn              | £302m           | 9550      | 78             | 21                    | 26           | 40    | 40       |
| North East England     | 31      | £255m        | £313m              | £57m            | 450       | 5              | 0                     | 4            | 7     | 7        |
| North West England     | 55      | £890m        | £1.7bn             | £62m            | 1650      | 9              | 0                     | 8            | 5     | 13       |
| Northern Ireland       | 10      | £63m         | £65m               | £20m            | 200       | 2              | 0                     | 2            | 2     | 0        |
| Scotland               | 93      | £1.8bn       | £1.6bn             | £210m           | 1300      | 19             | 2                     | 12           | 13    | 19       |
| South East England     | 123     | £3.5bn       | £3.8bn             | £220m           | 3600      | 11             | 4                     | 27           | 15    | 24       |
| South West England     | 81      | £1.7bn       | £2.7bn             | £127m           | 2800      | 18             | 4                     | 7            | 8     | 15       |
| Wales                  | 22      | £135m        | £301m              | £48m            | 500       | 6              | 1                     | 1            | 1     | 6        |
| West Midlands          | 42      | £562m        | £531m              | £45m            | 1100      | 4              | 0                     | 1            | 0     | 13       |
| Yorkshire & The Humber | 48      | £776m        | £891m              | £56m            | 800       | 4              | 0                     | 9            | 11    | 10       |

<sup>2</sup> This valuation is primarily driven by two firms: Xlinks (£5.6bn), and GenPhoenix (£3.7bn)

## Data Deepdive: EnergyTech

Energy is by some distance the largest and most consequential sector in the Index. Its 328 firms make up just under a third of the cohort (32.8%), yet they account for £10.5bn of capital raised, 48.5% of all funding across the 1,000 firms, and £22.4bn of value, fully 53% of the Index total. They support around 9,800 of the jobs we track (40%) and have drawn £536m in grant funding, including £268m from UKRI. On every financial measure, energy punches well above its share of firm count: a third of the companies, but roughly half the money, half the value and two-fifths of the jobs. When the Index moves, energy moves it.

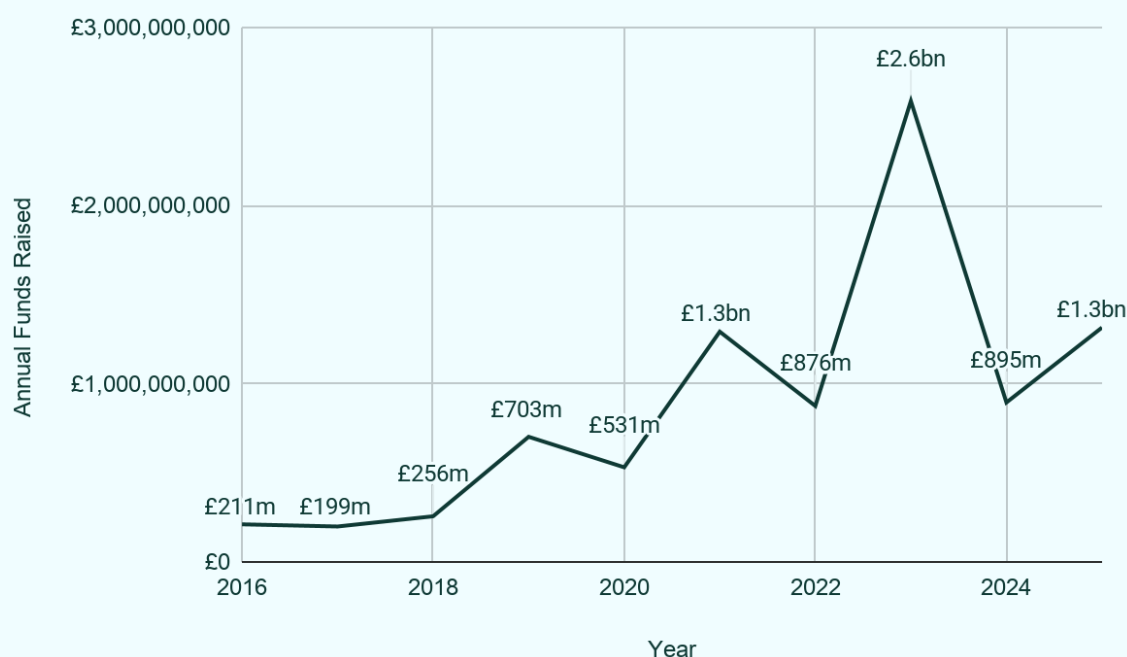


Figure 13, annual funds raised by ClimateTech firms in the energy sector (2016-2025)

### The value rests on very few shoulders

That dominance is also a fragility, and the Energy sector's £22.4bn of value is very concentrated: a single firm, Octopus, accounts for 26% of it (£5.7bn). The top five firms hold 65% and the top ten 74%. Capital raised is only slightly less top-heavy: the ten best funded energy firms have taken nearly half of all energy funding, and the top 25 two-thirds. Beneath the giants, Octopus, Zenobe, Highview Power, OVO (which will be leaving the Index next year after its 2026 acquisition), Field, Tokamak Energy, Nexeon, Oxford PV, Fuse and Tem Energy, sit a long tail of much smaller companies. The headline strength of the sector is real, but it is underwritten by a small number of outsized bets, two of which are themselves capital-intensive and high-risk. A stumble at the top would move the whole Index.

### A mature sector with a Series A bottleneck

The median energy firm was founded in 2013, making it around thirteen years old; only 55 firms (17%) in the sector have been founded since 2020 and just three in 2025. Yet despite that maturity, the sector is stacked at the early growth stage: 60% of energy firms (196) sit at Series A, against only 20% at Series

C and beyond. Most strikingly, 147 of those 196 Series A firms were founded in 2018 or earlier. These are companies seven or more years old, having raised a median of four to five rounds, that have still not graduated past Series A. This is the valley of death made concrete: in capital-intensive energy, the failure mode is less often sudden death than getting stuck, raising repeatedly but never reaching the scale-up rounds that turn a promising technology into deployed infrastructure. 28 firms have now gone more than four years without a fresh raise.

The reason is visible in the composition. Energy is overwhelmingly a hardware and infrastructure story: of the 328 firms, roughly 200 are building physical kit, hardware (137), generation assets (29), fuel production (31) and manufacturing, against around 40 pure-software firms. The sector is 93% B2B. Thematically it clusters around storage and batteries (the single largest grouping), solar and wind components, a notable marine-energy niche of wave and tidal developers, a hydrogen electrolyser-and-fuel-cell cluster, and outliers in fusion (Tokamak) and novel PV (Oxford PV). These are exactly the firms whose binding constraint is not investor appetite but the ability to build, connect to the grid and deploy at scale, the deployment bottleneck rather than the capital one.

## Data Deepdive: Data Centres

As the AI revolution sweeps across the globe, demand for compute has surged, with global energy consumption from data centres up 25% between 2025 and 2026.<sup>3</sup> The UK Government has set out its ambition for Britain to be a compelling home for the AI economy, charting a course through its AI Action Plan to expand compute capacity, including through AI Growth Zones. Energy-intensive industry is not new, but this is a new energy-intensive industry, arriving fast and at scale, and its growth has raised a genuine concern: that it is in tension with decarbonisation.

That concern deserves to be taken seriously rather than dismissed: clean power is, for now, a finite resource the UK is racing to build out; every gigawatt a data centre consumes is a gigawatt not decarbonising a home, a vehicle or a factory, so on a constrained clean supply, rapid data-centre growth could slow electrification elsewhere or pull unabated gas back onto the system to keep the lights on. The loads are large, concentrated and need firm, round-the-clock power, and they are joining a grid whose connection queue is already the binding constraint on everything else in this Index. Built for proximity to demand and fibre rather than to generation, data centres could deepen exactly the regional supply-demand mismatch that is already costing billpayers through curtailment. This is not a frivolous worry, and a clean-energy strategy that ignores it would be naïve.

### Au Contraire

We disagree that the tension is inevitable, however, for three reasons, the first two of which turn the problem on its head.

First, large data-centre demand can be the anchor tenant that makes renewable build-out bankable. The UK's deepest renewable resources sit in places, Scotland above all, that are rich in generation but thin in local demand, which is why we pay wind farms to switch off when the grid cannot move their power south. A co-located consumer of that power changes the investment case for both generation and grid,

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<sup>3</sup> [https://www.rand.org/content/dam/rand/pubs/research\\_reports/RRA3500/RRA3572-1/RAND\\_RRA3572-1.pdf](https://www.rand.org/content/dam/rand/pubs/research_reports/RRA3500/RRA3572-1/RAND_RRA3572-1.pdf)

underwriting projects that would otherwise stall. Sited well, data centres are not a drain on the clean transition but a demand signal that helps finance it.

Second, and relatedly, data-centre load can be part of the flexibility the system badly needs. Curtailment cost billpayers close to £1.5bn in 2025, whereby the Government paid wind farms to switch off and gas plants to switch on, and is on track for £4-8bn a year by 2030 without new flexibility. Workloads that can ramp up in times of abundance and ease off when the system is tight are precisely the kind of demand-side response that soaks up otherwise-wasted renewable energy. The same firms whose value this section measures are part of how that potential is realised.

Third, operators have a hard commercial incentive to drive efficiency, because energy is among their largest costs, and the market is already innovating to meet it, as the cohort below shows.

### **ClimateTechs to the rescue**

There are ten ClimateTechs in our Index that are accelerating energy efficiency of data centres. Combined, they have raised £262m:

- 4energy
- Argyll Infrastructure Holdings
- Ark Data Centres
- DataGlow Energy
- Deep Green
- FEL Group
- Heata
- Iceotope
- Vaire Computing
- Zendo

This is not a sector cohort but a cross-cutting one. ClimateTechs from the Business & Professional Services (5), Industrial Decarbonisation (3), Energy (1) and the Built Environment (1) sectors feature. Sustainable compute is a problem solved at the seams between energy, cooling, real estate and software, not within any one sector.

Thematically the cohort splits cleanly. The first cluster is efficiency and cooling: Iceotope's liquid cooling, Vaire's energy-efficient computing that rethinks the chip itself, and the data-centre management software of 4energy, FEL and Zendo. The second is the more distinctive one: waste-heat reuse, where Deep Green, DataGlow and Heata capture the heat a data centre throws off and put it to use, in heat networks, swimming pools, even domestic hot-water cylinders. That second cluster is a niche UK strength, and one that policymakers should pay attention to.

Overall, the emergence of these firms demonstrates that technology can help square the circle of increased demand for compute power in an economy transitioning to net zero. Indeed, when paired with regulatory reform and a strategic Government, these firms could become world-leading accelerants of green compute.

## Data Deepdive: Grants Secured

Over the last twenty years, ClimateTechs in this Index have secured £1.3bn in grants. These have come from local Government, the European Horizon scheme, private sector innovation challenges and many other places. Above all, however, they have come from UKRI (60% of all grants secured) and the UK Government or devolved national governments (23%).

61% of Index firms have secured at least one grant. Firms that secure at least one grant have on average raised 30% more than those that have not secured a grant, and are worth £1m more on average. In 2020, a record 226 Index ClimateTechs secured a grant in one year, though the single most lucrative year was 2023, when 195 firms collectively secured £272m.

### A concerning trend

In the last two years, however, grant funding secured by firms in the Index has declined significantly. In 2024, startups secured £129m, half of the amount secured in 2023. In 2025, this fell by half again to £64m. Whilst this has been predominantly caused by an 80% decrease in grants from UKRI, including Innovate UK, there has also been a 70% reduction in grants from other UK Government sources between 2023 and 2025.

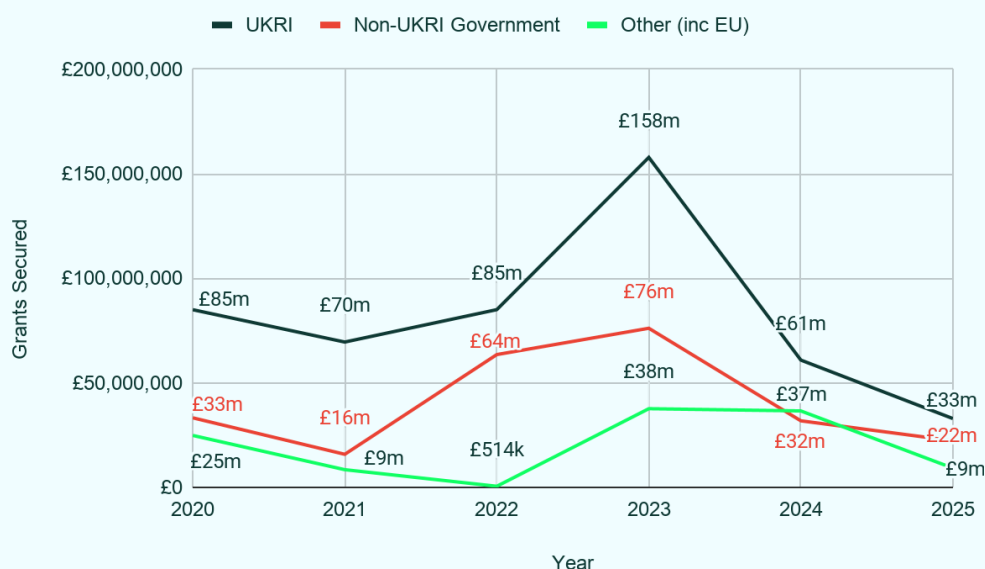


Figure 14, annual grants secured by ClimateTech firms, split by source (2020-2025)

**The energy sector in particular has seen the most significant decrease in grants secured, with an 86% drop between 2023 and 2025.**

We believe that the overall reduction is due to one main reason: the ending of the Net Zero Innovation Portfolio (NZIP), a £1.3bn programme of ClimateTech innovation funding distributed by the Government between 2021 and 2025, but with most funding landing in 2022 and 2023. NZIP funds were distributed mostly from DESNZ, but also through UKRI.

## The Net Zero Innovation Portfolio

The NZIP was not explicitly targeted at UK ClimateTech startups. Instead, it was designed to fund innovation to combat climate change across the whole economy, with competitions open to firms of all sizes. This meant that firms as diverse as Volkswagen to Royal Mail were NZIP beneficiaries, alongside many of the UK's leading universities. Based on publicly available information about recipients of NZIP grant funding, Startup Coalition estimated in March 2025 that £208m-£250m of NZIP funding went to 199 UK ClimateTech startups, equating to between 19-23% of the total allocated funds under the programme.<sup>4</sup> 80 of these 199 feature in the 2026 ClimateTech Index - those that don't have not raised enough private investment to qualify.

Collectively, those 199 ClimateTech recipients raised between £500m-£900m in venture capital investment *after* they received NZIP funding. This suggests that startups have been the source of the majority or the entirety of follow-on private investment secured by firms funded by the NZIP, which was £750m. For every £1 of NZIP funding between November 2020 and January 2025, between £2.40 and £3.60 was raised in private investment. NZIP de-risked private investment in climate innovation.

The NZIP was not renewed at the Spending Review in 2025, despite this compelling case to do so. So far, we have not seen anything nearly comparable take its place, leaving a gap in grant funding for the next generation of ClimateTech firms.

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<sup>4</sup> <https://startupcoalition.io/u/2025/03/NZIP-Pamphlet-March-2025-FOR-RELEASE.pdf>

# Lessons for Policymakers

## Lesson One: Double down on EnergyTech

Energy is the engine of this Index. This is not a sector to ignore, it is a national asset to be deliberately exploited to deliver Clean Power 2030 and bring down bills. To date, the Labour Government has failed to utilise this sector as the ally it is.

Government should:

- Celebrate Energy entrepreneurs proactively and enthusiastically.
- Back storage and flexibility to end the scandal of curtailed renewable energy. The UK now pays wind farms over £1bn a year to switch off, wasting energy that could be fuelling economic growth. The Index's storage cluster is one commercial fix: support it through Great British Energy co-investment and a clear long-duration storage revenue model.
- Make grid connections a builder's market. Replace the connection queue with a premium-return-for-on-time-delivery regime (with penalties for delay), using the powers in the Planning and Infrastructure Act 2025, and introduce a pre-emptible "thermal headroom" connection market so spare capacity is used, not reserved.
- Reward households for feeding the system. Refund network levies on exported electricity (today charged on import but not refunded on export) and clear the code barriers to community virtual power plants.
- Cut bills visibly. Renewables already squeeze gas off the system but the cost of grid build out is pushing up bills. We need cheap energy now, and moving these levy costs onto general taxation is the best way to do it.

## Lesson Two: Unlock the Market

The clearest signal in the energy data is that capital is not the binding constraint to get started. The valley of death, however, continues to claim incredible companies at the point at which they can materially begin contributing to economic growth, and the decarbonisation agenda. These are companies that can raise but cannot scale, because the market they need to sell into either does not yet exist or does not yet reward them. The state's most valuable role is therefore not only to fund these firms but to build their markets, along three lines.

- Make subsidy outcomes-oriented, with a guaranteed route for novel technology. Subsidies should reward the outcome, whether that's carbon removed, bills cut, homes retrofitted, rather than a named technology, so the new entrants in this Index compete on merit rather than being locked out by schemes designed around incumbents. Retrofit is the clearest case: a qualifying pathway must always exist for a genuinely novel product.
- Get low-carbon tech into able-to-pay homes and firms now. This means clearing the regulatory path for novel consumer products, pairing it with financing certainty such as property-linked finance that survives a change of owner, plus continued outcome-based VAT zero-rating. It also

means using the state's chequebook as the anchor customer for first-of-a-kind technologies that cannot yet clear a private market, an advanced market commitment for low-carbon concrete being the obvious candidate. FOAK procurement de-risks exactly the capital-intensive, hardware-led firms, in energy and in the emerging data-centre cohort, that the failure data shows are most exposed.

- Reform sectors so the market itself drives efficiency. Functioning markets for grid connections, curtailment and flexibility would let the price signal, not the queue, allocate scarce capacity. This would turn a scarcity system into an abundance one and put a value on precisely what the Index's grid and storage firms are built to provide.

## Lesson Three: The Funding Cycle is Fragile

It should not be easy to start and scale venture-funded businesses. Transforming a product, sector, or indeed the whole of society is a formidable, expensive, and risky challenge. However, there is certainly a role for the Government in catalysing and de-risking capital, particularly where the market needs a helping hand in valuing novel technologies.

The state sits at three points along the ClimateTech funding journey in terms of direct funding: early-stage grants, go-to-market subsidy and custom, and the necessary finance needed to scale asset-based products, such as through debt and new financial instruments.

Historically, these touchpoints have operated in isolation. A firm can secure a grant, survive the lab-to-market gap, then hit a wall at Series B because scaling capital is not sequenced to meet it, the exact stage at which the hardware-led firms are most likely to fail or be acquired overseas. The government has made concerted efforts to join up their funding arms, and Innovate UK's recent change in strategic direction is positive, but it is apparent that the early-stage grant funding that ClimateTech firms has benefited from has been decreased. For example, the 2025 Comprehensive Spending Review, NZIP was not renewed. We did see £2.5bn set aside to support nuclear fusion, which is welcome, particularly as the Government has taken concerted steps to incubate the sector in the UK, but this equated to cutting off ClimateTech innovation grant funding at the knees. The Government should work with IUK to make it as simple as possible for ClimateTech entrepreneurs to know what is available for them to apply to.

Additionally, the government should accelerate work to look at how new types of financial mechanisms that are appropriate for hard-tech and capex are backed in the most appropriate way through government support. For example, private sector offers are emerging aimed at giving more complex asset-based debt products to scaling hard tech companies. The British Business Bank and National Wealth Fund should engage constructively with these organisations to learn best practice and, in the latter's case, refocus the funds energy towards this problem set.

# Methodology

This report was produced using data from [Beahurst](#). The 1,000 featured firms are the ClimateTechs that have raised the most private funding. We used a range of criteria to identify eligible firms, including descriptions of firms' primary activities and Beahurst's proprietary environmental "signals". Crucially, Startup Coalition defines "ClimateTechs" as firms who are engaged in activities which mitigate GHG emissions or impact to nature and the environment, adapt to the impacts of climate change, and know more about climate change, per PwC's foundational definition.<sup>5</sup>

Data is accurate up to 31st December 2025 and is limited to what is available through the Beahurst platform. The valuation metric was taken from the "post-money valuation" within a Beahurst fundraising event.

The number of employees recorded for each firm was the minimum number in the Beahurst "number of employees" metric. Where the "average" is referred to in this report, this is the median for grants received and the value of a firm to account for the large range in the dataset, and the mean for grant funding received and employees.

The different financing categories were pulled directly from Beahurst but where there is reference to "debt financing" above, this includes a combination of fundraising that was solely "debt", "debt and equity", and debt financing through the Coronavirus Business Interruption Loan Scheme (CBILS).

## List of sectors:

- Built Environment
- Business & Professional Services
- Consumer Goods
- Energy
- Financial Services
- Food & Agtech
- GHG Accounting, Offset & Verification
- GHG Removal
- Industrial Decarbonisation
- Materials & Packaging
- Nature-based Solutions
- Transport
- Waste & the Circular Economy
- Water

The value of a firm was not tracked after its "death" or "exit" date within Beahurst. If there was a monetary value associated with the exit event, this was recorded as the final "value" in the Index. The value of a firm that "died" was recorded as the latest post-money valuation, and the latest year that the value was recorded for was the last year where the firm was tracked for at least six months (e.g. if the firm died in April 2025, then the last value would be recorded as 2024, but if it died in August 2025, then

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<sup>5</sup> <https://www.pwc.com/gx/en/services/sustainability/publications/state-of-climate-tech.html>

the last value would be recorded as 2025). The “death date” of a firm refers to either the date of company dissolution, if this is available, or if not, it refers to the date that Beauhurst ceased tracking the firm.

There are differences between the specific firms in the underlying cohorts of the 2025 and 2026 ClimateTech Indexes. This is for several reasons:

- There are new startups that have been founded in 2025 and raised sufficient funding to join the top 1,000 best funded ClimateTechs.
- There are startups founded earlier than 2025 but have only now joined the top 1,000 best funded ClimateTechs due to a fundraising event in 2025, or due to the data from Beauhurst updating from previous years that mean they have now joined the top 1,000 best funded ClimateTechs.
- There are startups that have pivoted into ClimateTech having previously not primarily focused their product or service on decarbonising the economy or adapting to climate change.
- There are startups that were missed off of last year’s ClimateTech Index as they were not known to Startup Coalition.



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