

EXECUTIVE SUMMARY

Hertfordshire's Green Economy

Low Carbon Environmental Goods and
Services Sector

This independent study was commissioned by Hertfordshire Local Enterprise Partnership (LEP) and Hertfordshire Innovation Quarter (Herts IQ) to provide baseline analysis and to assess the growth potential of Hertfordshire's green economy. It provides data in evidence through a snapshot of the sector across a three-year period and should be viewed alongside other market intelligence reporting.

This study also sits alongside Hertfordshire LEP's suite of strategies for growth including [Towards Net Zero: A Strategy for Clean Growth in Hertfordshire](#). This report set out two key objectives:

- Pillar One: concerned with accelerating enterprise and innovation, collaboration, and skills development to grow and attract the Low Carbon Environmental Goods and Services Sector;
- Pillar Two: focused on supporting a transition to clean growth across the economy as a whole.

This study will primarily support Pillar One by helping to analyse the Low Carbon Environmental Goods and Services (LCEGS) sector's size, composition, growth potential and market comparisons and will help identify necessary support for sector growth and opportunities for the LEP and partners to enhance competitiveness. By gaining a more detailed understanding of the sector this will help to inform future growth plans, support clustering activities, and provide a benchmark for comparison in the future. In so doing, it will also help towards Pillar Two and the transition to clean growth.

The key findings of this study are:

- The sector was worth £5.8 billion in sales to Hertfordshire's economy in 2021/22 and employed over 40,000 people across 2,000 businesses.
- The report provides figures for six main sub-sectors, namely Low Carbon, Renewable Energy, Environmental, District Heat Networks, Green Infrastructure & Nature Based Solutions, and Sustainable Food Production.
- The top twelve sub-sectors in terms of sales are Alternative Fuels; Wind; Building Technologies; Alternative Fuel Vehicles; Geothermal; Photovoltaic; Energy from Waste; Biomass; Recovery & Recycling; Water & Waste Water Treatment; Waste Management and Carbon Finance.
- Hertfordshire's LCEGS sector accounted for 12.4% of the county's GDP in 2020/21, compared to 11.4% of the UK's GDP. Several sub-sectors in Hertfordshire contribute a larger proportion of GDP than the national average.
- The sector in Hertfordshire saw a 94.7% recovery in sales from the economic impact of the Covid-19 pandemic, similar to the UK average. Some sub-sectors in Hertfordshire performed slightly better than the national average, indicating resilience.
- Specific sub-sectors with less contraction in sales compared to the UK average include Carbon Capture & Storage, Hydro, Wave & Tidal, Contaminated Land, and Biodegradable Food Packaging. One sub-sector, Carbon Finance, experienced growth over the reporting period.
- Sales in Hertfordshire's LCEGS sector are projected to grow consistently, reaching £8.3bn in 2025/26 from £5.8bn in 2021/22.
- Hertfordshire's Net Zero targets are expected to drive significant employment growth, from 38,973 in 2021/22, to potentially 1,215,357 in 2050, in the core sector and chains and networks of supply. This employment growth, if based within Hertfordshire, presents opportunities for Hertfordshire's LCEGS sector to expand services across the wider UK and globally.
- Hertfordshire Innovation Quarter (Herts IQ) offers competitive advantages for businesses in key LCEGS sub-sectors, and Hertfordshire is well-positioned to benefit from the expansion of Carbon Finance beyond London.

Hertfordshire's LCEGS sector demonstrates robustness and significance within the region's economy. With sales worth £5.8 billion in 2021/22 and over 40,000 employees in 2,000 businesses, it makes a substantial contribution. Comparisons with national data reveal that LCEGS sales accounted for 12.4% of Hertfordshire's GDP in 2020/21, exceeding the UK average. Notably, the majority of the largest sub-sectors within Hertfordshire's LCEGS sector also outperform the national average, showcasing their strength and potential for growth. By leveraging its strengths, fostering innovation, and supporting the expansion of key sub-sectors, Hertfordshire is well-equipped to thrive and play a vital role in shaping the UK's sustainable future.

A Technical Summary of the report, and the full report itself is available [on the LEP website](#).

Adrian Hawkins OBE, Chair, Herts LEP Main Board, Skills Advisory Panel and Stevenage Development Board, said: "These findings represent the start of incredible opportunities in Hertfordshire, from economic growth to new jobs and momentum in the net zero journey. When we launched our clean growth strategy, the low carbon economy was not well understood and our earliest priority was to address this.

"Now, with the full potential of the sector made apparent we will be able to bring the full range of the LEP's levers to bear, to unlock and accelerate its growth."

Neil Rutledge, Chair, Herts IQ, said: "The economic potential of the low carbon sector means exciting times lie ahead for Hertfordshire's business and residents. At Herts IQ, we are ideally placed to support businesses in these newly-identified growth sectors. Clusters of clean tech companies are already based here attracted by top-notch premises, free business support and the regional lifestyle. With support from our partners, we look forward to connecting with start-ups and scale-ups in these high-growth sectors and with those seeking to relocate to Hertfordshire to advance their business."