

Low Carbon Environmental Goods and Services Sector Study 2024: Local Authority Short Report for Worcester 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 Worcestershire, 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 Worcestershire level relevant to the wider geographical region:

- Net Zero Worcestershire offers free advice, energy assessments and grants for energy efficiency and renewable energy measures to SMEs from all sectors in the region. This includes 75% funding grants of up to £100,000 for businesses wanting to install energy efficiency measures.
- [SkillsBoost Worcestershire](#) is a scheme run by the Worcestershire Growth Hub that helps organisations with the costs of upskilling and training their employees with a 50% grant. This can include improving net zero skills in a company or can be as broad as having a consultant come in to talk about sustainability for a day, both of which drive demand in the LCEGS sector.

3. Recommendations

Recommendations for Worcester City Council are:

- Engage with key businesses in the region's manufacturing sector, such as Worcester Bosch, Mazak and Morgan, to decarbonise one of the most energy intensive sectors. Additionally, recommendations from the LGA-funded '[Creating Sustainable Manufacturing in Telford & Wrekin](#)' should be adopted, allowing resource efficiency in the manufacturing sector to increase.
- Ensure businesses can access short term upskilling courses to give those in traditional sectors the knowledge to transition into the LCEGS sector, for example traditional plumbers retraining as heat pump engineers.
- 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.
- Review procurement processes within the local authority and wider public sector to prioritise sustainable practices across the supply chain, thereby driving growth in the LCEGS sector. Shift focus from short term cost savings to longer term savings and consider savings to other budgets through procurement which brings social and environmental 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 stronger 3-year growth in Worcester than the UK average and are considered strengths are:
 - Recovery & Recycling
 - Waste Management
 - Water Supply & Waste Water Treatment
 - Alternative Fuel Vehicle
 - Alternative Fuels
 - Building Technologies
 - Energy Management
 - Nuclear Power
 - Biomass
 - Geothermal
 - Photovoltaic
 - Wind

These are similar strengths to the wider Worcestershire area, which also includes Nuclear Power, but does not include Biomass, Photovoltaic or Wind, which did not grow stronger than the UK average in Worcestershire. The Worcestershire report and dataset includes details of the skills gaps across Worcestershire for each sub-sector, providing evidence to feed into local skills plans, ideally formed in collaboration with neighbouring councils.

4. Headline Figures for Worcester

The headline figures for the Worcester City Council area are:

- The LCEGS sector in Worcester was worth £447m in 2023/24 and is forecast to grow to £692m over the next 5 years
- The LCEGS sector accounts for 8.2% of GVA, 6.7% of employment, and sales accounts for 9.2% of GDP in Worcester
- Worcester's LCEGS Sales generates 1.4% of the LCEGS Sales in the MNZH region, slightly higher than the 1.2% of total GDP contribution
- Worcester's LCEGS GVA generated 1.4% of the MNZH's LCEGS GVA, slightly higher than the 1.2% total GVA contribution
- Worcester's LCEGS employment accounts for 1.8% of MNZH's LCEGS employment, higher than its 1.1% of economically active people in the MNZH

5. Worcester’s LCEGS Sector Key Metrics

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

Worcester	2019/20	% growth	2020/21	% growth	2021/22	% growth	2022/23	% growth	2023/24
Sales	£359.5m	-11.8%	£317.0m	10.7%	£350.9m	10.6%	£388.0m	15.3%	£447.4m
GVA	£286.0m	-11.3%	£253.8m	10.1%	£279.3m	10.3%	£308.1m	15.1%	£354.4m
# FTE Employees	2,969	-14.8%	2,531	44.9%	3,667	13.3%	4,155	12.2%	4,663
# Companies	117	-12.4%	102	9.6%	112	11.0%	125	15.8%	144

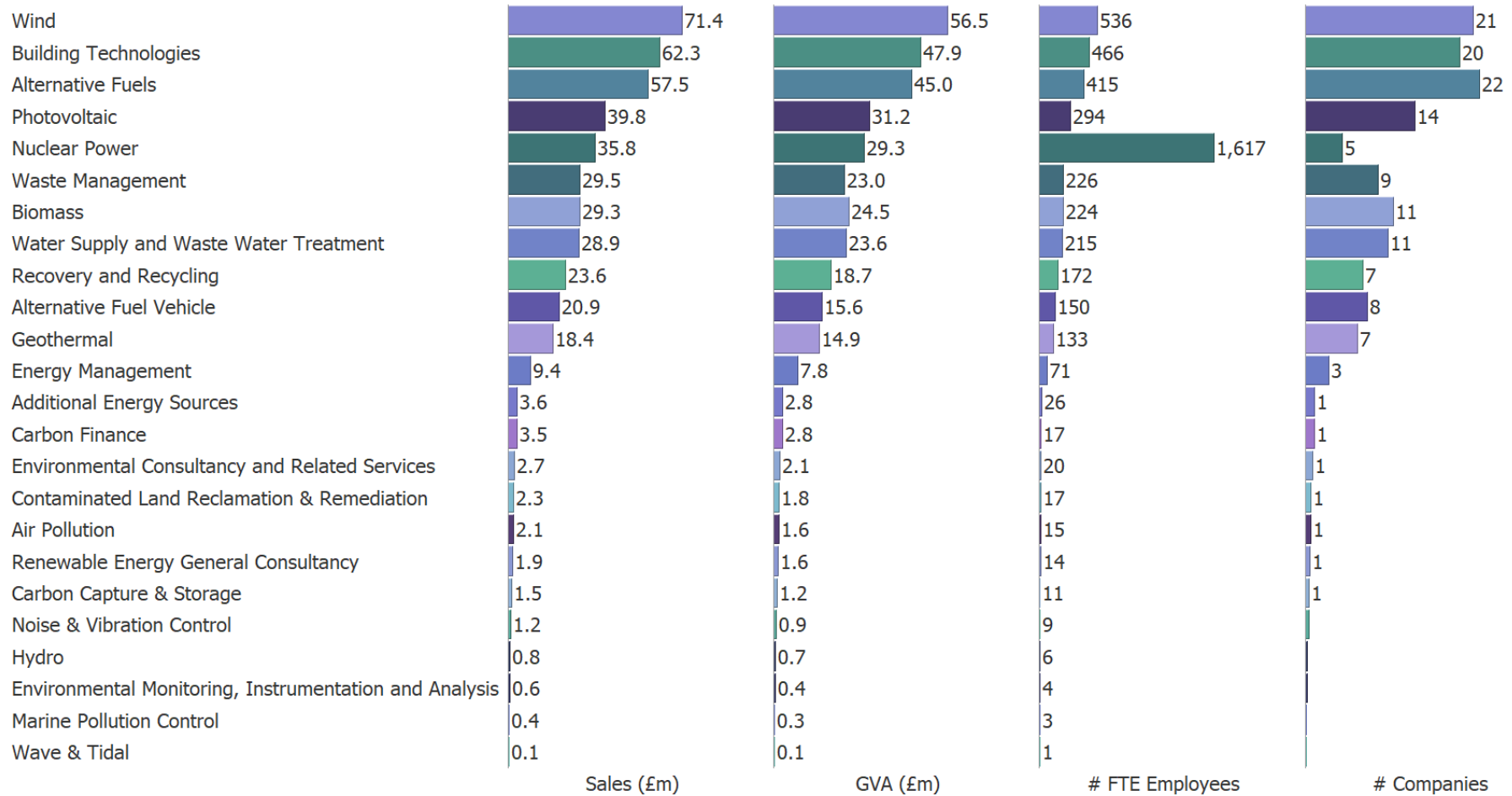
Note: the total numbers for 2019/20 are higher than those reported in 2021 due to an adjustment made in the Nuclear Power sub-sector in the Worcester City Council area.

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

6. Worcester’s Sub-sectors Key Metrics

All twenty-four sub-sectors of the LCEGS sector have activity in Worcester, 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 Worcester in 2023/24 by sub-sector



The largest twelve sub-sectors account for 95% of sales, 95% of GVA, 96% of employment and 95% of companies in the LCEGS sector. These twelve sub-sectors are Wind; Building Technologies; Alternative Fuels; Photovoltaic; Nuclear Power; Waste Management; Biomass; Water Supply & Waste Water Treatment; Recovery & Recycling; Alternative Fuel Vehicle; Geothermal and Energy Management.

7. Worcester’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 Worcester include:

Sub-sector	Worcester Sales 2023/24	Worcester Growth 2021/22 to 2023/34	UK Growth 2021/22 to 2023/34
Contaminated Land Reclamation & Remediation	£2.3m	28%	9%
Environmental Consultancy and Related Services	£2.7m	28%	11%
Recovery and Recycling	£23.6m	29%	11%
Waste Management	£29.5m	30%	8%
Water Supply and Waste Water Treatment	£28.9m	26%	5%
Additional Energy Sources	£3.6m	29%	10%
Alternative Fuel Vehicle	£20.9m	23%	12%
Alternative Fuels	£57.5m	31%	14%
Building Technologies	£62.3m	29%	16%
Energy Management	£9.4m	28%	10%
Nuclear Power	£35.8m	15%	8%
Biomass	£29.3m	33%	24%
Geothermal	£18.4m	32%	18%
Photovoltaic	£39.8m	28%	21%
Wind	£71.4m	27%	23%

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

Of the 15 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; Biomass; Geothermal; Photovoltaic; and Wind are also large sub-sectors and should be considered a strength of Worcester.

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. Worcestershire County Council summary

Headline figures for Worcestershire area are:

- The LCEGS sector in Worcestershire was worth £1.8bn in 2023/24 and is forecast to grow to £2.8bn over the next 5 years
- The LCEGS sector accounts for 7.6% of GVA, 4.2% of employment, and sales accounts for 8.3% of GDP in Worcestershire
- Worcestershire's LCEGS Sales generates 5.8% of the LCEGS Sales in the MNZH region, in line with its 5.8% of total GDP contribution
- Worcestershire's LCEGS GVA generated 5.8% of the MNZH's LCEGS GVA, slightly higher than its 5.6% total GVA contribution
- Worcestershire's LCEGS employment accounts for 6.1% of MNZH's LCEGS employment, in line with its 6.1% of economically active people in the MNZH
- Net Zero 2030 targets are expected to require between 1,427 and 8,244 FTE employees in addition to those employed now in Worcestershire
- Net Zero 2050 targets are expected to require between 17,453 and 42,283 FTE employees in addition to those employed now in Worcestershire
- Worcestershire's LCEGS sector could generate up to 42,283 jobs between 2023/24 and 2050*
- Between 2019/20 and 2023/24, Investment in R&D for the LCEGS sector has grown from £77m to £143m for Private Equity Investment; £152m to £230m for Venture Capital Investment; and £228m to £317m for Other Investment.
- Exports in the LCEGS sector for Worcestershire have increased from £191m in 2019/20 to £220m in 2023/24.

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

10. Example Companies in Worcester

Examples companies in Worcester.

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: **Bosch Thermotechnology Ltd**
Web: <https://www.bosch-homecomfortgroup.com/en/company/production-sites/legal-notes-uk/>
Turnover: €2.8bn (global turnover)
Employees: 12,900 (global)
SIC Codes: Manufacture of central heating radiators and boilers
Additional Products and Services: Manufacture of heat pumps
About the company: "Bosch Thermotechnology Ltd. offers a broad range of products for domestic, commercial and industrial sectors and in the UK includes well known and reputable brands - Worcester, and Bosch Commercial & Industrial Heating."

Company Name: **Montel Civil Engineering Limited**
Web: <https://montelcivilengineering.co.uk/>
Turnover: £33m (all sectors)
Employees: 59 (all sectors)
SIC Codes: Construction of other civil engineering projects n.e.c.
Additional Products and Services: Flood Defence

About the company: “Montel continues to be involved in the delivery of various forms of drainage, flood defence, water course modifications and associated works for Local Authorities and private developers. These include watercourse reconfiguration and modification, clay core embankments, surface water storage systems, pumping stations and sustainable urban drainage (SUDS) systems.”

Company Name: **Oakland Air Control Limited**
Web: <https://www.oaklandgroup.com/>
Employees: 36
SIC Codes: Steam and air conditioning supply
Additional Products and Services: Heat Pumps

About the company: “We install and maintain the mechanical and electrical engineering systems that heat, cool, control, power and protect the built environment such as air-conditioning, heating systems, ventilation as well as offering a full facilities management service. Our team have vast expertise in building control systems such as TREND and the latest green energy products.”

Company Name: **EthosEnergy**
Web: <https://ethosenergy.com/>
Turnover: £34.8m (UK 2023 total company)
Employees: 88
SIC Codes: Manufacture of pumps
Manufacture of compressors
Additional Products and Services: EcoTransformers
Geothermal supply chain

Nuclear supply chain

About the company:

“Energy security that’s affordable, accessible, and sustainable. We're partnering with our customers to bridge the energy transition gap, deliver decarbonization solutions, and energize performance for a brighter, cleaner tomorrow.

EthosEnergy in Worcester, UK specializes in the repair and upgrade of steam turbine and compressor blades, repair of diaphragms and nozzles, and field service on steam turbines and gas compressors.”