



UNIVERSITY OF
DERBY

east midlands
chamber

Derbyshire | Leicestershire | Nottinghamshire

GREEN GROWTH TRENDS IN THE EAST MIDLANDS 2024



Dr Polina Baranova

derby.ac.uk

HEADLINES

Based on the responses to the East Midlands Chamber (Derbyshire, Nottinghamshire, Leicestershire) Quarterly Economic Survey in quarter two of 2024:



+7%

GREEN GROWTH PICKS UP

The percentage of businesses in the East Midlands deriving turnover from supplying green goods or services (GGs) has increased by 7% reaching 43% in the second quarter of 2024 up from 36% in 2023.



39%

MICRO BUSINESSES ARE LAGGING

75% of the large businesses report they are actively pursuing the green growth opportunities compared with 39% of micro, 50% of small and 53% of medium-sized businesses.



x3

GREEN DIVERSIFICATION MAINTAINS

Three-fold increase in East Midlands businesses reporting turnover from GGs since the 2015 baseline.



-10%

MORE BUSINESSES ARE ENGAGED

Three in ten regional businesses have no turnover generated from the green goods and services, a 10% decline when compared with 2023 data.



+6%

DECARBONISATION IS FRAGMENTED

45% of businesses invested in decarbonisation over the last 12 months, up by 6% from the 2023 data. Large companies are leading the trend where over 70% of large companies invest in decarbonisation.



+10%

ATTITUDE TO POLICY IMPROVES

10 % increase in businesses, from 13% in 2023 to 23% in 2024, stated that the current policy allows businesses to fully engage with green growth.



-8%

INFORMATION GAP PERSISTS

28% did not feel well informed about the support available for green growth in 2024, an improvement on 36% of businesses in 2023.



SKILLS GAP REMAINS

The largest demand for skills development are in the areas of energy efficiency, resource efficiency, business strategy, waste management and leadership for sustainability.

Table of Contents

Headlines	3
Key Messages	4
Introduction	5
GGs Turnover Q2 2024	6
GGs Turnover Trend 2015 - 2024	7
Green Growth Strategy	9
Decarbonisation	11
Nature-Based Solutions	14
Policy and Support for Green Growth	15
Skills for Green Growth	17
Conclusion	19
References	19
Acknowledgements	20

KEY MESSAGES

“IT IS ENCOURAGING TO SEE THE SIGNS OF THE GREEN GROWTH RECOVERY, UP BY 7%, FROM THE LAST YEAR’S POSITION IN THE EAST MIDLANDS.”

“THERE IS A NEAR THREE-TIMES INCREASE IN THE GREEN GROWTH ACTIVITY IN THE EAST MIDLANDS DURING NINE-YEAR PERIOD FROM 2015 TO 2024.”

“45% OF THE BUSINESSES INVESTED IN DECARBONISATION OVER THE LAST 12 MONTHS, UP BY 6% ON 2023 RESULTS. LARGE COMPANIES CONTINUE TO LEAD BY VOLUME AND SIZE OF THE INVESTMENT IN DECARBONISATION.”

“COUNTY BUSINESSES INVEST IN DECARBONISATION TWICE AS MUCH WHEN COMPARED WITH CITY BUSINESSES.”

“JUST OVER 30% OF BUSINESSES HAVE NEVER ENGAGED IN NATURE RESTORATION, CONSERVATION OR BIODIVERSITY PROJECTS, DOWN BY 13% ON 2023 RESULTS.”

INTRODUCTION

This report presents an analysis and discussion of the green growth trends and decarbonisation based on the data collected as part of the East Midlands Chamber Quarterly Economic Survey (QES) run from 13/05/24 to 10/06/24. Whilst the QES routinely explores a range of business interests, this analysis refers to a series of questions surveying regional businesses’ awareness and engagement with green growth, decarbonisation and the uptake of the nature-based solutions (NBS).

Sectoral responses matched our previous studies, with most responses coming from professional services (27%) followed by manufacturing (22%). Overall, services represent 65% of the survey responses, and manufacturing sectors comprise just under 35% of the responses.

The majority of businesses responded to the survey were micro businesses (38%), followed by 32% of small, 23% of medium-sized and 7% of large businesses. The respondent composition is similar to the previous surveys undertaken in 2022 and 2023 (Baranova et al., 2022; Baranova, 2023). The sample is representative of the regional and national population, where small and medium-sized businesses account for 93% of business population or 5.5 million businesses in the UK (Department for Business and Trade, 2023).

Figure 1: Survey responses by geography

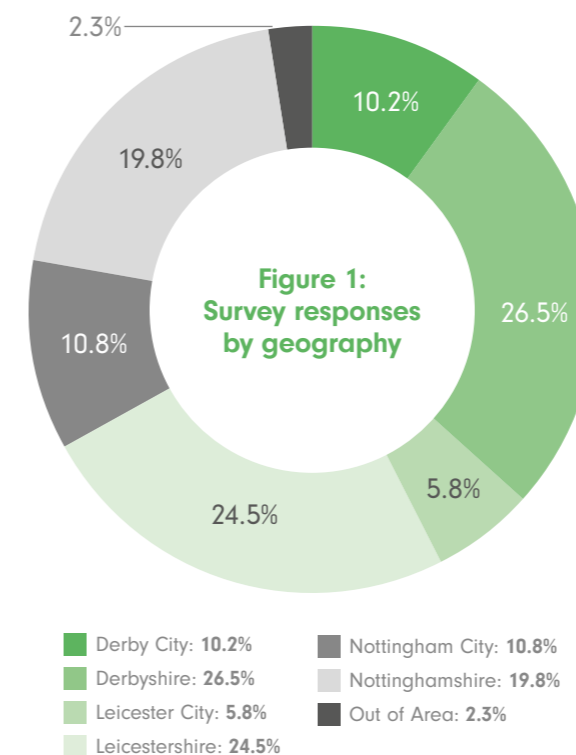
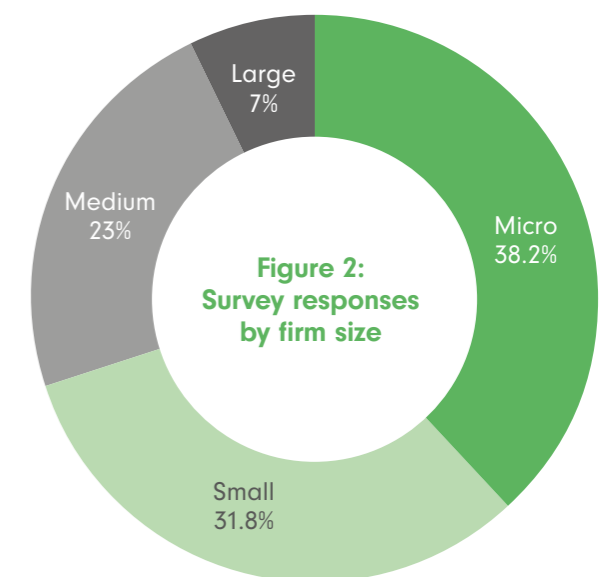


Figure 2: Survey responses by firm size



The survey received a total of **343 responses in Q2 of 2024**

- 37% from Derbyshire County and Derby City
- 31% from Nottinghamshire County and Nottingham City 30% from Leicestershire County and Leicester City
- 2.3% from out of area

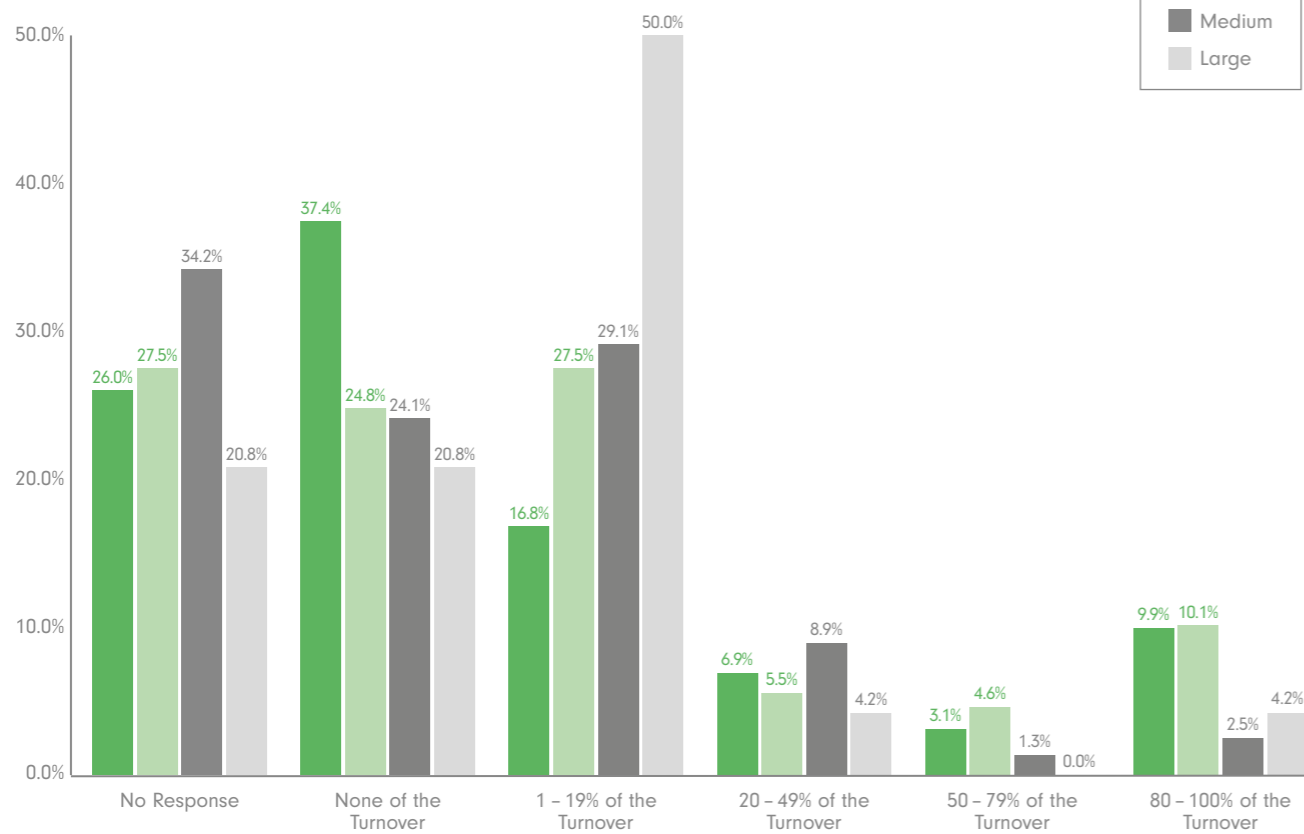
In this fast-moving arena, the terminology used by the regulators and the analysts is shifting. Previously, the Department for Business Innovation and Science used ‘LCEGS’ as an umbrella term to capture a range of business activities, spread across many existing sectors (like transport, construction, energy etc.) that focused upon the common purpose of reducing environmental impact (DBIS, 2015). However, the Office for National Statistics (ONS) now distinguishes between the Low Carbon and Renewable Energy Economy (LCREE) and the Environmental Goods and Services Sector (EGSS). Throughout this report we refer to ‘Green Goods and Services’ (GGs); a term that reflects the broadest range of environmentally friendly products and services.

GGs TURNOVER

Q2 2024



Figure 3: Green growth by firm size



Forty three percent of businesses that responded to the survey generated a proportion of the turnover from green goods and services (GGs) in 2024; 7% up from 36% in 2023. Three in ten businesses reported they did not generate any GGS turnover, a drop of 11% on 2023 results.

The 1-19% GGSs turnover category remains the most common rate of green growth strategy adoption as reported by 25% of businesses surveyed. 8% of businesses reported a 80-100% turnover share of GGS followed by 7% of businesses reporting 20-49%, and 3% reporting 50-79% GGSs share in a firm's turnover.

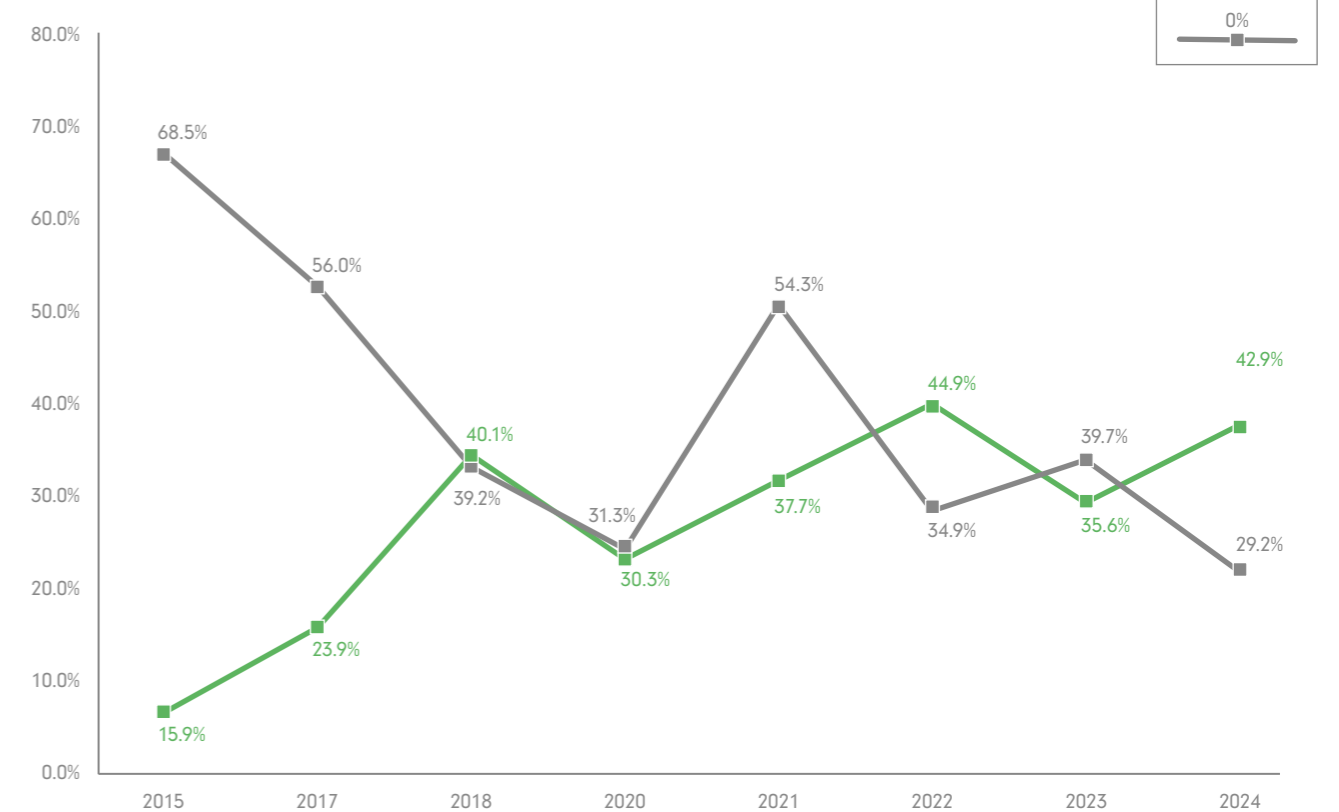
A comparative analysis of the turnover generated from GGSs with reference to a firm size is presented in Figure 3. It shows over 37% of the micro businesses reported no GGSs turnover in 2024, a drop of 15% on 2023 data. Large companies are reporting no turnover in the 50-79% category and increase of 18% in 1-19% category. There is an increase in every single GGSs turnover category in micro businesses contributing to an increase of 10% in GGSs turnover overall. The smallest GGS turnover increase of 1.2% is seen across the small businesses.

GGs TURNOVER

TREND 2015-2022



Figure 4: Turnover generated from green good and services 2015-2024



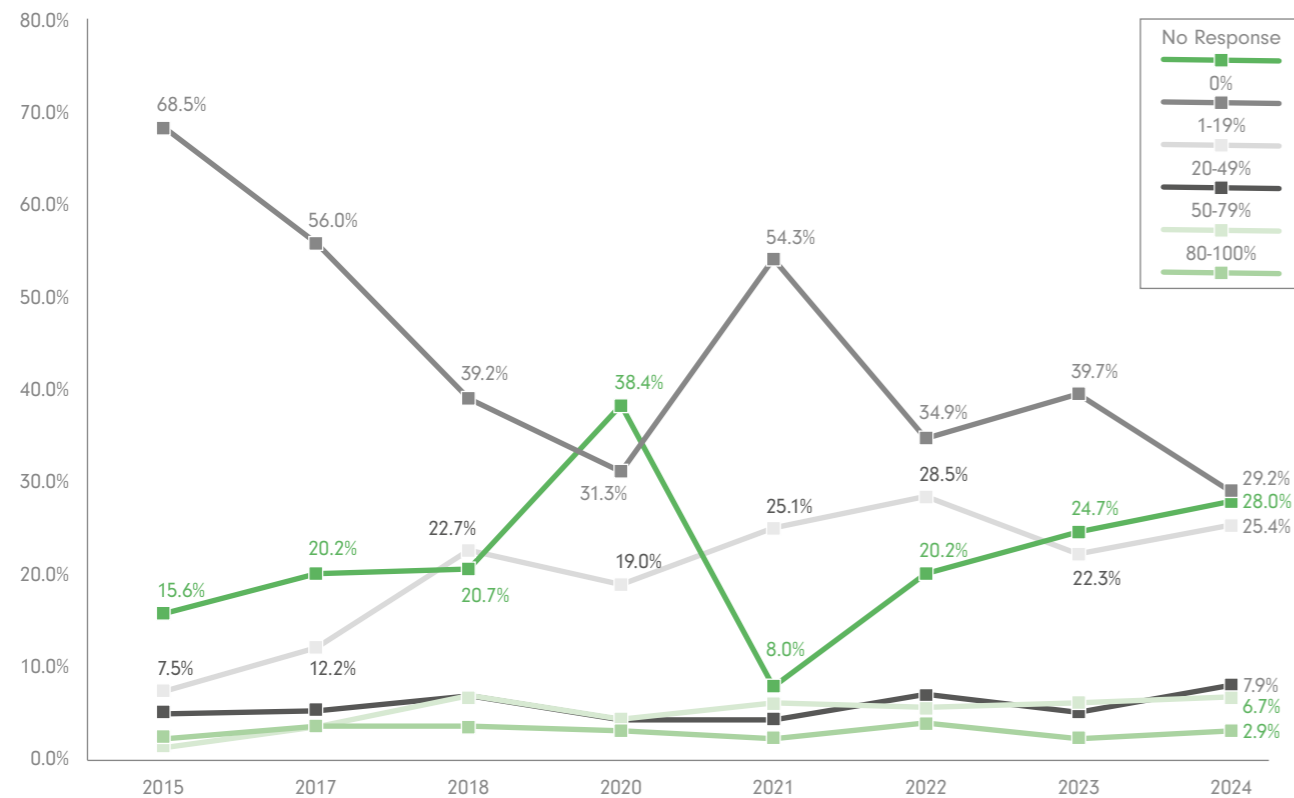
A similar survey exploring the green growth trends was carried out since 2015, every year but 2016 and 2019 (Figure 4). Despite the downturn in 2023, the overall trend is positive where a number of regional businesses reporting the GGSs turnover grew 2.7 times since 2015.

On average, over a third of the regional business reported the sales of green goods and services over the last nine years. The lowest levels of the GGSs sales in the region were recorded in 2015 at 16% and the highest at 45% in 2022. There is a widening gap between businesses that trade in GGSs and the businesses that derive no turnover from GGSs. There is a 14% gap between these businesses; the largest ever recorded gap where a number of businesses trading in GGSs exceed a number of businesses reporting no turnover derived from GGSs.

GGs TURNOVER TREND 2015-2022



Figure 5: Turnover generated from green good and services 2015-2024: comparative analysis



A comparative analysis of the trend per GGSs turnover category reveals an interesting picture of the regional green growth development over the last eight years (Figure 5).

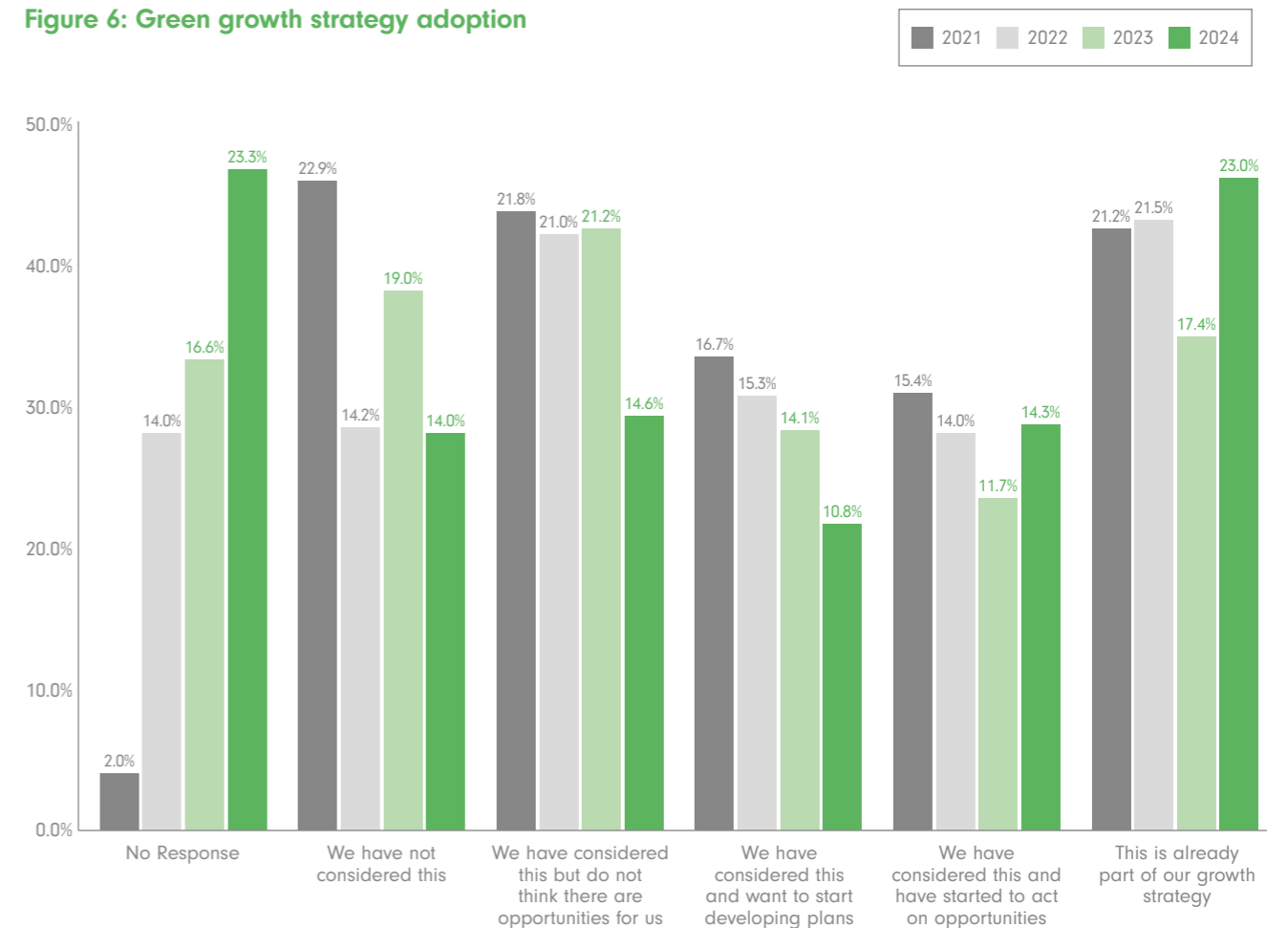
There is an increase in every GGSs turnover category according to 2024 results. 1-19% GGS turnover category is the fastest growing. There is a slight growth in the 80-100% turnover category whilst 20-45% and 50-79% categories maintained similar results. Such a trend illustrates that most regional business are at the early stages of green growth; the businesses derive a large proportion of sales from non-green products and services. Despite this, more and more businesses trade in GGSs and strengthen green market niches at home and international markets.

Having said that, survey results of 2023 showed that green growth in its nascent stage is vulnerable to the political and economic uncertainty.

GREEN GROWTH STRATEGY



Figure 6: Green growth strategy adoption



The businesses were asked about the rate of adoption of the green growth strategies (Figure 6).

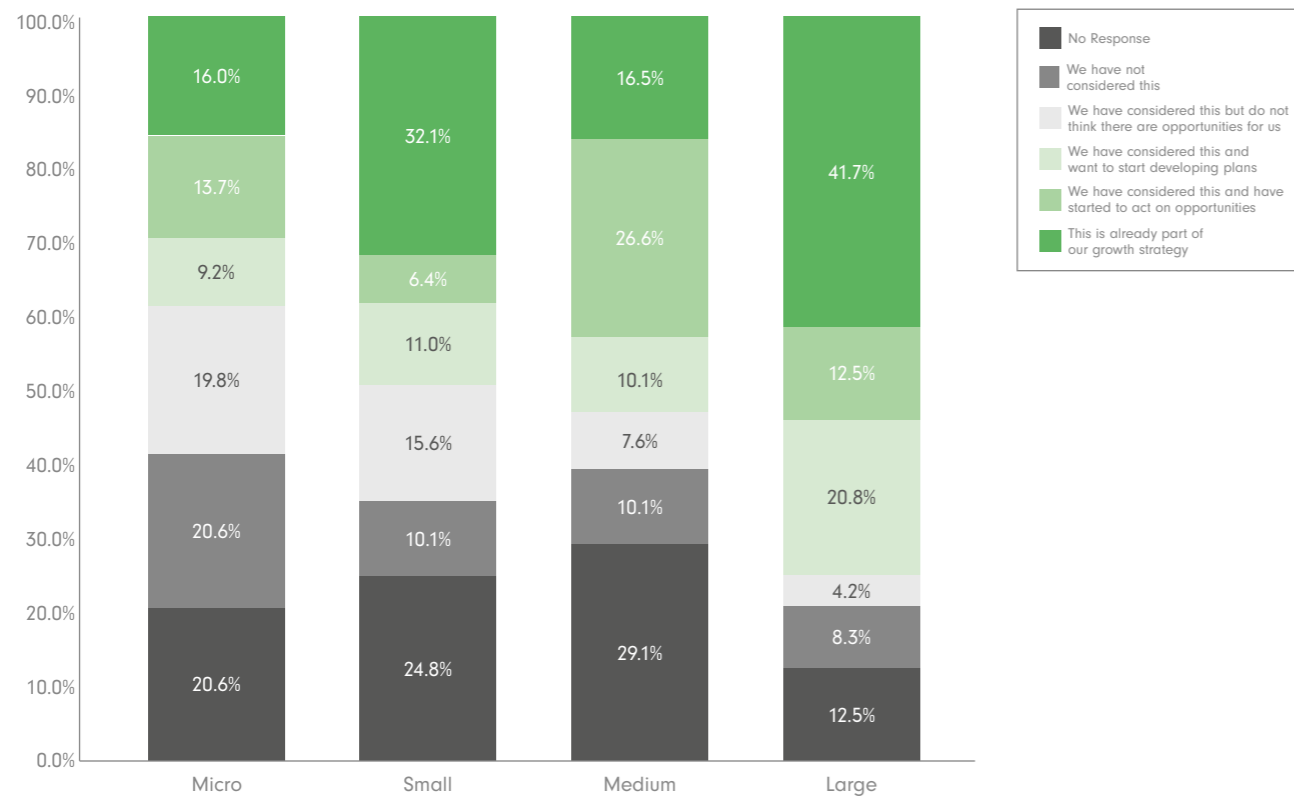
23% of the businesses said that green growth is already part of their business strategy, an increase of 7% from the 2023 position. Additionally, 14% of the respondents indicated that they had 'considered [green growth] and are starting to act on opportunities' up from 12% in 2023. 10% of businesses stated they are starting to develop green growth plans which is a 3% decline when compared with 2023 figures.

Regional businesses show an increase in confidence when engaging with green growth. There is a 7% drop in the 'we have considered [green growth] and do not think there are opportunities for us' response category on 2023 figures. Importantly, there is a 5% decline in the 'we have not considered this' category. Overall, there is an improvement in business confidence about adopting green growth as part of business growth strategy and actively pursuing business opportunities at the green market niches.

GREEN GROWTH STRATEGY



Figure 7: Green growth strategies by firm size



The larger companies remain more advanced in adopting a strategic approach to green growth; 75% of large companies either incorporating green growth or developing green growth strategies compared with only 39% of micro, 50% of small and 53% of medium-sized businesses.

Similar trend was observed in 2023 but with 68% of large companies reporting active commitments to green growth. The responses of SMEs are largely similar to 2022 and 2023 positions. Further analysis shows a decline in 'we have not considered this' response in SMEs but not the large businesses where this category doubled within a year. Regional micro businesses have reported the highest level in this category at 21% a drop of 6% on 2023 figures.

The biggest positive change in the responses affirming the adaptation of the green growth strategy is noted in micro businesses at 8% increase on last year's figures, followed by large companies at 7% increase and medium-sized businesses at 3% increase. It is only small businesses that report a decline in confidence at a rate of 1.3% in this response category when compared with 2023 results.

DECARBONISATION

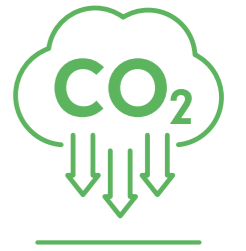
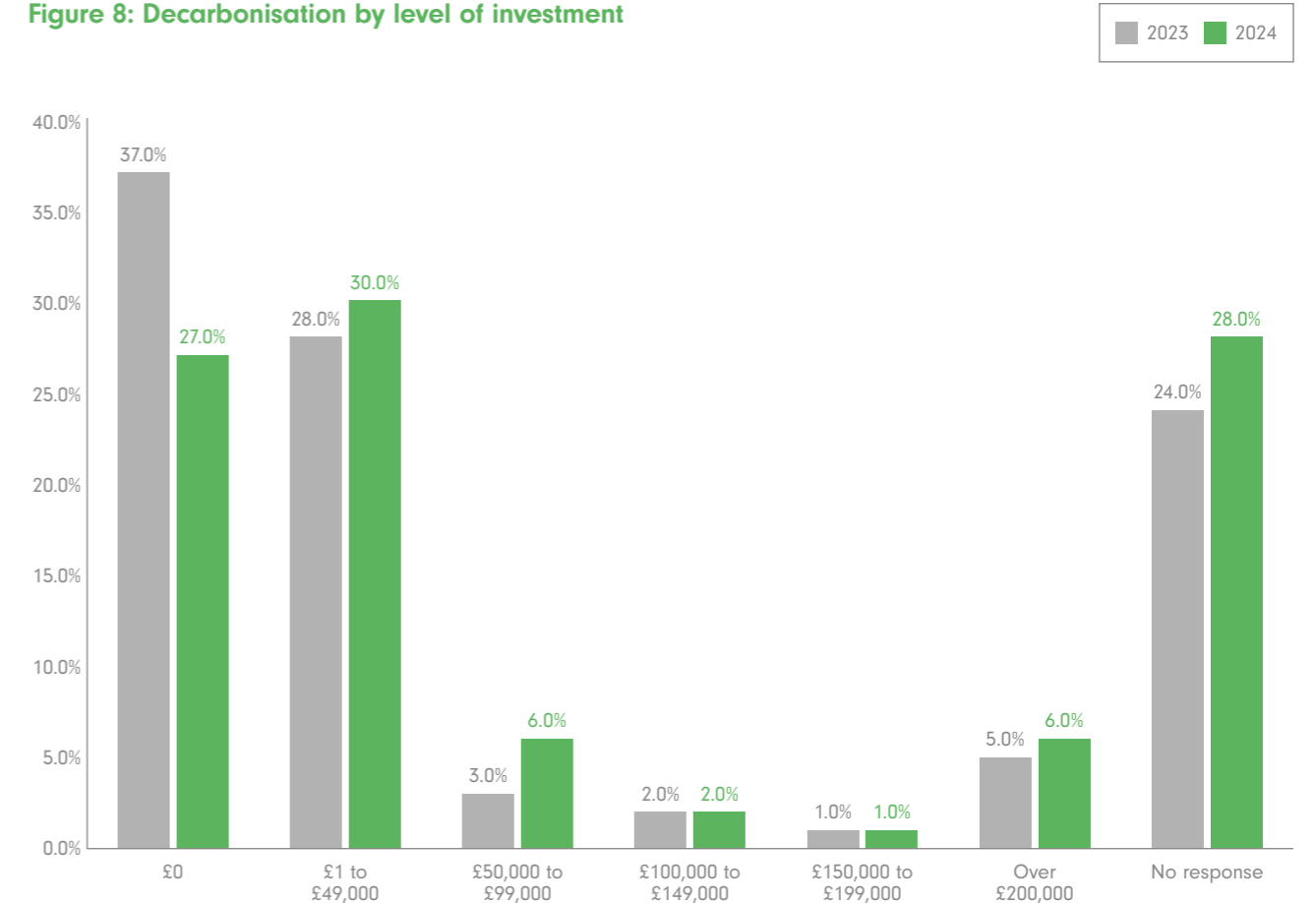


Figure 8: Decarbonisation by level of investment

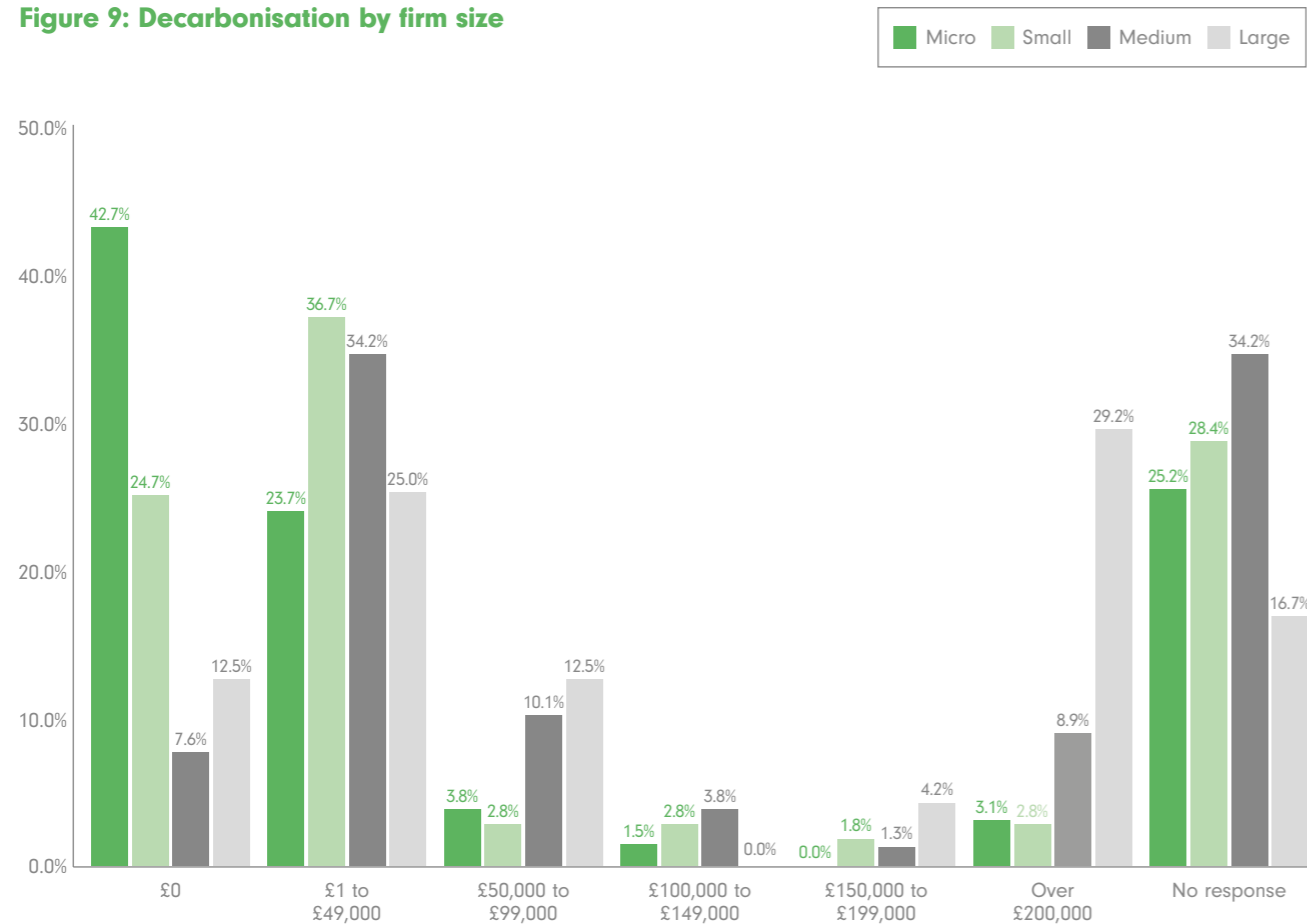


A comparative set of data shows an increase in most investment categories in decarbonisation in 2024 when compared with 2023 figures (Figure 8).

There is a notable 10% reduction in businesses reporting no investment in decarbonisation. The most popular level of investment is under £50,000 and reported by 30% of the survey respondents.

DECARBONISATION

Figure 9: Decarbonisation by firm size



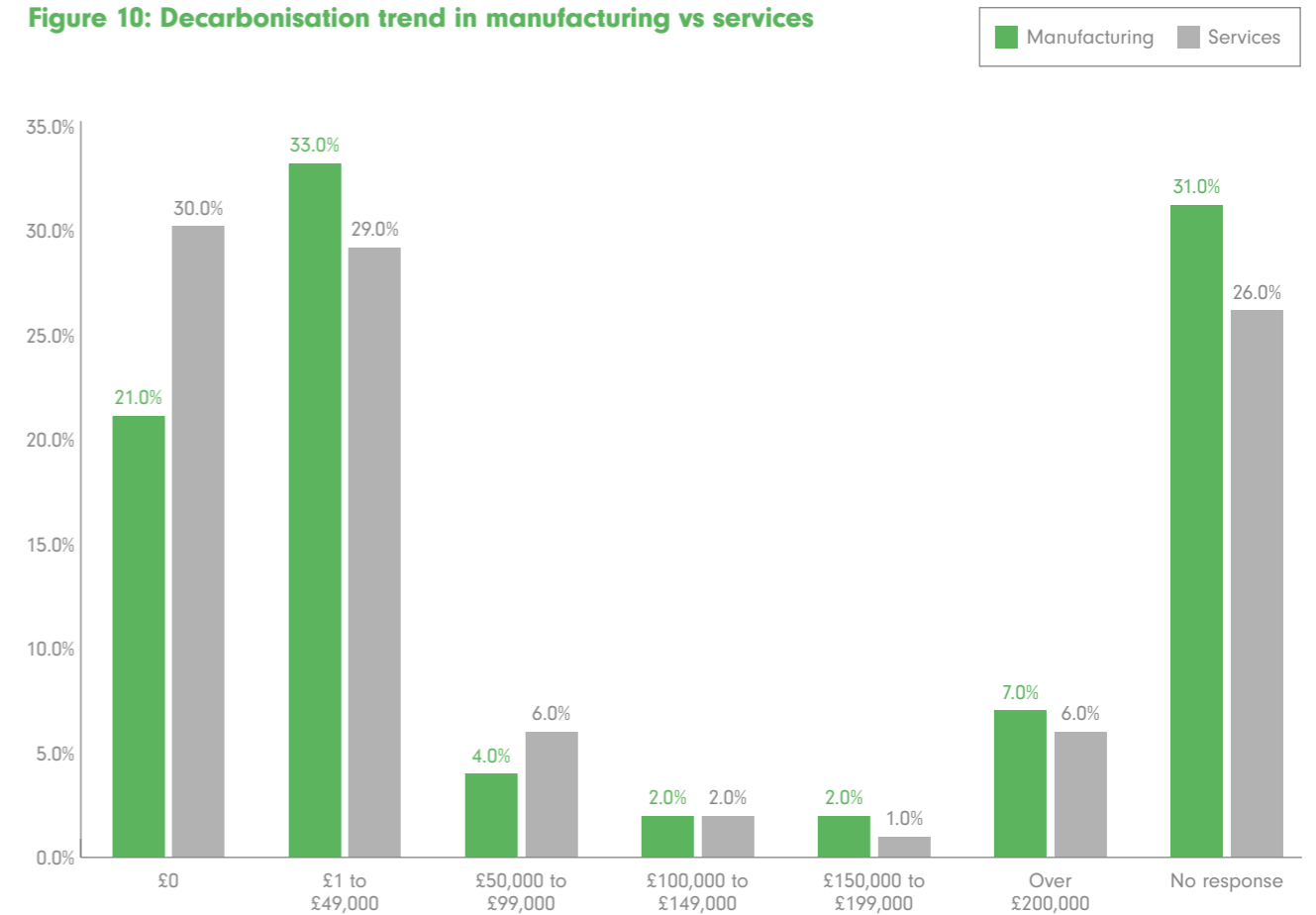
A close examination of the data reveals an interesting dynamic between a size of the business and a level of investment in decarbonisation (Figure 9). There is a shift in a regional decarbonisation trend; decarbonisation is becoming more diversified. For instance, small businesses dominate £1-49,000 and £100-149,000 investment categories. Large companies outperform by a volume of investment in decarbonisation leading in £50-99,000, £150-199,000, and in over £200,000 investment category. Micro businesses, on another hand, is the largest category of businesses, at 43%, that report 'no investment' in decarbonisation.

The biggest positive change in the responses affirming the adaptation of the green growth strategy is noted in micro businesses at 8% increase on last year's figures. This is followed by large companies reporting a 7% increase, and medium-sized businesses a 3% increase. Small businesses reported a decline in confidence at a rate of 1.3% when compared with 2023 results.

Professional services sector lead by a number of decarbonisation projects (25%), closely followed by manufacturing sector (24%), other services (13%) and construction and engineering sector (10%). Overall, regional services sector reports more investment in decarbonisation over the last 12 months at 63% when compared with manufacturing sector at 37%.

DECARBONISATION

Figure 10: Decarbonisation trend in manufacturing vs services



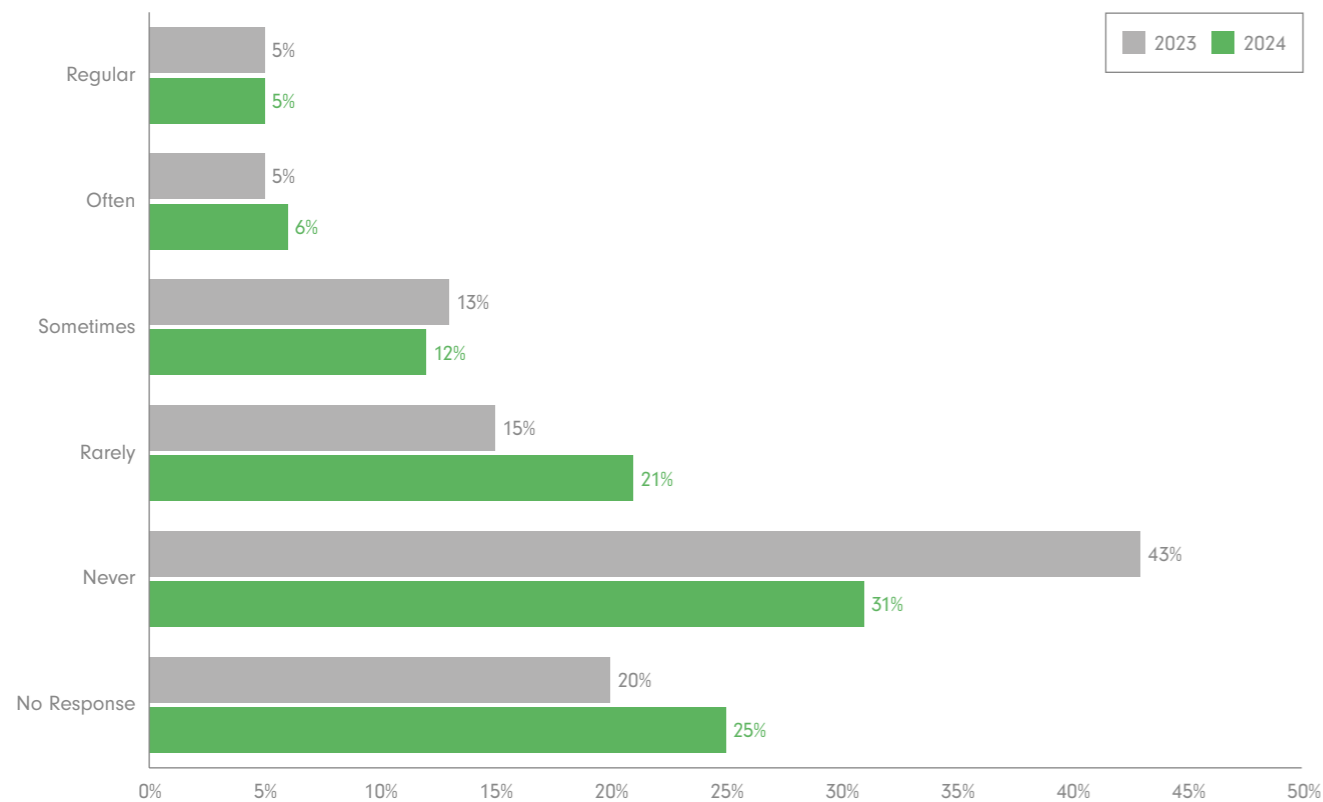
Manufacturing companies lead in three investment categories with a biggest lead of over 4% in the £1 - 49,000 category, and only 1% lead in £150 - 199,000 and over £200,000 categories. Service companies are reporting 'no investment in decarbonisation' by 10% more than manufacturing companies.

When undertaking analysis by locality, rural businesses invest in decarbonisation two and a half times more than urban businesses. Leicestershire county is leading on the number of businesses reporting decarbonisation projects over the last 12 months accounting for 37% of the regional rural businesses investing in decarbonisation. This is followed by the businesses operating in Derbyshire (35%) and Nottinghamshire (28%). When it comes to city businesses, Derby City leads the decarbonisation trend with more than twice as much businesses reporting investment in decarbonisation in 2024 compared with Nottingham and Leicester.

NATURE-BASED SOLUTIONS



Figure 11: Engagement level of regional businesses with the nature-based solutions



The study looked at the level of engagement of regional businesses with the nature-based solutions (NBS) for example nature restoration and conservation projects, biodiversity enrichment, and sustainable land management. The survey respondents were asked to indicate how often their business engaged with the nature-based solutions over the last 12 months (Figure 11).

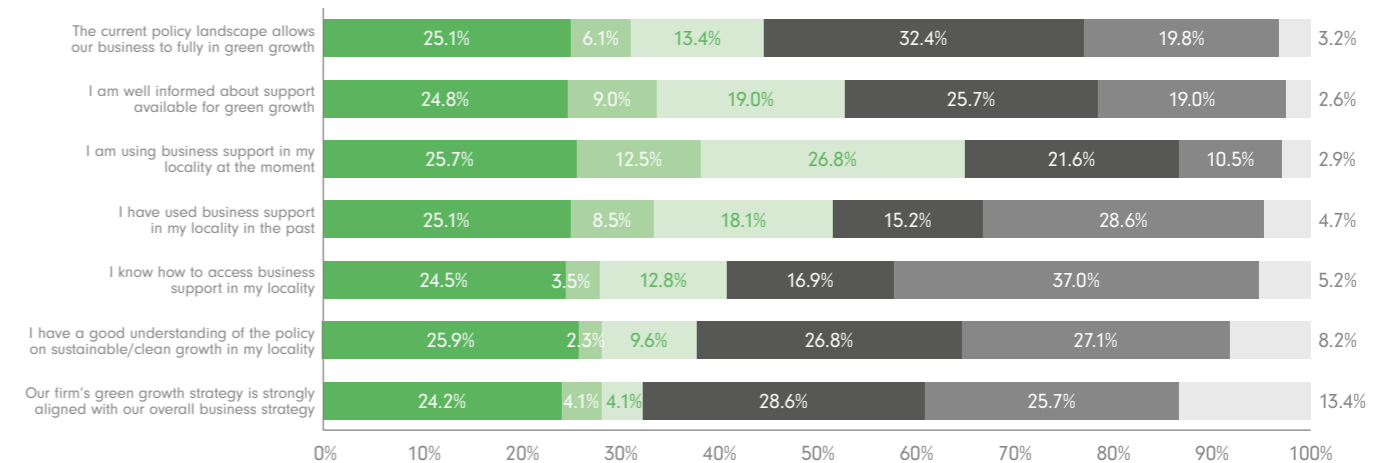
A comparative analysis of 2023 and 2024 survey data is shows a mixed picture with a notable reduction of 10% in a number of businesses reporting they **never engaged** with NBS. More businesses report they **often** (+2%) and **rarely** (+6%) engage in NBS.

There is no change in a number of businesses who engage **regularly** with NBS at 4.6% of the survey respondents. Despite a positive shift, policy, regulators, businesses and public needs to work together and to identify knowledge and practice gaps as the first step in addressing the concerns over the low levels of NBS engagement.

POLICY AND SUPPORT FOR GREEN GROWTH



Figure 12: Views about green growth policy and business support



Survey participants were asked to respond to a series of statements about the green growth policy and business support in the East Midlands (Figure 12).

Only 23% of businesses stated that current policy allows businesses to fully engage with the green growth policy agenda. This is an improvement of 10% when compared with the 2023 survey results. This is a positive development after a consecutive 3-year decline, from 2020 to 2023, in business confidence about the regional green growth policy.

Only 42% of businesses were confident in their knowledge about how to access business support. This is a continued 4-year drop of 5% from the 2021 position.

Just under a third (28%) of businesses did not feel well informed about the support available for green growth in 2024 compared with 36% in 2023. Again, this is an improved position and the best result since 2021 when over 40% of respondent felt insufficiently informed about the support for green growth. Still, only 22% of the survey respondents felt well informed about the support available for green growth in the region; a marginal improvement of 1.5% on 2023 figures.

There is a sharp drop of 11% of businesses reporting that they used business support in their locality in the past, a total of 33% of businesses responded to the survey in 2024. Only 16% of businesses stated they use business support locally at present; this is also a decline of 6.2% on 2023 figures.

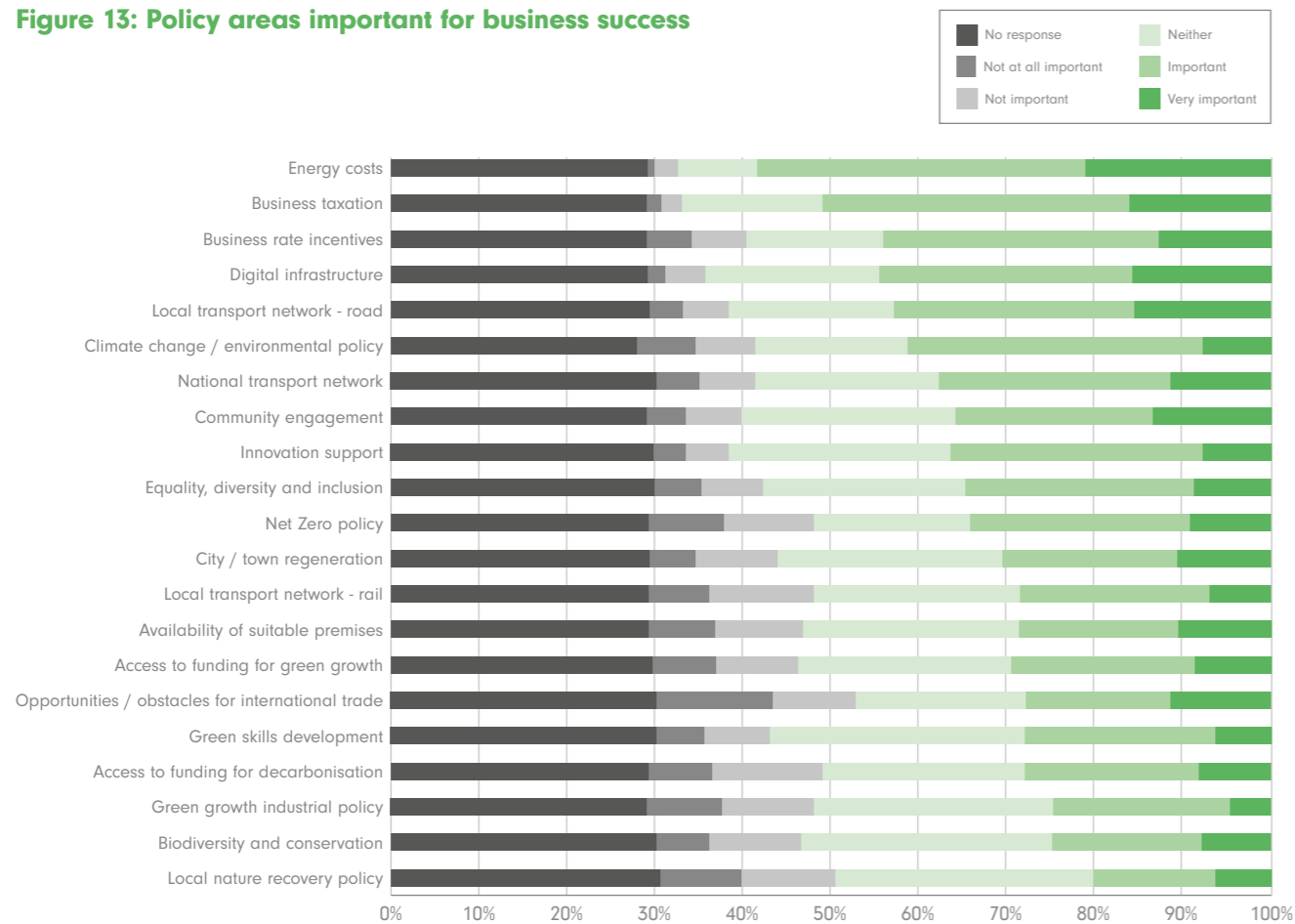
About 35% of the businesses reported they have a good understanding of the green growth policy. This a drop of 9% from the 2021 position at 42% awareness rate. This finding indicates there is a need for a concerted efforts across the regional support agencies to raise the awareness and to promote the engagement with green business support more widely.

Just under 40% of business agreed the environmental strategy is strongly aligned with the business strategy. This represents a 6% improvement on 2023 figures. This is an encouraging sign of an increased alignment between business strategy and green growth ambitions. Such a trend impacts positively the development of the green growth capacity of the regional business. In turn, this encourages a further uptake of the green growth opportunities regionally, nationally and internationally

POLICY AND SUPPORT FOR GREEN GROWTH



Figure 13: Policy areas important for business success



Twenty one policy areas were put forward to gauge the business attitude to the most pressing policy issues from Net Zero and Local Nature Recovery to Community engagement and EDI. When asked what policy issues are of most importance to business success over the next 12 months, the responses were as presented in Figure 13.

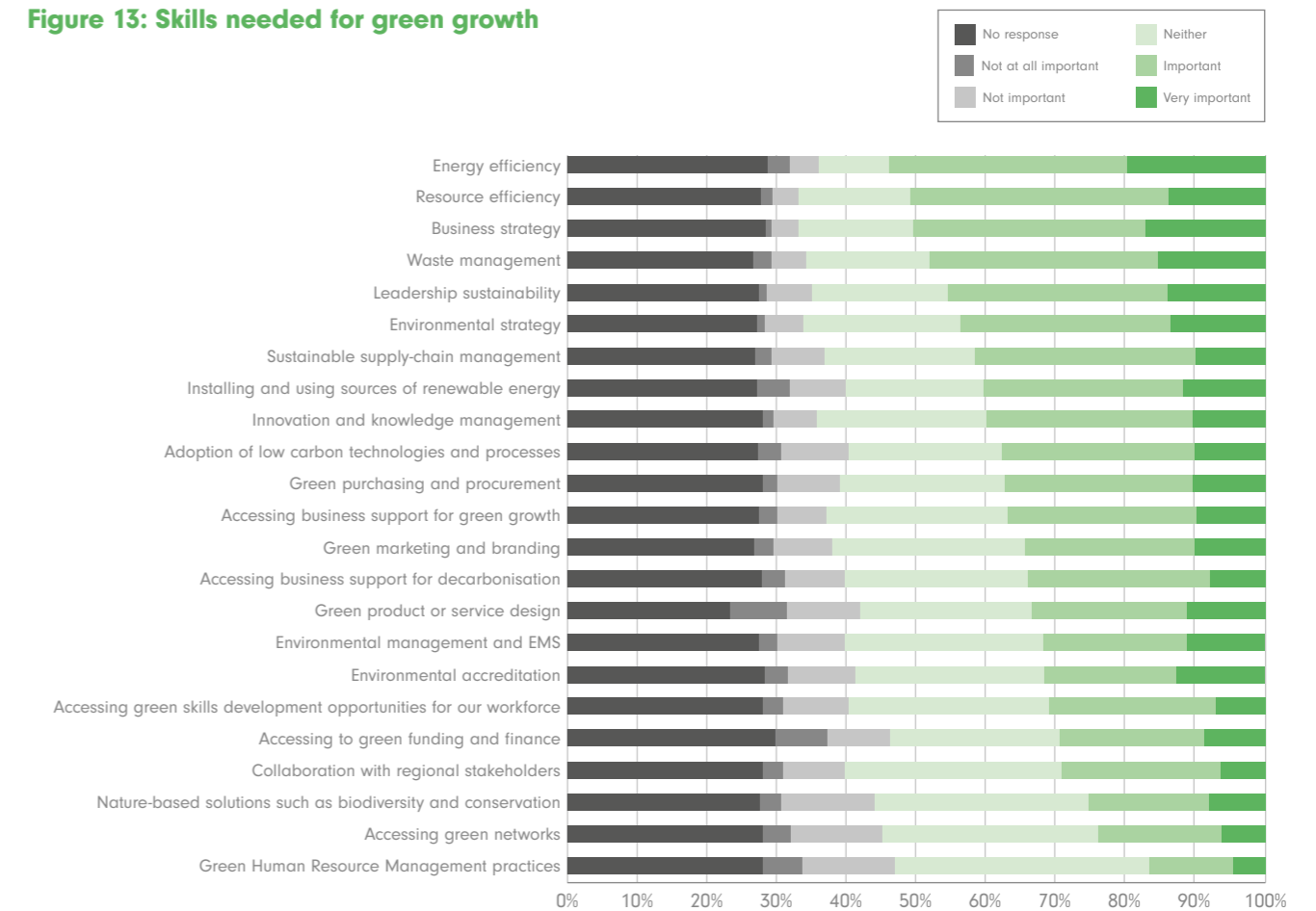
It is understandable that for many businesses tackling energy costs would be of a high priority accounting for 58% of the survey responses. Relaxing business taxation (51%) followed closely after. Strengthening the business incentives, improving digital infrastructure, and investment local transport network (roads) were confirmed as important to over 43% of the businesses.

41% of the businesses reported **climate change** and **environmental policy** as being important to business success; making this area a top 6 out of 21 policy areas put forward for consideration.

SKILLS FOR GREEN GROWTH



Figure 13: Skills needed for green growth



When asked which of 23 listed areas businesses need strengthening to capitalise on green growth opportunities, efficiency-focused areas dominated the responses.

Energy efficiency, resource efficiency, and business strategy were considered important areas of skills to be strengthened by over a half of the businesses responded to the survey (Table 1). Waste management skills are required by over 48% of the regional businesses. With leadership for sustainability; environmental strategy; and sustainable supply chain management following closely behind.

SKILLS FOR GREEN GROWTH



Table 1: Priority areas for skills development ranked

Skill Area	Agreement Level
1. Energy efficiency	53.9%
2. Resource efficiency	51.0%
3. Business strategy	50.4%
4. Waste management	48.1%
5. Leadership for sustainability	45.5%
6. Environmental strategy	43.7%
7. Sustainable supply-chain management	41.7%
8. Installing and using sources of renewable energy	40.2%
9. Innovation and knowledge management	39.9%
10. Adoption of the low carbon technologies and processes	37.6%
11. Green purchasing and procurement	37.3%
12. Access to business support for green growth	37%
13. Green marketing and branding	53.9%
14. Access to business support for decarbonisation	51.0%
15. Green product or service design	50.4%
16. Environmental management and EMS	48.1%
17. Environmental accreditation	45.5%
18. Access to green skills development opportunities for our workforce	43.7%
19. Accessing green funding and finance	41.7%
20. Collaborating with regional stakeholders	40.2%
21. Nature-based solutions such as biodiversity and conservation	39.9%
22. Access to pro-environmental network	37.6%
23. Green Human Resource Management practices	37.3%

Energy and resource efficiency remained in the top three skills categories in demand for green growth since 2021. Business strategy has been in the top three skills sets over two year period in 2023 and 2024. These findings highlight a consistency in attitudes about skills development for green growth indicated by the regional businesses over the last three years.

STEM-based skills, such as energy and resource efficiency, installation and use of renewable energy sources, and adoption of the low carbon technologies and processes, dominate top 10 green skills sets in demand. Alongside this, a wide range of business development skills are rising in demand. For example, skills in green purchasing and procurement, innovation and knowledge management skills, and leadership for sustainability are in top 15 green skills in demand.

Sustainable supply chain management skills continue to rise in priority for regional businesses. This skill set has climbed from 13th place in 2021 to 7th place in 2024 continuously. This development signals an intensifying engagement of the regional businesses in supply chains operating across the growing green market niches.

Access to business support for green growth, and business support for decarbonisation remains in the top 15 skills since 2022. This indicates a consistent appetite for knowledge exchange, skills development, and capital investment to stimulate green growth in the region.

Altogether, businesses demand skills that help them achieve energy and resource efficiency internally and as part of green supply chains. They recognise a need for skills that drive decarbonisation such as waste management, and installation and use of renewable energy sources, alongside business growth and development skills. This finding confirms a broadening of a range of green skills in demand and an increasing appetite for business support programmes for green skills development.

CONCLUSION

The study findings support development of the following highlights.

HIGHLIGHT 1 »

- There is an **increase** in East Midlands businesses adopting **green growth strategies**.
- Proportion of businesses across Derbyshire, Leicestershire and Nottinghamshire that trade in environmentally-friendly goods and services increased from **36% in 2023** to **43% in 2024**.
- A **positive trend** in the proportion of regional businesses operating in green markets over the past nine years remains.

HIGHLIGHT 2 »

- **45% of businesses** invested in decarbonisation over the last 12 months, **up by 6%** from the 2023 data.
- Large companies lead by volume of investment in decarbonisation leading in **over £200,000** investment category.

HIGHLIGHT 3 »

- Number of businesses accessing business support has **dropped** when compared with the past years.
- **Only 16%** of businesses stated they use business support locally at present; this is a **decline of 6.2% on 2023 figures**.
- **Four in ten** businesses do not feel well informed about the support available for green growth.

HIGHLIGHT 4 »

- There is a sustained **demand for skills** in the areas of energy, resource efficiency and business strategy over the last three years.
- Business support agencies and policymakers need to respond by providing a **focused support for green growth**.
- Need to **develop policy mechanisms** that are better aligned with the regional business interests and the sectoral specifics in order to **intensify engagement with the green growth opportunities**.

REFERENCES

Baranova, P., Paterson, F., Gallotta, B. (2020) Configuration of enterprise support towards the clean growth challenge: a place-based perspective. *Local Economy*. <https://journals.sagepub.com/doi/full/10.1177/0269094220956509>

Baranova, P., Paterson, F., Gallotta, B. (2022) Green Growth Trends in the East Midlands 2022, Report, June 2022, University of Derby. <https://repository.derby.ac.uk/item/97x22/green-growth-trends-in-the-east-midlands-2022>

Gallotta, B., Paterson, F., Baranova, P. (2021) Pro-environmental business and clean growth trends for the East Midlands 2021, Sector report, June 2021. <https://derby.openrepository.com/handle/10545/625908>

Paterson, F., Baranova P., Galotta, B. (2022) Towards a Conceptual Framework of Enterprise Support for Pro-environmental SMEs: A contextualised review of diverse knowledge domains, *Local Economy*. <https://journals.sagepub.com/doi/10.1177/02690942221097373>

Department of Business and Trade (2023) Business population estimates for the UK and regions 2023: statistical release, Accredited official statistics, 5th of October 2023. <https://www.gov.uk/government/statistics/business-population-estimates-2023/business-population-estimates-for-the-uk-and-regions-2023-statistical-release>



UNIVERSITY OF
DERBY

**east midlands
chamber**

Derbyshire | Leicestershire | Nottinghamshire

We'd like to thank the East Midlands Chamber for the continuing support with undertaking the study over the years.

CONTACTS

Dr Polina Baranova

Associate Professor of
Strategy and Sustainability

Derby Business School
University of Derby
Kedleston Road,
Derby, DE22 1GB
United Kingdom

T 0800 001 5500

E p.baranova@derby.ac.uk

W derby.ac.uk

Ian Bates

Policy and Representation
Manager

East Midlands Chamber
Commerce House,
Millennium Way,
Dunston Road,
Chesterfield, S41 8ND

T 0333 320 0333

E Ian.Bates@emc-dnl.co.uk

W emc-dnl.co.uk

