

South East Construction EXPO 2023

Tuesday, 25 April 2023

Hiten Sonpal, Head of Green Finance



Green Finance

Our Green Finance specialists at MHA are firmly focused on providing a one stop shop regarding lending and advisory services for clients to support them on their net zero journey.

We can help clients meet climate change goals through sourcing finance, corporate advice, identifying ways of reducing overheads through green technology and renewable energy initiatives, building relationships with industry partners and providing all the necessary structures through specialised green finance solutions.

Businesses of all sizes, across all sectors are coming under increasing pressure due to rising energy costs, inflation, and record prices for petrol and diesel to name a few. Savings through green tech are providing a clear case for investment and now is the time where businesses should strongly consider taking action to help them towards a sustainable cash flow and a greener future.

Technologies



Solar PV – roof / ground mounted



Wind Turbines – Onshore / Offshore



Air source heat pumps



EV charging infrastructure (public / private)



Heating, ventilation and air conditioning (HVAC)



Agri-tech solutions



Ground source heat pumps



Combined heat and power (CHP)



Anaerobic digestion plants



Electric vehicles (EV)



Recycling machinery



LED lighting



Battery Storage



Biomass boilers



2050 UK Net Zero Carbon Target



Only 27 years left to reach the Net Zero Carbon Target

Reduce GHG emissions by at least 100% of 1990 levels (net zero) by 2050

Net zero review by Chris Skidmore OBE contained 101 recommendations to help the UK meet their Net Zero Target

The net zero target stemmed from a recommendation made by the Climate Change Committee in May 2019

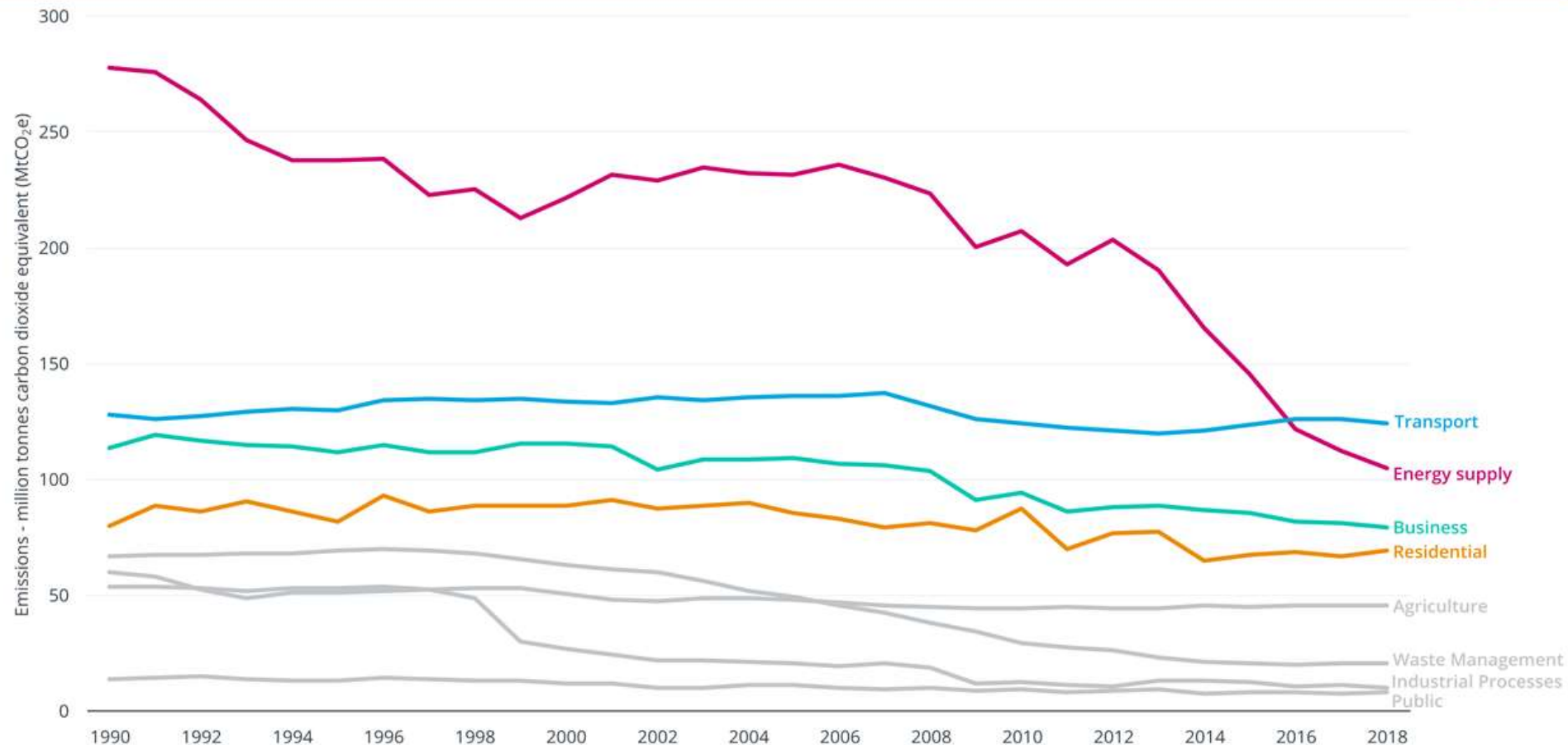
Net zero became legally binding by The Climate Change Act



Emissions by Sector

UK - Emissions by sector, 1990-2018

IfG

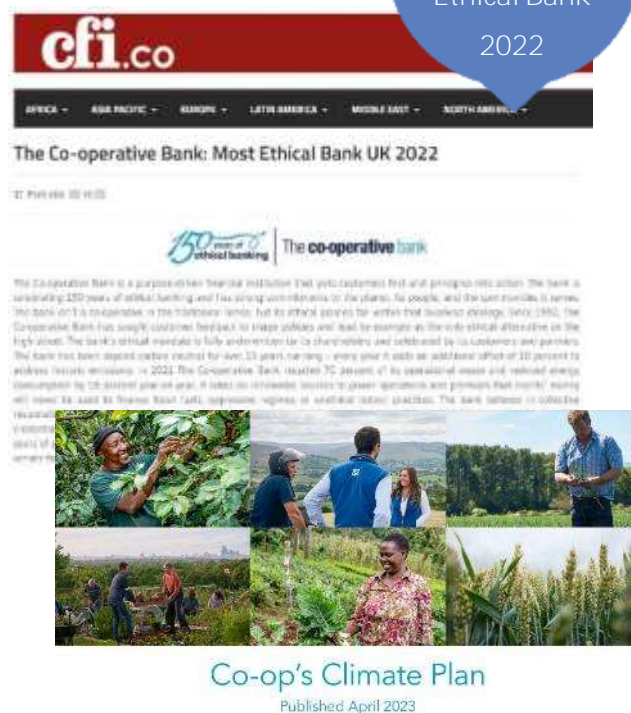


Shifting to a Green Global Financial System

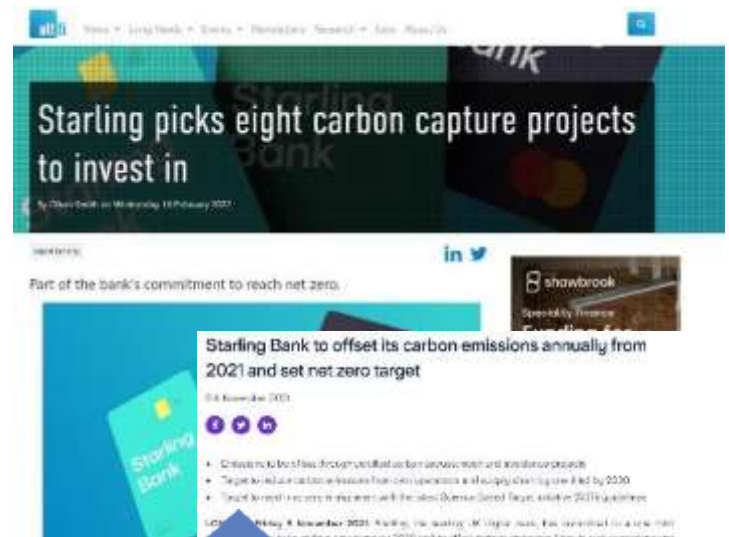
The Co-op
Bank: Most
Ethical Bank
2022



2023 Green
Finance Strategy



Co-op's Climate Plan
Published April 2023



Starling Bank
Leading Sustainable
Banking

MEES Timeline

2002

EU Implement the Energy Performance of Buildings Directive (EPBD), with the intention of promoting sustainable building performance in member states



2008

EPC's made a legal requirement in commercial property transactions in England and Wales



2011

2011 Energy Act specifies that the Secretary of State must draft and implement the MEES of an EPC grade no later than April 2018 and proposes the mandatory display of EPC's



2016

MEES Integrated into law and it is estimated that up to 20% of non-domestic properties have an F or G EPC rating



2018

New or renewed leases granted in buildings with an EPC below grade E will be deemed unlawful



2020

Existing residential property leases below EPC grade E will be deemed unlawful



2023

Existing commercial property leases below EPC grade E will be deemed unlawful



2025

Anticipated MEES raised to minimum EPC grade D as a statutory requirement for buildings

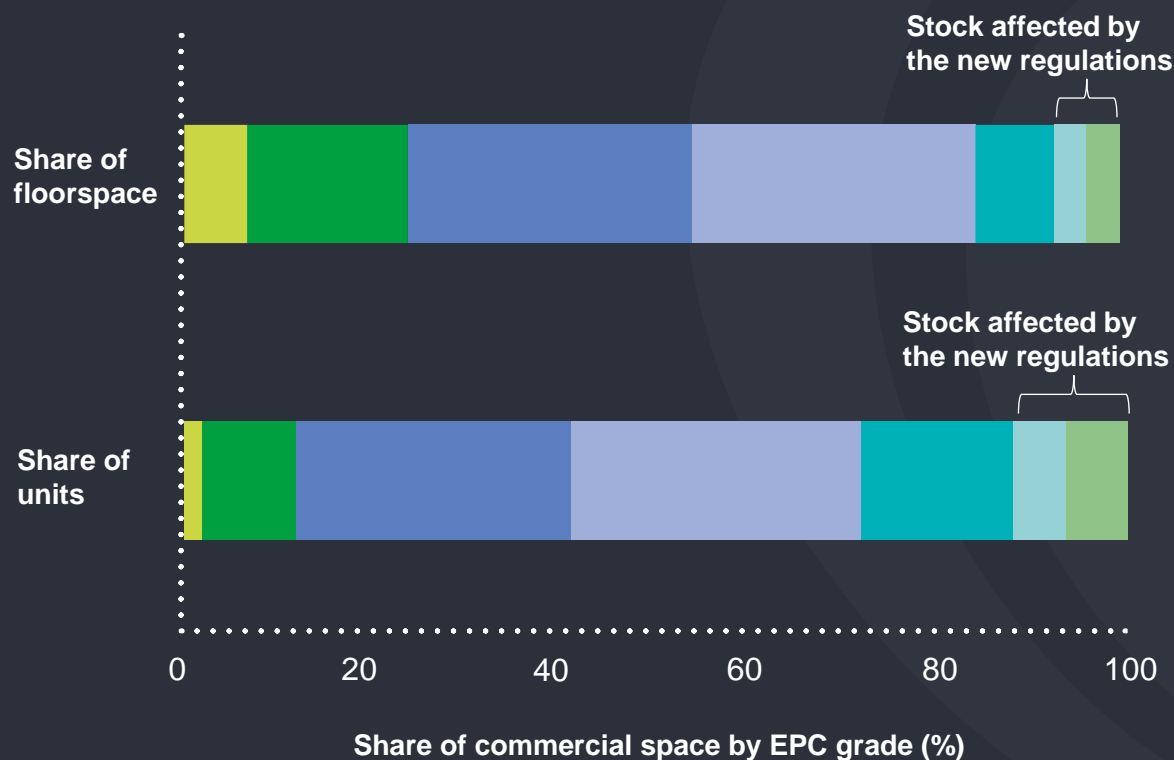


2030

Anticipated MEES raised to minimum EPC grade C as a statutory requirement for buildings



How will the new Energy Efficiency Standard regulations affect commercial property across the UK?



In England, one in eight commercial units don't match the new minimum standards

Source: Centre For Cities

Bands



Full Expensing

Full expensing lets you claim back 100% of the cost of qualifying plant and machinery all in one go. Save up to 25p for every £1 you spend.

What qualifies for 'Full Expensing'?

Qualifying plant and machinery includes, but is not limited to:

- 1 Warehousing equipment such as forklift trucks
- 2 Tools such as ladders and drills
- 3 Commercial vehicles such as tractors and lorries
- 4 Construction equipment such as bulldozers and excavators
- 5 Office equipment such as chairs, desks and IT
- 6 Fire alarm equipment, Kitchen and Bathroom fit outs,
in non-residential properties
- 7 Renewables and energy efficiency technology

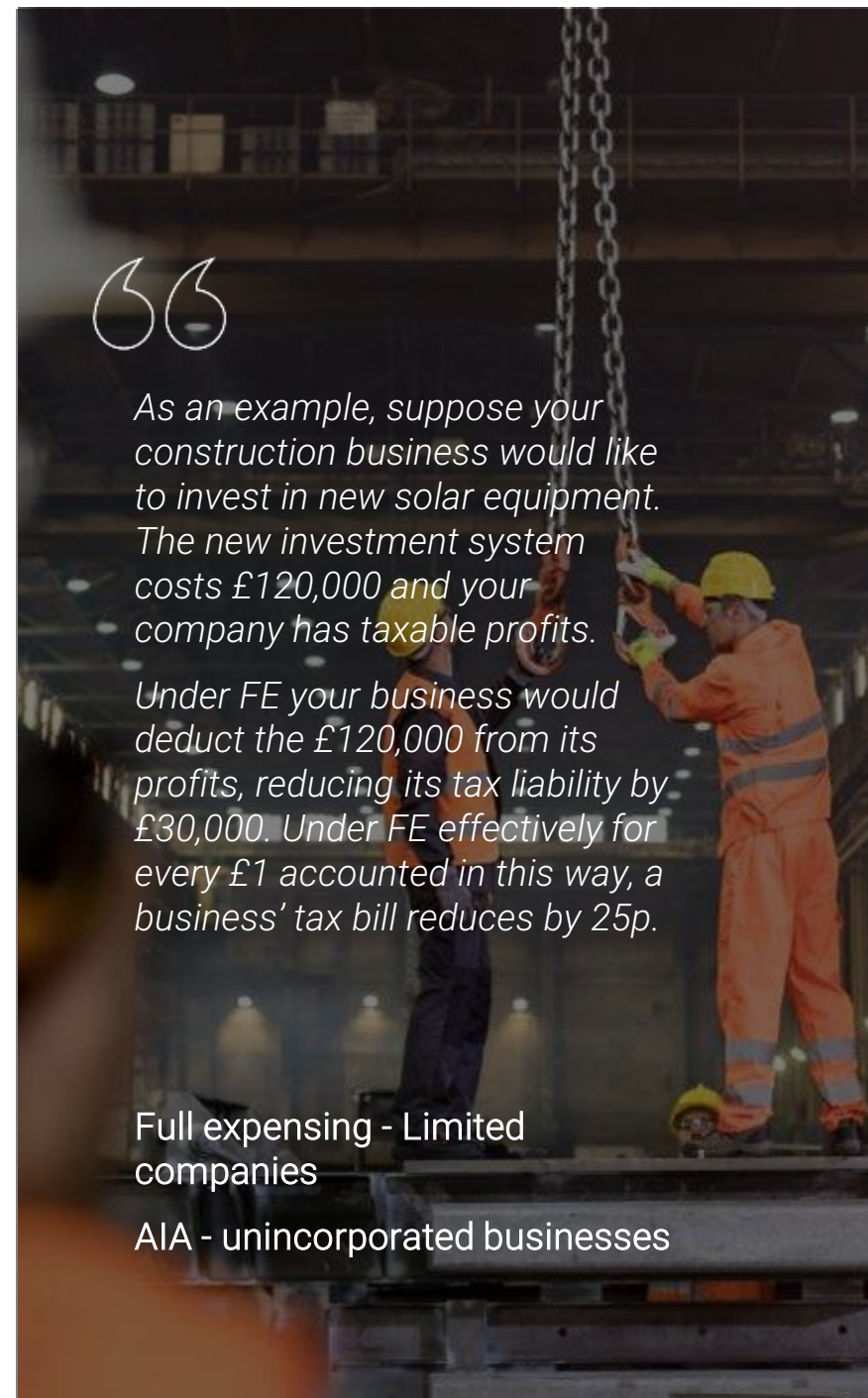
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As an example, suppose your construction business would like to invest in new solar equipment. The new investment system costs £120,000 and your company has taxable profits.

Under FE your business would deduct the £120,000 from its profits, reducing its tax liability by £30,000. Under FE effectively for every £1 accounted in this way, a business' tax bill reduces by 25p.

Full expensing - Limited companies

AIA - unincorporated businesses





Technologies to Consider



EV charging infrastructure
(public / private)



LED lighting



Air source heat pumps



Ground source heat pumps



Solar PV – roof /
ground mounted





Questions



Your business may not be able to control global prices, however, you do have the ability to control your own business costs by investing in green technology.

Hiten Sonpal
Head of Green Finance, MHA





Hiten Sonpal
Head of Green Finance

T: 07795 801414

E: hiten.sonpal@mhllp.co.uk



LinkedIn