Low Carbon Environmental Goods and Services Sector Study 2024: Local Authority Short Report for Leicester City Council

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 this Local Authority. Reports on the wider picture of the MNZH region and Leicester County & Rutland County, including skills forecasts relevant to this Local Authority, and 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.

2. Current Activity Supporting the Growth of the Sector

Activity at the Leicester County & Rutland County level relevant to the wider geographical region:

- Sustainable East Midlands is a business support programme provided by East Midlands Chamber that gathers information and resources to help businesses in the region decarbonise, including networks, expert support, funding and grants.
- Leicestershire Collaborate to Accelerate Net Zero (LCAN) is a demonstrator project run by Leicestershire County Council to decrease the areas emissions and enable businesses and communities to increase sustainability. This includes identifying opportunities for decarbonisation, implementing cross-sector collaboration structures and implementing an advisory service to signpost available funding schemes, all of which drive activity in the LCEGS sector.
- Three universities in the region (Leicester, Loughborough and De Montfort) have sustainability hubs, offering support to LCEGS businesses, trialling green innovation and improving low carbon knowledge and skills.

- Funding has been secured to run skills bootcamps across four areas of green skills, including solar, agricultural skills, land management and green leadership. Local colleges have also gained funding to run short courses around emerging needs for employers, such as hydrogen technology, electric vehicles and sustainability leadership.

3. Recommendations

Recommendations for Leicester City Council are:

- Work with nearby local authorities to develop a strategy to better work with local skills providers, education institutions and LCEGS businesses to ensure training and apprenticeships are available that address the specific skills gaps in the area. This work could include pooling funding.
- Utilise existing manufacturing and construction clusters such as the East Midlands Manufacturing Network to engage with energy-intense manufacturing businesses and promote the benefits of the circular economy and low carbon technologies along the supply chain.
- Review procurement processes within local authorities and the wider public sector to prioritize local LCEGS businesses, encouraging sustainable practices across the supply chain. Shift focus from solely cost-driven decisions to those considering long-term environmental and social benefits.
- Contact the Midlands Net Zero Hub and request the supplementary booklet of additional data to provide further information and context to the LCEGS sector in your area.
- Large sub-sectors which saw similar or stronger in Leicester three-year growth then the UK average and are considered strengths are:
    - Recovery & Recycling
    - Waste Management
    - Water Supply & Waste Water Treatment
    - Alternative Fuel Vehicle
    - Energy Management
    - Nuclear Power

These are similar strengths to the wider Leicestershire & Rutland area, which also includes Alternative Fuels and Building Technologies. The Leicestershire County & Rutland County report and dataset includes details of the skills gaps across Leicestershire & Rutland for each sub-sector, providing evidence to feed into local skills plans, ideally formed in collaboration with neighbouring councils.

4. Headline Figures for Leicester

The headline figures for the Leicester City Council area are:

- The LCEGS sector in Leicester City was worth £993m in 2023/24 and is forecast to grow to £1.4bn over the next 5 years
- The LCEGS sector accounts for 7.0% of GVA, 3.7% of employment, and sales accounts for 8.1% of GDP in Leicester City
- Leicester City's LCEGS Sales generates 3.5% of the LCEGS Sales in the MNZH region, in line with its 3.5% of total GDP contribution
- Leicester City's LCEGS GVA generated 3.4% of the MNZH's LCEGS GVA, slightly lower than the 3.6% total GVA contribution
- Leicester City's LCEGs employment accounts for 3.0% of MNZH's LCEGS employment, lower than its 3.4% of economically active people in the MNZH

5. Leicester City's LCEGS Sector Key Metrics

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

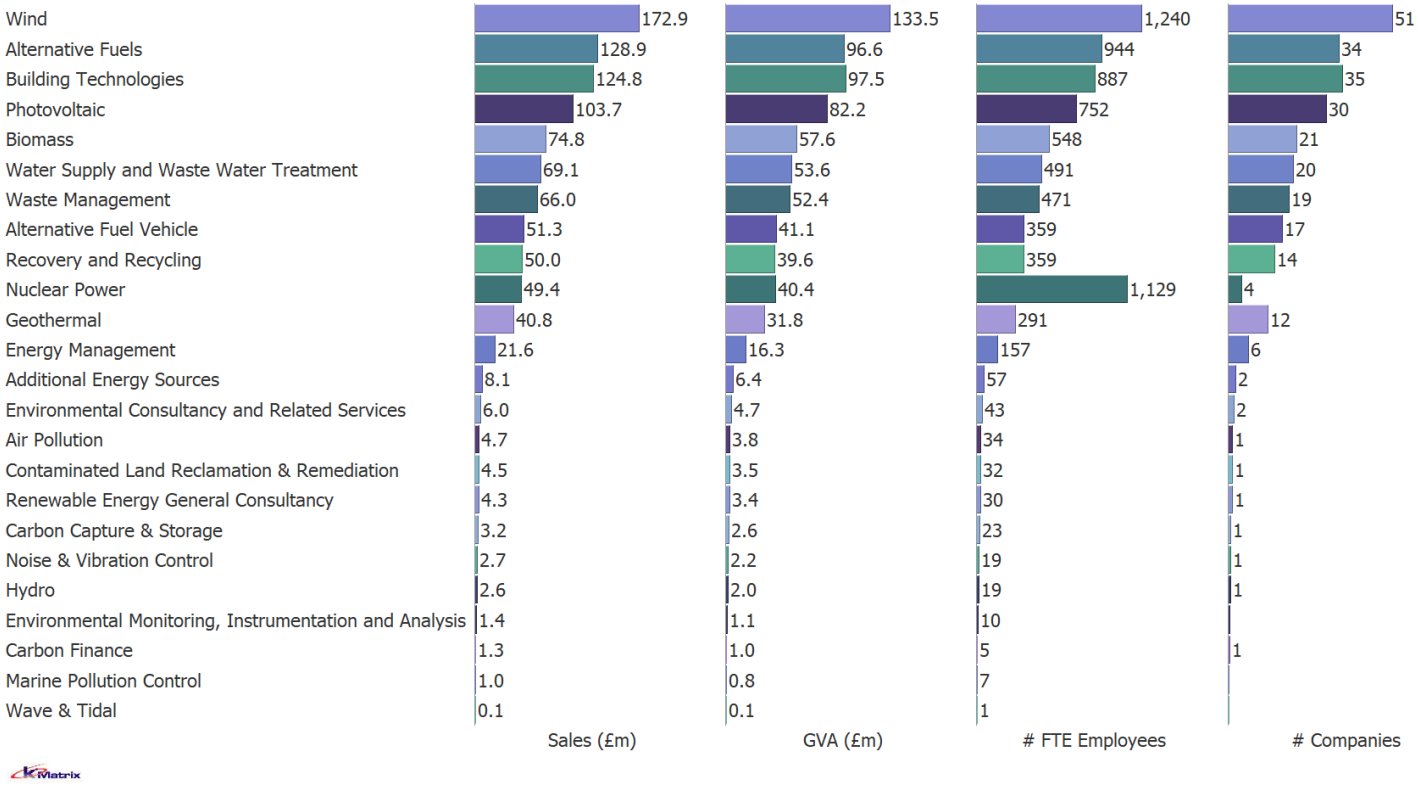
Leicester City	2019/20	% growth	2020/21	% growth	2021/22	% growth	2022/23	% growth	2023/24
Sales	£908.3m	-4.6%	£866.4m	3.9%	£900.4m	4.4%	£940.0m	5.7%	£993.1m
GVA	£709.7m	-2.3%	£693.1m	1.5%	£703.6m	4.3%	£734.1m	5.4%	£774.0m
# FTE Employees	7,684	-16.9%	6,383	-2.9%	6,200	11.0%	6,883	13.0%	7,775
# Companies	254	-4.1%	243	3.3%	251	3.7%	260	5.7%	275

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 Leicester City 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. Leicester City's Sub-sectors Key Metrics

All twenty-four sub-sectors of the LCEGS sector have activity in Leicester City, 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 Leicester City 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; Alternative Fuels; Building Technologies; Photovoltaic; Biomass; Water Supply & Waste Water Treatment; Waste Management; Alternative Fuel Vehicle; Recovery & Recycling; Nuclear Power; Geothermal and Energy Management.

7. Leicester City's Sub-sector Growth Compared with the UK

Sub-sectors that saw similar or stronger growth in sales than the UK average between 2021/22 and 2023/24 for Leicester City include:

Sub-sector	Leicester City Sales 2023/24	Leicester City Growth 2021/22 to 2023/34	UK Growth 2021/22 to 2023/34
Environmental Consultancy and Related Services	£6.0m	10%	11%
Recovery and Recycling	£50.0m	11%	11%
Waste Management	£66.0m	10%	8%
Water Supply and Waste Water Treatment	£69.1m	9%	5%
Alternative Fuel Vehicle	£51.3m	10%	12%
Energy Management	£21.6m	10%	10%
Nuclear Power	£49.4m	24%	8%

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

Of the seven sub-sectors that saw similar or stronger growth in sales than the UK, Recovery & Recycling; Waste Management; Water Supply & Waste Water Treatment; Alternative Fuel Vehicle; Nuclear Power; and Energy Management are also large sub-sectors and should be considered a strength of Leicester City.

8. MNZH 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

9. Leicestershire County & Rutland County summary

Headline figures for Leicestershire County and Rutland County are:

- The LCEGS sector in Leicestershire & Rutland was worth £3.3bn in 2023/24 and is forecast to grow to £5.0bn over the next 5 years
- The LCEGS sector accounts for 7.1% of GVA, 4.3% of employment, and sales accounts for 8.1% of GDP in Leicester & Leicestershire
- Leicestershire & Rutland's LCEGS Sales generates 11.0% of the LCEGS Sales in the MNZH region, slightly lower than the 11.3% of total GDP contribution
- Leicestershire & Rutland's LCEGS GVA generated 11.0% of the MNZH's LCEGS GVA, slightly lower than the 11.4% total GVA contribution
- Leicestershire & Rutland's LCEGs employment accounts for 10.8% of MNZH's LCEGS employment, lower than its 11.0% of economically active people in the MNZH
- Net Zero 2030 targets are expected to require between 1,835 and 14,290 FTE employees in addition to those employed now in Leicestershire & Rutland
- Net Zero 2050 targets are expected to require between 35,845 and 77,992 FTE employees in addition to those employed now in Leicestershire & Rutland
- Leicestershire & Rutland's LCEGS sector could generate up to 77,992 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 £245m for Private Equity Investment; £299m to £397m for Venture Capital Investment; and £451m to £569m for Other Investment.
- Exports in the LCEGS sector for Leicestershire & Rutland have increased from £318m in 2019/20 to £361m in 2023/24.

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

10. Example Companies in Leicester City

Examples companies in Leicester City. Note: Some or all of the company's activity and employment are either currently in the LCEGS sector or have the potential to be. In some cases, turnover and/or employment may include activity in other locations.

Company Name:	**Cavendish Nuclear**
Web:	https://www.cavendishnuclear.com/
Employees:	Over three hundred (across Leicestershire)
SIC Codes:	Other business support service activities not elsewhere classified
About the company:	"From decommissioning redundant nuclear facilities, through supporting the Continuous at Sea Deterrent, to supporting the operation and build of nuclear power plants, our role in Cavendish Nuclear is to clean up the nuclear legacy and create a world where nuclear plays a key contribution in protecting our nation, ensuring security of energy supply and meeting our net zero commitments."

Company Name:	**Alphasense Limited**
Web:	https://www.alphasense.com/
Turnover:	£27m (including non-LCEGS)
Employees:	121 (including non-LCEGS)
SIC Codes:	Manufacture of electronic instruments and appliances for measuring, testing, and navigation, except industrial process control equipment
About the company:	"At Alphasense, we supply high-quality Oxygen, CO2, toxic and flammable gas sensors to many of the world's leading industrial OEMs. If you manufacture portable or fixed industrial gas detection monitors, stack gas analysers or environmental monitoring instruments, we have the solution for your needs."