Low Carbon Environmental Goods and Services Sector Study 2024: Short Report for Leicestershire County and Rutland County

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 the geographical area of Leicestershire County and Rutland County. 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 the Leicestershire & Rutland Business Board are:

- Blaby District Council
- Charnwood Borough Council
- Harborough District Council
- Hinckley & Bosworth Borough Council
- Leicester City Council
- Melton Borough Council
- North West Leicestershire District Council
- Oadby & Wigston District Council
- Rutland County Council

2. Current Activity Supporting the Growth of the Sector

Activity at the Leicestershire County and 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.
- Rutland County Council benefits from the "Find a Grant" service on the Business Lincolnshire website which gives businesses the chance to see all available grants and support schemes available to them in one place, including those that will support the low carbon sector.
- LCEGS businesses in Rutland County Council can also join business support workshops from Business Lincolnshire, hosted by PECT. They provide support to SMEs in the region, educating them on the challenges and opportunities presented by the low carbon transition, as well as actions for businesses to implement to decarbonise and increase sustainability.

3. Recommendations

Recommendations for Leicestershire County and Rutland County are:

- Further promote Sustainable East Midlands as a source of information for all support and grant schemes available to LCEGS businesses in order to address concerns around limited awareness.
- Streamline and improve the communication process between industry and education around the skills businesses require in the low carbon sector, both currently and for the future, allowing students and workers to be trained to fill those roles.
- Build on lessons from a range of low carbon SME support programmes from other areas to ensure the LCAN can be effective.

- Promote retrofitting among business and property owners to increase demand in low carbon technologies, driving growth in the LCEGS 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.
- The strong agricultural sector particularly in Rutland offers a great opportunity to decarbonise and grow the LCEGS sector. Continue to grow AD investment in the region, engaging with local stakeholders to create structured and coordinated AD infrastructure. Expand on work done by UK Food Valley to create agrifood clusters, increasing use of low carbon technology and driving innovation.
- Ensure rural businesses are not being excluded from opportunities in the low carbon sector by directly marketing and tailoring support opportunities such as Low Carbon Lincolnshire to encourage engagement and investment in the LCEGS sector.

4. Headline Figures for Leicestershire & Rutland

The 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

5. Leicestershire & Rutland's LCEGS Sector Key Metrics

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

Leicester & Leicestershire	2019/20	% growth	2020/21	% growth	2021/22	% growth	2022/23	% growth	2023/24
Sales	£2.92bn	-7.2%	£2.71bn	5.3%	£2.86bn	6.7%	£3.05bn	9.5%	£3.34bn
GVA	£2.31bn	-6.5%	£2.16bn	4.5%	£2.25bn	6.8%	£2.41bn	9.3%	£2.63bn
# FTE Employees	24,008	-9.8%	21,664	4.5%	22,647	9.4%	24,767	11.6%	27,634
# Companies	1,058	-7.2%	981	5.4%	1,034	6.6%	1,103	9.9%	1,212

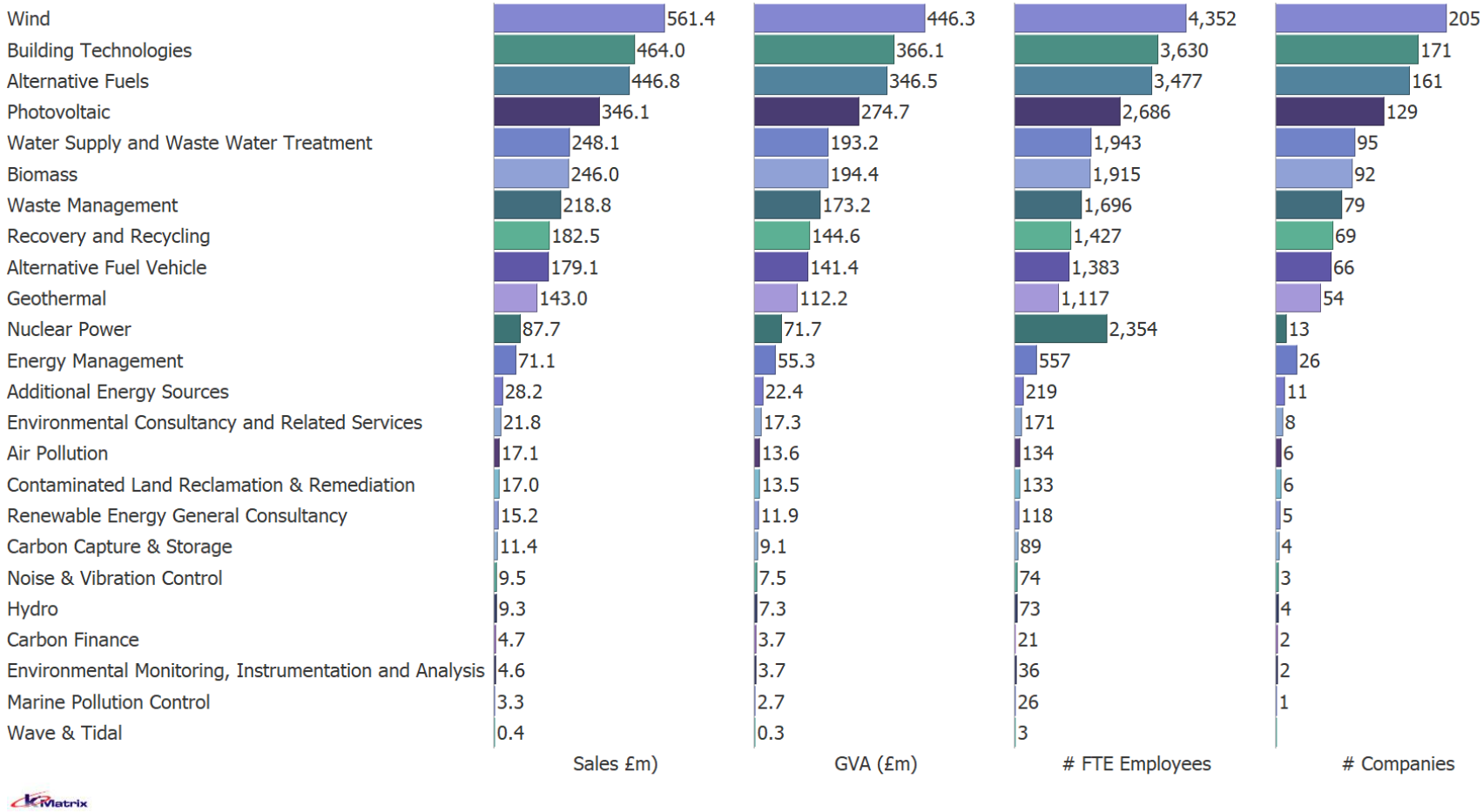
Note: the total numbers for 2019/20 are higher than those reported in 2021 due to an adjustment made in the Nuclear Power sub-sector in two local authorities: Leicester and Oadby & Wigston.

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

6. Leicestershire & Rutland's Sub-sectors Key Metrics

All twenty-four sub-sectors of the LCEGS sector have activity in Leicester & Leicestershire, 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 Leicestershire & Rutland 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; Biomass; Waste Management; Recovery & Recycling; Alternative Fuel Vehicle; Geothermal; Nuclear Power and Energy Management.

7. Leicestershire & Rutland'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 Leicestershire & Rutland include:

Sub-sector	Leicestershire & Rutland Sales 2023/24	Leicestershire & Rutland Growth 2021/22 to 2023/34	UK Growth 2021/22 to 2023/34
Air Pollution	£17.1m	16%	7%
Contaminated Land Reclamation & Remediation	£17.0m	17%	9%
Environmental Consultancy and Related Services	£21.8m	17%	11%
Recovery and Recycling	£182.5m	18%	11%
Waste Management	£218.8m	17%	8%
Water Supply and Waste Water Treatment	£248.1m	16%	5%
Additional Energy Sources	£28.2m	16%	10%
Alternative Fuel Vehicle	£179.1m	16%	12%
Alternative Fuels	£446.8m	16%	14%
Building Technologies	£464.0m	18%	16%
Energy Management	£71.1m	17%	10%
Nuclear Power	£87.7m	16%	8%

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

Of the twelve 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; and Nuclear Power are also large sub-sectors and should be considered a strength of Leicester & Leicestershire.

8. Leicestershire & Rutland 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 77,992 jobs in Leicestershire & Rutland 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.

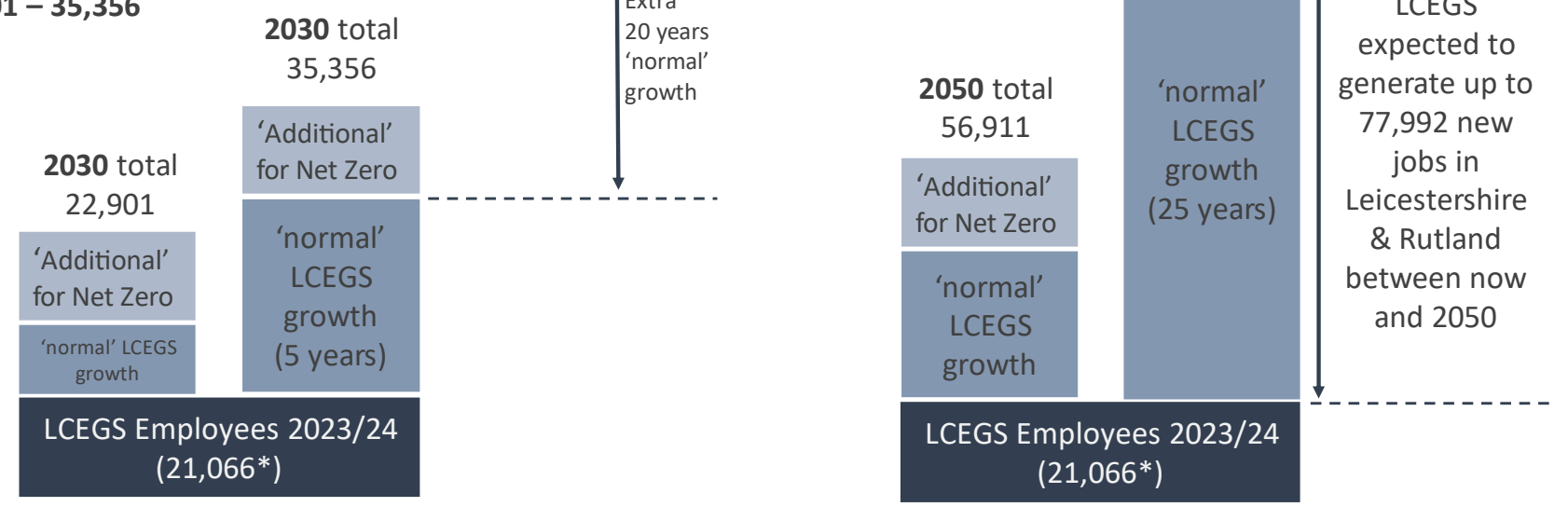
Key points from the skills analysis:

- Leicestershire & Rutland has increased the number of people working in the sector; however, the overall skills gap has increased slightly from 5.8% to 5.9% since 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 5% increase in 2019/20 employment numbers in LCEGS to reach net zero 2030 targets, this is now reduced to 3% increase in 2023/24 employment numbers, although strong economic growth could increase this need to 56% to reach net zero targets.
- To reach net zero targets by 2030, Leicestershire & Rutland is expected to require between 22,901 and 35,356 employees, i.e., between 1,835 and 14,290 employees in addition to those employed now, representing an increase of between 3% and 59% in employment compared with 2023/24.
- To reach net zero targets by 2050, Leicestershire & Rutland is expected to require between 56,911 and 99,058 employees, i.e., between 35,845 and 77,992 employees in addition to those employed now, representing an increase of between 155% and 344% in employment compared with 2023/24.

Skills Forecasts for the Leicestershire County & Rutland County

2030 regional net zero targets
Forecast **LCEGS** employment ranges between:
22,901 – 35,356

2050 regional net zero targets
Forecast **LCEGS** employment ranges between:
56,911 – 99,058



*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. Leicestershire & Rutland Sector Strengths

Sub-sectors with strong historic growth which are strengths of Leicestershire & Rutland are:

Sub-sector	Sales 2023/24	Forecast Sales 2028/29	CO2 Reduction Potential	Sector Scalability	Current Training Provision	Potential Upskilling of Workforce	Skills Shortage
Building Technologies	£464.0m	£702.9m	Medium	Medium	Medium	Medium	Low: **3.9%** (MNZH: 4.4%)
Alternative Fuels	£446.8m	£655.2m	Medium	Low	High	High	High: **11.6%** (MNZH: 13.2%)
Water Supply & Waste Water Treatment	£248.1m	£366.3m	Medium	Medium	Medium	Medium	Low: **3.4%** (MNZH: 3.6%)
Waste Management	£218.8m	£326.4m	Medium	High	Medium	High	Low: **4.5%** (MNZH: 5.1%)
Recovery & Recycling	£182.5m	£274.8m	High	Medium	Medium	Medium	High: **12.5%** (MNZH: 14.2%)
Alternative Fuel Vehicle	£179.1m	£263.3m	Medium	Medium	Medium	Medium	High: **12.3%** (MNZH: 14.2%)
Nuclear Power	£87.7m	£120.6m	Medium	Medium	Low	High	Low: **1.1%** (MNZH: 1.6%)
Energy Management	£71.1m	£106.3m	Medium	Medium	Medium	Medium	High: **13.6%** (MNZH: 15.5%)

10. 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