

Conclusions and Recommendations

The research showed that the Environmental Economy in the South East of England comprises a collection of activities that ought to be taken seriously. **It is a major contributor to the regional economy, and one of the prime reasons for the high quality of life that people in the region value so highly.** It is part of the mainstream economy, and as such it should be a priority for the emerging local strategic partnerships and in the developing Area Investment Frameworks across the region.

The Environmental Economy is already contributing to many of the objectives of the Regional Framework for Sustainable Development, but it can do much more. **The environment is a capital resource that underpins much economic activity in the region.** Areas with a high environmental quality can help to attract business. Investment to improve poorer environments can create the conditions where economic activity has a better chance of success. There is no one blueprint that should be followed. The opportunities depend heavily on the character of specific places so that the solutions need to be appropriate to their own context and terms.



Tourism contributes £600m to the region's economy. Much of our tourist industry relies on high quality environments, which need to be safeguarded to maintain their value as economic assets.



THE ENVIRONMENTAL ECONOMY OF THE SOUTH EAST OF ENGLAND:

EXECUTIVE SUMMARY



THE ENVIRONMENTAL ECONOMY OF THE SOUTH EAST OF ENGLAND:

EXECUTIVE SUMMARY

Introduction

The Environmental Economy of the South East of England comprises a wide variety of economic activities that have a common link in that they are all integrally related to the environment. It includes:

- **Primary industries that depend upon environmental resources, such as agriculture, forestry, fishing and mineral extraction.**
- **Industries that are dependent upon a high quality environment for their success, such as tourism, recreation, and leisure.**
- **Activities that contribute to a high quality environment, such as the work of conservation organisations, government agencies, and local authorities, that can help to create a quality of life that attracts inward investment.**
- **Organisations and businesses involved in developing environmental technologies that deliver a cleaner environment.**



SEEDA's Sittingbourne Enterprise Hub developments in biotechnology are an example of the growing field of environmental technologies. This report identifies a strong research base in the region but shows evidence that this is not matched by an adequate manufacturing base. For the region to gain the competitive edge in this environmental technologies sector, it must have the ability to translate innovations into products quickly.

A multi-disciplinary team of consultants comprising Land Use Consultants, SQW Limited and Cambridge Econometrics was commissioned to investigate the Environmental Economy of the South East of England by a consortium of regional partners led by SEEDA and including The Countryside Agency, English Nature and the Environment Agency. The principal aims and objectives of the study were to:

- **Provide a baseline report on the size and breadth of the Environmental Economy of the South East of England in comparison with other recognised sectors.**
- **Identify relative strengths and weaknesses in the Environmental Economy of the South East, compared to other UK regions, its unique selling points, its contribution to sustaining business and quality of life, and where investment opportunities lie.**
- **Review a range of Environmental Economy sector development scenarios within the context of sustainable development objectives and Regional Planning Guidance, and to develop and quantify economic growth scenarios, and determine mechanisms required for delivery.**
- **Identify opportunities for and threats to the Environmental Economy sector, and public/private sector funding opportunities and benefits, compared to other investment strategies.**

Environmental Economy Sector Recommendations

| Sector | Recommendations | Key Players |
|---|--|--|
| Sustainable Tourism | <ul style="list-style-type: none"> - Introduce tourism 'pay-back' schemes to invest to maintain high quality environments and improve poor quality environments - Encourage integration between tourism, farming and environmental interests to help ensure tourism enhances sustainable access, biodiversity, and landscape enhancements and landowners' income - Promote 'sustainable tourism' through RPG, development plans, and flagship schemes (e.g. East Kent Biosphere proposal) - Introduce accreditation scheme to brand 'sustainable tourism' products and services | DEFRA, South East England Regional Assembly, SEEDA, Regional Tourist Board, tourism operators, The Countryside Agency, English Heritage, English Nature, farming and landowner interests (e.g. NFU, CLA) |
| Environmental Technology | <ul style="list-style-type: none"> - Support the continuing development of a South East Environmental Technology Sector Group - Develop the Enterprise Hub at Reading University as a Centre of Excellence, and encourage satellite centres at other regional education and research establishments - Investigate markets and business needs in UK and overseas, and promote South East strengths (water, environmental monitoring research, contaminated land and waste management, environmental consultancy) - Support development of other parts of the sector where less strong (air pollution control, noise and vibration control, energy management and renewable energy, cleaner technologies and processes) - Support commercialisation and manufacturing of environmental technologies to capitalise on strong research base | South East England Regional Assembly, SEEDA, Reading University, key industry players, JEMU |
| Sustainable Transport | <ul style="list-style-type: none"> - Use Regional Planning Guidance, Regional Transport Strategy and Regional Economic Strategy to 'break the link' between economic growth and traffic growth, and significantly boost investment in alternatives to roads to achieve a significant modal shift to public transport, cycling and walking | Dept of Transport, South East England Regional Assembly, SEEDA, transport providers, highways authorities |
| Conservation of the Natural, Historic and Built Environment | <ul style="list-style-type: none"> - Recognise the role and economic value of the voluntary sector in maintaining a high quality environment, and provide support and include in economic development partnerships accordingly - Avoid development that erodes or destroys the natural, historic and built environment of the region - Support investment in damaged and degraded environments to improve their contribution to the economy and society - Recognise the environment as having economic value, and harness it as an essential ingredient of economic regeneration | South East England Regional Assembly, SEEDA, local authorities, NGOs |
| Greening Business Behaviour | <ul style="list-style-type: none"> - Provide advice, education and training, to improve awareness of the benefits to business of good environmental housekeeping - Promote environmental accreditation schemes across all sectors - Research the role of environmental quality as a reason for inward investment | SEEDA, Business Links, local authorities, CBI, Chambers of Commerce |

- **Tourism is a major contributor to the regional economy and is predicted to continue to grow.** The quality of the natural, built and historic environment helps to under-pin much of this activity.



Photo courtesy of Simon Melville

Wind turbines - Renewable energy is one of the emerging environmental technologies, and will be a priority if regional and national targets are to be met. There is considerable unrealised potential in the South East in the field of renewable energy.

- **Another major growth area is environmental technologies, management and training.** The Joint Environmental Markets Unit (JEMU) already lists 530 environmental technology firms from the South East on its database and SEEDA believes this to be an underestimate of the true number. The new Enterprise Hub, based at Reading University, should assist with the continued growth of this sector.
- Local authorities and government agencies such as the Countryside Agency, English Nature, English Heritage, and The Environment Agency are significant employers in the field of environmental planning, regulation and management, although there is unlikely to be much growth in the numbers of people employed in this area of work.

- The voluntary sector and not-for-profit organisations, such as the National Trust, Groundwork Trusts, County Wildlife Trusts, RSPB and other environmental NGOs make a major contribution to the quality of the environment, and are significant employers in their own right. WWF, for example, has its headquarters in Godalming, Surrey, and employs 240 people in the region.



Bluebell woods in the Weald - the South East is one of the most wooded parts of the country, and contains one third of England's ancient woodland. These woods add to the quality of life of people who live and work in the region.

Sub-Regional Characteristics

The whole range of activity in the Environmental Economy is represented throughout the South East, with few marked differences between the various counties. However, the research found that some sub-regional specialisation is occurring, which may have direct implications for its future prospects:

- **The strongest growth in the Environmental Economy is in the higher value added sectors such as environmental technology, and the provision of environmental advice.** The counties to the west of London, such as Berkshire, Buckinghamshire, Oxfordshire, Surrey and northern Hampshire are particularly strong in this respect. A number of major companies working in the field are located here, such as Thames Water, AEA Technology, Babtie and JacobsGibb. There is considerable research activity in this part of the region, such as the Centre for Ecology and Hydrology in Wallingford, Oxfordshire, which amongst other things carries out studies into the effects of climate change and extreme weather conditions.
- **The focus of activity in the southern counties, embracing southern Hampshire and the Isle of Wight, Kent, East and West Sussex, is more on activities that capitalise on a high quality environment, such as tourism, and primary industries such as agriculture.** Here the growth potential is not so much in the individual activities, but in how they combine to provide a rich asset to support the visitor economy and attract inward investment.



Photo courtesy of Simon Melville

The region's extensive woodlands offer sources of renewable energy for the future and materials for construction. Many of our woodlands are not actively managed at present, and these new market opportunities are needed to boost the rural economy.

The issues arising were examined in more detail through six case studies. These sought to explore the growth potential of environmental technologies (exploring in particular the experience of the counties to the west of London), and the case for environment-led economic development in a coastal context (East Kent, Portsmouth to Chichester), market towns (Battle, Petersfield), and in a rural area of high environmental quality (the Chilterns). These found that although the Environmental Economy continues to develop, regional partners do not think of it



Photo courtesy of Simon Melville

Bird watchers at Stodmarsh National Nature Reserve, East Kent - This wetland reserve is internationally important for its bird life and has the largest reed beds in South East England. This report highlights that areas such as this are assets that can assist economic regeneration in more deprived parts of the region.

as a sector in its own right and therefore do not provide the knowledge, support and promotion that it deserves. Instead, the focus is on its component parts, such as economic regeneration, local produce, or heritage-based tourism, without properly understanding or developing the links that bind them together within the Environmental Economy. This suggests that opportunities are being missed, both within the Environmental Economy, and in the 'greening' of the wider economy. The message, therefore, is one of a group of activities all with a common factor based on the environment, whose untapped potential has yet to be fully acknowledged and realised.

Environmental Economy Strategic Recommendations

| Initiative | Recommendations | Key Players |
|---------------------------------------|--|---|
| Strategic recognition | - Embrace the Environmental Economy within regional and local economic development strategies | SEEDA, local authorities, local economic partnerships |
| Branding and marketing | - Promote the Environmental Economy as a strength of the South East Economy | SEEDA |
| Promote sustainable economic activity | - Support a shift within both the Environmental Economy and the wider economy to those activities that are environmentally sustainable | SEEDA, South East England Regional Assembly, Government Agencies, local authorities |
| Regional level intelligence | - Improve knowledge about the Environmental Economy, its opportunities and needs, and disseminate good practice | SEEDA |
| Appraisal and monitoring | - Monitor the development of the Environmental Economy, and ensure that objectives consistent with the Environmental Economy are integrated into appraisal systems | SEEDA, local authorities, local economic partnerships |

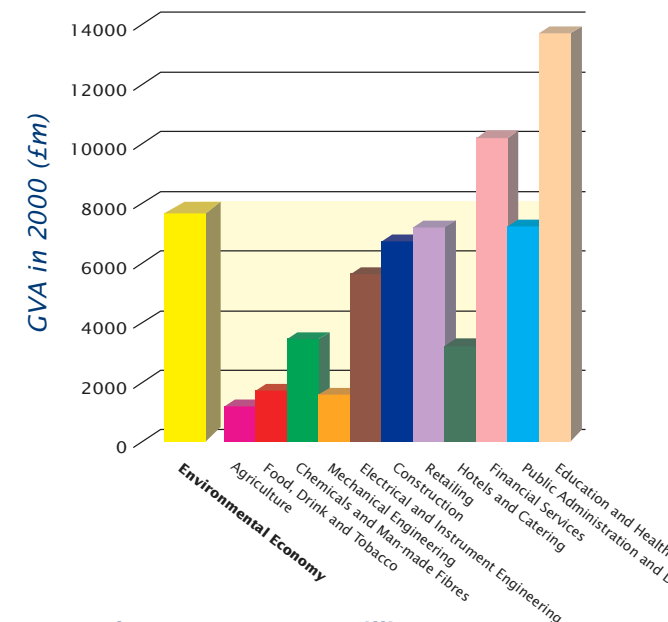
Environmental Economy Sector Recommendations

| Sector | Recommendations | Key Players |
|--------------------------------|---|---|
| Sustainable Agriculture | - Implement the recommendations of the Curry Report - Support farmers markets and local produce schemes and outlets - Promote sustainable agriculture flagship schemes (e.g. High Weald Land Management Initiative; Whole Farm Plans) - Ensure diversification proposals deliver sustainable development | DEFRA, SEEDA, agri-business, The Countryside Agency, English Nature, local authorities, NFU, CLA |
| Sustainable Forestry | - Promote sustainable forestry in a Regional Forestry Strategy - Promote the accreditation scheme for sustainable sources of timber and woodland products, and encourage key players to lead by example | South East England Regional Assembly, SEEDA, Forestry Commission, Woodland Trust |
| Sustainable Mineral Operations | - Promote the use of secondary and recycled aggregates - Ensure Regional Planning Guidance and mineral local plans promote sustainable restoration schemes providing habitat, landscape and community benefits | South East England Regional Assembly, SEEDA, mineral operators, mineral planning authorities, construction industry |
| Sustainable Water Management | - Ensure Regional Planning Guidance and development plans promote water efficiency, and assess water resource availability in determining type and location of development | South East England Regional Assembly, SE Water Resources Forum, water companies, Environment Agency, planning authorities |
| Sustainable Waste Management | - Introduce 'waste audits' for business and retailers - Develop market opportunities for recycled waste products and provide an advisory service | SEEDA, local authorities, waste industry, Environment Agency |
| Sustainable Energy | - Develop a regional strategy for renewable energy, and promote a 'Centre of Excellence' - Ensure Regional Planning Guidance and development plans promote energy conservation, and appropriate renewable energy projects Increase significantly renewable energy production | South East England Regional Assembly, SEEDA, energy developers, local authorities, research institutions |

Key Findings

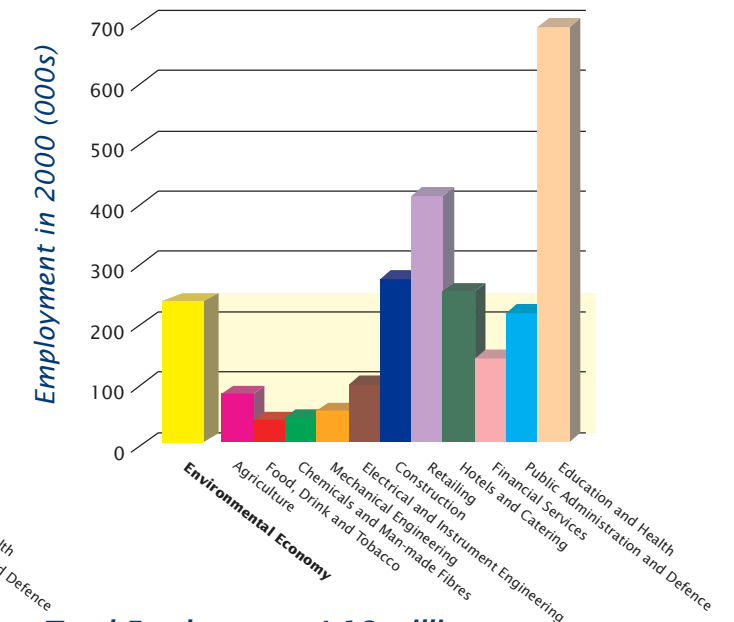
- In 2000, the Environmental Economy contributed over £7.8 billion Gross Value Added (GVA) to the South East Economy, which was equivalent to just over 6% of the total regional economy.
- The Environmental Economy employed approximately 230,000 people in 2000, representing 5.5% of the region's total workforce.
- The contribution of the Environmental Economy to the regional economy is similar in percentage terms to that of the West Midlands and the South West, but the total people employed and GVA are highest in the South East.
- The Environmental Economy employs more workers than many other sectors of the regional economy. It is far larger than the financial services industry (approximately 138,000 employed). The Environmental Economy contributed more to regional GVA than any other sector except financial services and education and health.
- The Environmental Economy is not expected to grow as fast as the economy as a whole, largely because of poor prospects for agriculture and parts of the manufacturing sector. This probably masks the real growth potential of the Environmental Economy, since it is likely to be a main driver of growth within the wider economic sectors within which it lies (e.g. organic farming within agriculture; environmental technology within research and manufacturing).

Sector Gross Value Added Comparison



Total GVA: £129,316 million
Environmental Economy includes activities from other sectors featured in the chart

Sector Employment Comparison



Total Employment: 4.16 million
Environmental Economy includes activities from other sectors featured in the chart

Growth Prospects of the Environmental Economy

- **Growth prospects in primary industries and resource management are relatively weak.** Employment in mineral extraction, fisheries, agriculture and forestry are all expected to decline over the next decade. However, niche activities such as organic farming and aggregates recycling are likely to be more buoyant.
- **Growth prospects in resource management are mixed.** There is likely to be growth in waste recovery and recycling, and an increase in the proportion of the region's energy generated from renewable sources, since much work is required if challenging national and regional policy targets are to be met. In both fields, the region lags well behind its European counterparts. In the case of renewable energy, the South East lags behind many other UK regions suggesting that there is considerable unrealised growth potential. The prospects for water resource management are less clear-cut, since a considerable amount of investment to increase efficiency and improve water quality has already taken place. However, rising consumption and the effects of climate change may mean substantial future investment is still required.