

Low Carbon Environmental Goods and Services Sector Study 2024: Short Report for Coventry & Warwickshire

Commissioned by the Midlands Net Zero Hub, this report provides 2024 data of the LCEGS sector, updating the 2021 study.

1. Introduction

This document has been prepared to provide an overview summary of the LCEGS sector within Coventry & Warwickshire. Reports on the wider picture of the MNZH region and Local Authorities (with example companies), including datasets are available [here](#). Additional detailed data is available from kMatrix; and further recommendations and details on areas of focus are available through the Climate Action Benchmarking study.

Local Authorities with separate reports within Coventry & Warwickshire are:

- Coventry City Council
- North Warwickshire Borough Council
- Nuneaton & Bedworth Borough Council
- Rugby Borough Council
- Stratford-on-Avon District Council
- Warwick District Council

2. Current Activity Supporting the Growth of the Sector

Activity at the Coventry & Warwickshire level relevant to the wider geographical region:

- There is support across the Warwickshire region to help businesses to decarbonise. Schemes such as the Business Energy Advice Service, the WM Net Zero Pledge and decarbonisation grants will help further drive the LCEGS sector, although more support and funding are needed in the future to maximise effectiveness.
- The WMCA region of which Coventry is also part has a very strong innovation sector including a number of funding projects and support networks, such as the West Midlands Innovation Programme. The Innovation Accelerator programme has offered £33m

of funding for five projects, two of which directly support the LCEGS sector - "Clean Futures" and the "Biochar Cleantech Accelerator" - and offers a strong platform to drive innovation throughout the LCEGS supply chain.

- Energy Capital's work developing a Regional Energy Strategy and a Smart Energy Cluster will provide a useful direction of travel and an opportunity to collaborate for the region's diverse and otherwise disparate energy sector.
- The [Green Business Network](#) connects businesses in the LCEGS sector. Through it, LCEGS businesses can access expert guidance on energy and resource efficiency, networking and supply chain opportunities, access to grants and funding, and free energy and resource audits.

3. Recommendations

Recommendations for Coventry & Warwickshire are:

- Increase local LCEGS businesses' awareness of support such as the [Green Business Network](#) hosted by Coventry City Council who have a team of environmental and energy consultants that support local businesses with energy and environmental management issues, accessing grants and funding to become more energy efficient and establishing ways to minimise waste. Low carbon networks such as the West Midlands Net Zero Business Pledge and Sustainability West Midlands should also be promoted.
- Reduce barriers for businesses accessing funding for energy efficiency improvements. For example, Staffordshire County Council offer full grants to cover these costs, or interest free loans for costs which grants do not cover, and therefore it would be worthwhile to engage with them about offering similar options.
- Ensure businesses are aware of the [Warwickshire Business Energy Advice Service](#). Increasing awareness and accessibility of this page for LCEGS businesses will increase demand and drive growth of the sector.
- Facilitate collaboration between local skill providers, educational institutions, local authorities and LCEGS businesses to ensure training courses and apprenticeships are available that address specific skills gaps identified in the sector. This should involve training for skills that are expected to be needed in the future, in order to jump ahead of other regions and capitalise on the strain on skills.

4. Headline Figures for Coventry & Warwickshire

The headline figures for Coventry & Warwickshire are:

- The LCEGS sector in Coventry & Warwickshire was worth £3.9bn in 2023/24 and is forecast to grow to £5.6bn over the next 5 years
- The LCEGS sector accounts for 8.2% of GVA, 6.1% of employment, and sales accounts for 9.1% of GDP in Coventry & Warwickshire
- Coventry & Warwickshire's LCEGS Sales generates 12.4% of the LCEGS Sales in the MNZH region, higher than the 11.2% of total GDP contribution
- Coventry & Warwickshire's LCEGS GVA generated 12.4% of the MNZH's LCEGS GVA, higher than the 11.2% total GVA contribution
- Coventry & Warwickshire's LCEGS employment accounts for 13.7% of MNZH's LCEGS employment, higher than its 9.5% of economically active people in the MNZH
- Net Zero 2030 targets are expected to require between 5,754 and 21,426 FTE employees in addition to those employed now in Coventry & Warwickshire
- Net Zero 2050 targets are expected to require between 28,998 and 100,014 FTE employees in addition to those employed now in Coventry & Warwickshire
- Coventry & Warwickshire's LCEGS sector could generate up to 100,014 jobs between 2023/24 and 2050*
- Between 2019/20 and 2023/24, Investment in R&D for the LCEGS sector has grown from £167m to £278m for Private Equity Investment; £330m to £467m for Venture Capital Investment; and £483m to £647m for Other Investment.
- Exports in the LCEGS sector for Coventry & Warwickshire have increased from £350m in 2019/20 to £405m in 2023/24.

*The majority of increase from 2030 targets due to additional 20 years of wider economic growth

5. Coventry & Warwickshire’s LCEGS Sector Key Metrics

Key metrics in Coventry & Warwickshire for each financial year from 2019/20 to 2023/24, with growth between years:

| Coventry & Warwickshire | 2019/20 | % growth | 2020/21 | % growth | 2021/22 | % growth | 2022/23 | % growth | 2023/24 |
|-------------------------|---------|----------|---------|----------|---------|----------|---------|----------|---------|
| Sales | £3.33bn | -9.0% | £3.03bn | 6.3% | £3.22bn | 8.4% | £3.49bn | 12.5% | £3.92bn |
| GVA | £2.64bn | -9.2% | £2.40bn | 6.6% | £2.56bn | 8.3% | £2.77bn | 12.4% | £3.12bn |
| # FTE Employees | 28,542 | -7.0% | 26,554 | 7.8% | 28,637 | 8.6% | 31,114 | 11.9% | 34,803 |
| # Companies | 1,193 | -8.6% | 1,090 | 6.3% | 1,159 | 8.1% | 1,252 | 11.8% | 1,400 |

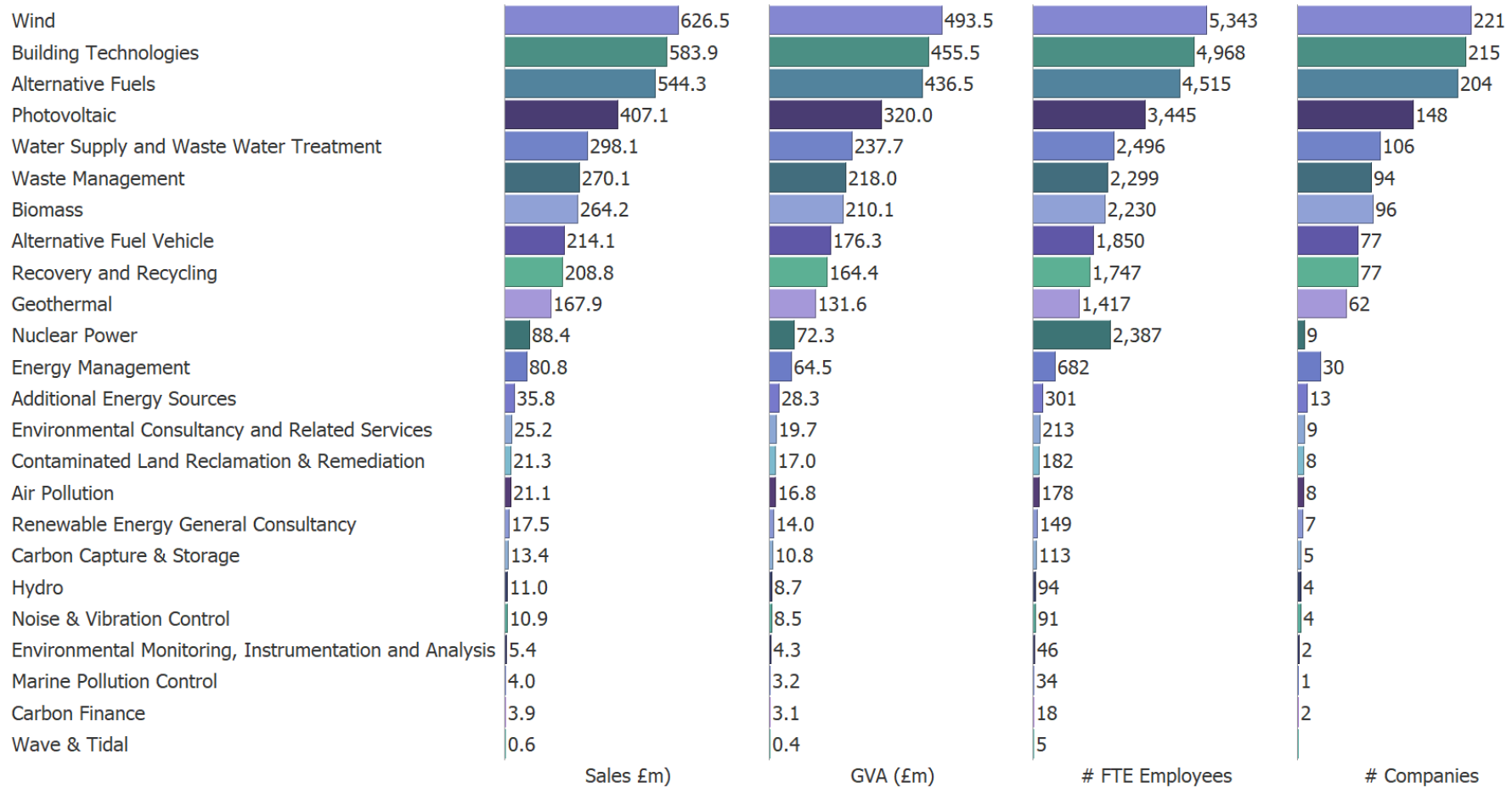
Note: the total numbers for 2019/20 are higher than those reported in 2021 due to an adjustment made in the Nuclear Power sub-sector in the Rugby Borough Council area.

All metrics have recovered from the pandemic in 2020 and saw growth across the reporting period from 2021/22 to 2023/24.

6. Coventry & Warwickshire’s Sub-sectors Key Metrics

All twenty-four sub-sectors of the LCEGS sector have activity in Coventry & Warwickshire, with the 2023/24 values for Sales, GVA, FTE Employees and number of companies in figure 1.

Figure 1: Sales, GVA, FTE Employees and number of companies in Coventry & Warwickshire in 2023/24 by sub-sector



The largest twelve sub-sectors account for 96% of sales, 96% of GVA, 96% of employment and 96% of companies in the LCEGS sector. These twelve sub-sectors are Wind; Building Technologies; Alternative Fuels; Photovoltaic; Water Supply & Waste Water Treatment; Waste Management; Biomass; Alternative Fuel Vehicle; Recovery & Recycling; Geothermal; Nuclear Power; and Energy Management.

7. Coventry & Warwickshire’s Sub-sector Growth Compared with the UK

Sub-sectors that saw stronger growth in sales than the UK average between 2021/22 and 2023/24 for Coventry & Warwickshire include:

| Sub-sector | Coventry & Warwickshire Sales 2023/24 | Coventry & Warwickshire Growth 2021/22 to 2023/34 | UK Growth 2021/22 to 2023/34 |
|--|---------------------------------------|---|------------------------------|
| Air Pollution | £21.1m | 23% | 7% |
| Contaminated Land Reclamation & Remediation | £21.3m | 23% | 9% |
| Environmental Consultancy and Related Services | £25.2m | 20% | 11% |
| Recovery and Recycling | £208.8m | 22% | 11% |
| Waste Management | £270.1m | 22% | 8% |
| Water Supply and Waste Water Treatment | £298.1m | 20% | 5% |
| Additional Energy Sources | £35.8m | 21% | 10% |
| Alternative Fuel Vehicle | £214.1m | 20% | 12% |
| Alternative Fuels | £544.3m | 24% | 14% |
| Building Technologies | £583.9m | 22% | 16% |
| Energy Management | £80.8m | 21% | 10% |
| Nuclear Power | £88.4m | 12% | 8% |
| Geothermal | £167.9m | 22% | 18% |

Only sub-sectors contributing more than 1% of the total Sales in Coventry & Warwickshire have been included in this table.

Of the thirteen sub-sectors that grew stronger than the UK, Recovery & Recycling; Waste Management; Water Supply & Waste Water Treatment; Alternative Fuel Vehicle; Alternative Fuels; Building Technologies; Energy Management; Nuclear Power; and Geothermal are also large sub-sectors and should be considered a strength of Coventry & Warwickshire.

8. Coventry & Warwickshire's Skills Forecast to Net Zero 2030 and 2050

This section provides highlights of the skills analysis. Skills forecast tables are available from the Midlands Net Zero Hub.

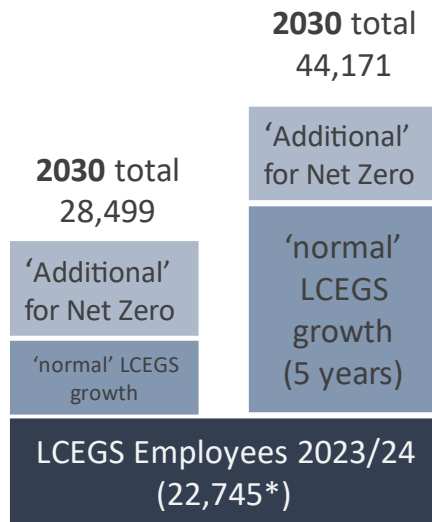
The LCEGS sector is expected to generate up to 100,014 jobs in Coventry & Warwickshire between 2023/24 and 2050. The majority of growth is determined by usual growth in the sector as the LCEGS sector services the wider economy, forecasts are therefore provided as a range, determined by the potential growth of the sector before the requirement to reach net zero targets is overlaid. Regional net zero targets place an additional skills requirement for the sector above usual growth. They are influenced by changes in practice, new technologies and technology compression.

Key points from the skills analysis:

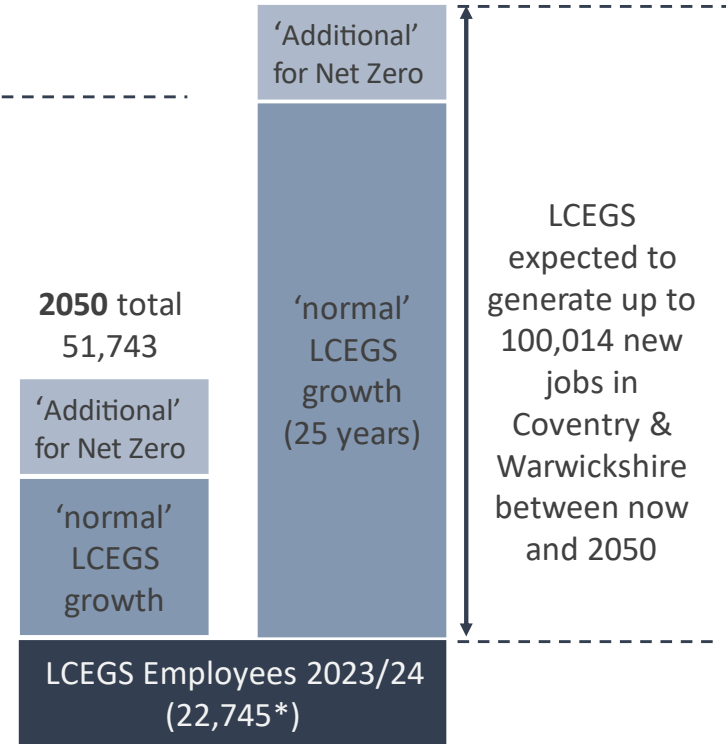
- Coventry & Warwickshire has increased the number of people working in the sector; however, the overall skills gap has remained the same at 8.5% 2019/20.
- The economic challenges of the last four years have resulted in less time to achieve targets, and despite the increase in total employment in the sector, the forecast number of employees required to reach net zero targets are higher than forecasts made in 2020.
- The 2021 report forecast a need for a 19% increase in 2019/20 employment numbers in LCEGS to reach net zero 2030 targets, this is now reduced to 15% increase in 2023/24 employment numbers, although strong economic growth could increase this need to 79% to reach net zero targets.
- To reach net zero targets by 2030, WMCA is expected to require between 28,499 and 44,171 employees, i.e., between 5,754 and 21,426 employees, representing an increase of between 15% and 79% in employment compared with 2023/24.
- To reach net zero targets by 2050, WMCA is expected to require between 51,743 and 122,759 employees, i.e., between 28,998 and 100,014 employees in addition to those employed now, representing an increase of between 110% and 397% in employment compared with 2023/24.

Skills Forecasts for Coventry & Warwickshire

2030 regional net zero targets
Forecast LCEGS employment ranges between:
28,499 - 44,171



2050 regional net zero targets
Forecast LCEGS employment ranges between:
51,743 – 122,759



Extra 20 years 'normal' growth

LCEGS expected to generate up to 100,014 new jobs in Coventry & Warwickshire between now and 2050

*Lower value than sector total due to some employees in Micro and SMEs being difficult to allocate to SOC codes. LCEGS sector = high proportion of Micro and SMEs.



9. Coventry & Warwickshire Sector Strengths

Strengths of Coventry & Warwickshire include:

| Sub-sector | Sales 2023/24 | Forecast Sales 2028/29 | CO ₂ Reduction Potential | Sector Scalability | Current Training Provision | Potential Upskilling of Workforce | Skills Shortage |
|--------------------------------------|---------------|------------------------|-------------------------------------|--------------------|----------------------------|-----------------------------------|-------------------------------------|
| Building Technologies | £583.9m | £835.6m | Medium | High | High | Medium | Low: 4.8% (MNZH: 4.4%) |
| Alternative Fuels | £544.3m | £805.4m | High | Low | Low | Medium | High: 14.8% (MNZH: 13.2%) |
| Water Supply & Waste Water Treatment | £298.1m | £419.2m | Medium | Medium | High | High | Low: 4.3% (MNZH: 3.6%) |
| Waste Management | £270.1m | £387.5m | Medium | High | Medium | High | Low: 5.9% (MNZH: 5.1%) |
| Nuclear Power | £88.4m | £102.4m | Medium | Low | Medium | High | Med: 7.6% (MNZH: 1.6%) |
| Alternative Fuel Vehicle | £214.1m | £297.0m | Medium | Medium | Medium | Medium | High: 16.7% (MNZH: 14.2%) |
| Recovery & Recycling | £208.8m | £304.4m | Medium | Medium | High | High | High: 16.5% (MNZH: 14.2%) |
| Geothermal | £167.9m | £241.5m | Medium | Medium | High | Medium | High: 17.2% (MNZH: 14.4%) |
| Energy Management | £80.8m | £113.6m | Medium | Medium | Medium | Medium | High: 18.9% (MNZH: 15.5%) |

10. Regional summary

Headline figures for the MNZH area are:

- The LCEGS sector in MNZH Region was worth £31.0bn in 2023/24 and is forecast to grow to £46.6bn over the next 5 years
- The LCEGS sector accounts for 7.4% of GVA, 4.2% of employment, and sales accounts for 8.3% of GDP in MNZH Region
- MNZH Region's LCEGS Sales generates 11.9% of the LCEGS Sales in the UK, slightly lower than the 12.4% of total GDP contribution
- MNZH Region's LCEGs employment accounts for 15.5% of the UK's LCEGS employment, lower than its 16.8% of economically active people in the UK
- Net Zero 2030 targets are expected to require between 30,192 and 146,162 FTE employees in addition to those employed now in the MNZH region
- Net Zero 2050 targets are expected to require between 263,907 and 727,184 FTE employees in addition to those employed now in the MNZH region
- The MNZH region's LCEGS sector could generate up to 727,184 jobs between 2023/24 and 2050*
- Between 2019/20 and 2023/24, Investment in R&D for the LCEGS sector has varied, but is now similar, shrinking slightly from £2.2bn to £2.1bn for Private Equity Investment; being £3.6bn for Venture Capital Investment for both years; and increasing slightly from £4.9bn to £5.2bn for Other Investment.
- Exports in the LCEGS sector for MNZH Region have increased from £2.8bn in 2019/20 to £3.2bn in 2023/24.

*The majority of increase from 2030 targets due to additional 20 years of wider economic growth