

REWARD

*Regional and Welsh Appraisal of
Resource Productivity and
Development:
A Baseline Assessment*

Chapter 3

*The Environment as an Economic
Driver*

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3 The Environment as an Economic Driver

3.1 Introduction

The environmental economy within the English Regions is a dynamic and buoyant sector that is fast becoming comparable in size to important sectors such as telecommunications, energy and water supply, wholesale activities and transport. When analysed as a whole it is a large and diverse sector covering a wide range of activities that help to create new jobs and contribute towards a regions Gross Domestic Product (GDP). These activities can include:

- ❑ Business efficiency, environmental technologies and services
- ❑ Environmental management, supply chain and resource productivity improvements with industrial sectors
- ❑ Environmental improvements to rural businesses such as, agri-environment and organic farming practices.
- ❑ Tourism and leisure businesses that depend on the well-being of the natural and built environment for business.

Table 3.1 gives an indication of the importance of the environment economy across the Regions in terms of financial turnover and proportion of the workforce employed.

Region	Percentage of total Regional workforce employed in the Environmental Economy	Estimated turnover	Information Source
East of England	4.40	£7.8 billion	"Environment is unsung hero of the economy". 21st Feb 2002
East Midlands	4.04	£1.2 billion	East Midlands Regional Assembly Environment Task Group Synopsis 17 October 2002
Greater London	-	-	-
North East	1.23	-	-
North West	3.46	£3.0 billion	-
South East	6.29	£7.8 billion	"Economic profile of the South East 2002"
South West	4.76	£1.6 billion	-
Yorkshire & the Humber	3.40	£1.5 billion	Environmental economy, executive summary 2002

Table 3.1 Employment and Turnover in the Regions for the Environment Economy

Furthermore, it is important to recognise that there are strong links that exist between the environment, economy and social quality of life and that their interrelationships play a significant role in contributing towards the overall quality of a region and the experiences and aspirations of the local community.

3.2 Overview of the Regional Environmental Economy

3.2.1 East of England.

The environmental economy¹ in the East of England supports more than 100,000 jobs, which equates to 6-8% of the workforce in the region. The Annual Employment Survey for 2001 and further regional surveys indicate that between 108,000 and 180,000 jobs are within environmental economy sectors which involve:

- Conserving the natural and built environment
- Environmental consultancy
- Supply of environmental equipment & services
- Waste and water management
- Renewable energy supply

The EEDA regards the environmental economy as central to the success of the region, and acknowledges that the quality of the region's natural and built environment plays an important role in contributing to the achievement of economic objectives, through:

- Helping to retain existing businesses and attracting new ones
- Supporting the tourism sector across the region
- Providing new business opportunities in environmental services & technologies, conservation & habitat management, urban regeneration & design.

3.2.2 East Midlands.

The EMDA estimates that the environmental economy contributes around 71,000 jobs across the region, representing 3.5% of total employment in the region. Growth in the environmental sector is to be encouraged through the incorporation of environmental considerations into all sub-regional delivery plans and the provision of support to suppliers across the environmental, farming, forestry and tourism industries.

Within the EMDA's Regional Economic Strategy, the importance of minimising adverse environmental consequences of economic activities is a common cross-cutting theme. Core environmental challenges include the reduction of the regional contribution to climate change and a reduction in inefficient or wasteful uses of the region's natural resources.

EMDA environmental targets:-

- Increase power generation from renewable sources to 5% by 2005 and 8.3% by 2010 (from the current 2% baseline)
- Reduce commercial waste to landfill by 15% by 2005, compared to 1998 figures
- 300 new organisations registered to accredited environmental schemes by 2005

At a business level, specific environmental priorities for action have been identified as follows:-

- Regional campaign to illustrate and facilitate the business benefits of adopting environmentally friendly practices
- Development of the region's renewable energy capacity
- Encouragement of sustainable design within new developments, to reduce consumption of water, energy and raw materials
- Promotion of sustainable development on the region's floodplains
- Encouragement of local business to develop environmental management systems

¹ According to the EEDA website.

In addition, infrastructure and planning-related aspects of the regional strategy are designed to implement the new Regional Housing Strategy (55% of all new housing to be built on previously developed land or converted from existing properties) and a commitment to an ongoing programme of reclamation of former coalfield sites.

3.2.3 Greater London Authority.

The LDA regards the development of the environmental sector as an integral part of delivering sustainable economic growth, and believes that the development of the environmental economy can help to address wide-reaching social problems through increasing focus on urban regeneration and creating new jobs.

To encourage the development of the environmental sector, the LDA aims to promote the adoption of environmentally-friendly business practices across all sectors and move the region's economy towards a more sustainable path. LDA environmental strategies aim to cover biodiversity, air quality, noise, waste and energy will be developed to promote improved environmental management across London businesses, whilst the Forum for the Future initiative will assess the opportunities and skills needed to take London's green economy forward.

LDA action plans include:-

- Ongoing audit of London's environmental sector, to clarify potential for growth and identify initiatives to promote environmentally-focussed business
- Support initiatives to reduce waste, promote waste reclamation & recycling
- Promote efficient energy use by business
- Encourage renewable energy production
- Support SMEs in adopting more efficient practices in their use of energy and water resources
- Promote opportunities for development and growth of environmental industries through work with Team London and inward investment agencies
- Use case studies to promote green management practices to cover waste management, energy efficiency, noise and pollution control.

3.2.4 One North East

The environmental economy in the North East is recognised for its strengths in energy management, emissions monitoring and control equipment, and comprises over 100 companies that employ over 12,000 people. One North East is committed to developing more sustainable economic development across the region, recognising that environmental protection and economic development can go together.

Key elements of improving productivity whilst moving towards sustainable development have been identified as:

- Reducing waste and reaping resource productivity gains through increased innovation in product and service design, such as the advancement of low-carbon technologies.
- Advising businesses on environmentally-focussed business drivers through existing networks such as, Small Business Services, Chamber of Commerce and Business Associations
- Development of an Environmental Industries Cluster to promote business opportunities in environmental markets
- Promotion of environmental protection through implementation of best practice in planning and construction, and through transport and regeneration investments

3.2.5 Northwest

The NWDA estimates that over 100,000 jobs in the region are within companies in the environmental sector, generating around £3 billion turnover within the region. The NWDA recognises that the environmental economy provides an important driver towards economic and social progress within the region.

NWDA policies and action plans, plus the Envirolink initiative are mechanisms designed to promote environmental technologies and services. Key activities identified for the NWDA to assist the environmental economy include:-

- Implementation of strategies and action plans for urban regeneration initiatives in Liverpool, east Manchester and Cumbria
- Development & implementation of regeneration proposals for coastal resorts, to support business diversification and stimulate the growth of tourism and related industries
- Maintain and develop the ongoing programme of environmental management support services through the ENWORKS project
- Development of proposals to increase SME uptake of waste minimisation and recycling programmes
- Implementation of the Regional Rural Recovery Plan through regional initiatives
- Development and implementation of action plans and partnerships for selected market towns

The Envirolink initiative aims to assist the region's environmental suppliers find and win new business and stimulate the formation of partnerships and consortia. Through the provision of a forum for the exchange of knowledge and experience and the creation of a focus for the region's environmental sector, Envirolink seeks to improve the competitiveness of the sector within the region and facilitate growth in this key economic sector.

Envirolink seeks to achieve environmental benefits in the following areas:-

- Waste management – recycling re-use
- Clean processes, process control, life-cycle design
- Regeneration – contaminated land and landscaping
- Climate change – renewables, energy management
- Air pollution control
- Environmental monitoring and instrumentation
- Environmental consultancy services
- Transport pollution control
- Research and development

3.2.6 South East.

A report commissioned by SEEDA in December 2002 indicates that the environmental economy in the region contributed £7.8 billion Gross Value Added (GVA) to the region's economy, which represents 6% of the total regional economy. An estimated 230,000 people were employed by the environmental sector in 2000, which is 5.5% of the region's workforce.

The report covered sectors including the:-

- Primary industries dependent upon environmental resources, including forestry, agriculture, fishing and mineral extraction
- Industries that depend upon a high quality environment such as leisure and tourism
- Activities that contribute to a high quality environment, including conservation organisations and some sections of local and government and government agencies
- Businesses that deliver environmental technologies or services

SEEDA has identified that the environmental economy contributes more to the regional economy than any other sector, except financial services, health and education. Future growth has been identified across the following sectors:-

- Niche activities such as organic farming and aggregates recycling
- Waste recovery, recycling, renewable energy production
- Tourism
- Environmental technologies, management and training.

3.2.7 South West.

In 1999, environment related economic activity contributed to at least 100,000 jobs and £1.6 billion to the South West Region. Such activity can be divided into three areas²:

1. The environmental sector (i.e. environmental industry, environmental management, renewables and waste management and the natural environment) generating an estimated 38,000 jobs and has an output of approximately £833 million.
2. The primary sector (i.e. agriculture industry, forestry and regional produce) generates about 600 jobs and an output of approximately £13.1 million.
3. The high quality environment (i.e. tourism and leisure, built environment) is recognised as a crucial capital asset that generates an estimated 55,000 jobs and an output of approximately £744 million.

The SouthWest of England Development Agency (SWERDA) have identified that economic and environmental health must go hand-in-hand in order to increase prosperity in the South West and maintain the quality of life in the region.

Within the SWERDAs Regional Economic Strategy, the Agency includes “Environment” as one of the three core drivers that underpin the more specific Strategic Objectives of the Strategy, whereby the unique environmental and cultural assets of the region are used to attract investment and develop the economy. The agency estimates that over 12% of the regional economy relies upon the quality of the natural and built environment, and that the quality of life in the region is a major attraction for businesses and employment, as well as being a key factor in sectors such as tourism.

The economic benefits of improved environmental management and the development of environmental technologies and services to meet demands of a growing global market are considered to be key drivers that the Agency seeks to promote.

Specifically, the regional economy reaps benefits of up to £260 million from renewable energy technology alone, and in developing plans to advance local industrial opportunities in this sector the Agency points towards predictions that the Environmental Technology market is to be one of the fastest growing sectors across the world in the next 20 years.

3.2.8 Yorkshire and Humber.

The environmental economy of Yorkshire and the Humber generates approximately 3% of the region's GDP and provides around 71,000 jobs in the region. These jobs are from a range of sectors including:

- Businesses providing environmental services and technologies
- Industry sectors providing resource productivity increases
- Tourism and leisure
- Public sector environmental posts
- Voluntary sector organisations
- Industry related to regeneration of land-based activities such as forestry, organic farming, agri-environment and sustainable woodland management

Yorkshire Forward, the RDA for Yorkshire and Humber intends to establish an Environmental Industries Federation to provide a structured programme of support for the sector and to help achieve future growth across the environmental sector to:

- identify R&D, training and investment requirements
- develop a regional action plan for the sector
- develop a portal for the sector to co-ordinate advice and information on funding, training, business opportunities and support services.

² Source: 'An Environmental Prospectus for South West England'

Abbreviations

AMP	Asset Management Programme
CCGT	Combined Cycle Gas Turbine
CE	Cambridge Econometrics
DEFRA	Department for the Environment, Food and Rural Affairs
FGD	Flue Gas Desulphurisation
GVA	Gross Value Added
IDBR	Interdepartmental Business Register
ML/d	Megalitres per day (1 megalitre = 1,000,000 litres)
NAW	National Assembly for Wales
ONS	Office for National Statistics
PJ	Petajoule (10^{15} Joules)
RDA	Regional Development Agency
SIC	Standard Industrial Classification
REWARD	Regional and Welsh Appraisal of Resource productivity and Development

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