EKOS CONSULTING

**South West Objective 1 & 2 Programmes – Investment in the environment sector, evaluation study**

*Final Report 25/08/2007*

*for*

**South West Objective 2 Programme Environmental Theme Partnership and the Cornwall and Isles of Scilly Objective 1 Programme**

# Contents

# Executive Summary


In March 2007, EKOS Consulting were commissioned by the South West Objective 2 Programme Environmental Theme Partnership to undertake an evaluation of the investment made through the Objective 2 programme in the environmental sector. The evaluation brief indicated that the study should assess and evaluate:

- The overall level of financial support;
- The types of business supported;
- The types of assistance received; and
- The business outcomes (in increased sales etc).

At a progress meeting in May 2007, this was extended to cover:

- The Cornwall and Isles of Scilly Objective 1 programme;
- Modelling the size of the sector;
- Incorporating an understanding of other business support available; and
- Extending the approach to business consultation to include a short qualitative survey of environmental businesses.

The **methodology** included the following broad elements:

- Defining environmental businesses;
- Collection of data from 6 projects from Objective 1 and 5 from objective 2;
- Qualitative survey of businesses; and
- Analysis of data.

The key findings address the following questions:

- The size of the sector;
- Delivery of support to environmental businesses through the programmes;
- The effectiveness of the different interventions in terms of outputs and business perception;
- The Needs of the Sector; and
- How should environmental businesses be supported through Competitiveness and Convergence?

***The size of the sector***

Three different approaches were used to estimate the size of the sector. The South West Regional Accounts, the Project Data and Yell.com. All three have limitations which are discussed.

The South West Regional Accounts and the project data both point to the size of the sector being in excess of 1,800 (excluding the self employed) in the South West. Both are under-estimates. The Regional Accounts is based on a limited definition of 10 SIC codes and so does not capture environmental businesses outwith these codes. The report provides evidence that the SWRDA definition represents approximately 60% of the sector.

The analysis of project data was based on a small sample, which was not large enough to cover all the codes agreed adequately. The data from yell.com has limitations which both over and under-estimate the size of the sector. Firstly there is duplication between sub-sectors and secondly not all businesses are listed. It is hard to say which of these is the greater problem.

It is our view therefore that the size of the sector is approximately 3,000 in the South West (this is based on the assumption that both the South West regional accounts and the project data analysis represent approximately 60% of the sector), 300 in Cornwall and 350 in the Objective 2 area, excluding the self employed. Further research using a large sample of businesses would confirm this.

In chapter 4 we report that the objective 1 programme had provided assistance to 100 businesses and IAG to 206 (including projects benefiting from more than one project). This suggests that the programme has supported a high proportion of businesses in the sector. Likewise in the objective 2 area, we report that the programme provided assistance to 72 and IAG to 52, again, a good proportion of the total number of environmental businesses.

***Delivery of support to environmental businesses through the programmes***

Both programmes have been successful at delivering support to environmental businesses. In Objective 1, 100 environmental businesses have been provided with assistance and 206 IAG. In Cornwall the sector has been estimated at approximately 300 businesses. Therefore, after businesses that have benefited from more than one project have been taken into account, the Objective 1 programme has supported a very high proportion of the sector. Despite this, the programme did not achieve its target of 200 environmental businesses assisted, although we believe the businesses assisted figure is an under-estimate.

In Objective 2, 72 environmental businesses have been assisted and 52 provided with IAG. In the Objective 2 area, the sector has been estimated to be approximately 350 businesses, so after businesses benefiting from more than one project have been taken into account, the Objective 2 programme has supported a good proportion of the sector, but with potential to reach more in the final stages of the programme. In Objective 2, the programme exceeded its target of 60 environmental businesses assisted.

***The effectiveness of the different interventions in terms of outputs and business perception***

The support provided, resulted in the creation of 81 gross new jobs for Objective 1 and 73 for Objective 2. Projects were grouped by the type of intervention offered and this suggests:

- **Loans/Finance** – Appear to be a relatively successful form of intervention, but varying considerably from project to project. South West Investment Group has been very successful at creating gross new jobs for a relatively small amount of money. On the other hand, the Growth Fund project has created one job in one environmental business for £500,000 to date.
- **Specialist IAG** – One project provided specialist support to businesses in the Renewable Energy sector, Renewable Energy4Devon. Output data suggests that it has been very successful at creating gross new jobs and turnover, for a very modest amount. This suggests that the model adopted by Renewable Energy4Devon, that of stimulating demand within the market, is an effective method of supporting the sector and should be investigated further.
- **Intensive Support** – The 2 business link projects ' Developing the Business Support Network' – no data
- **ICT** – The 2 ICT projects, Actnow and Broadband4Devon have had limited success in attracting environmental businesses to receive 'assistance' support. However, there is evidence from Broadband4Devon that environmental businesses have benefited from the lower level of support and increases in turnover and jobs have resulted.
- **Graduate Placement** – The Unlocking Cornish Potential project achieved a reasonable penetration of environmental businesses. Gross jobs were created at a very reasonable £5,317/job.

The survey of businesses showed that for most businesses the interventions had a positive impact on the business such as increased sales, expansion, new products etc. In a small number of cases the intervention was not successful. Support was perceived to be most useful in the start-up and expansion phases.

***The Needs of the Sector***

The business survey found that businesses in the sector have strong growth plans, but their main barriers to growth are:

- Lack of finance;
- Reaching the critical mass needed to take on staff;
- Finding staff with the right skills and qualifications; and
- Consumers lack of understanding of products.

They suggested that general business support needs to be improved in the following ways:

- Provision of more substantive support, not just advice;
- Provide financial support that makes it easier for businesses to access small sums of money for projects;
- Provide better signposting and clearer guidance to businesses on how they can access structural funds.

They suggested specific sectoral support needs of:

- An independent marketing and brokerage service;
- Funding for R&D and capital projects; and
- Support for training.

***How should environmental businesses be supported through Competitiveness and Convergence?***

The environmental sector has a significant role to play in the new programmes. Firstly, it is a highly productive sector, with GVA/FTE the highest of the SWRDA key sectors. It is also a sector that is highly knowledge intensive and at the forefront of innovation. Therefore it has a significant role in helping the new programmes achieve their low carbon ambitions.

Having reviewed the findings of the study we would recommend that priority should be given to a project that delivers a holistic approach to the sector. This could include:

- Market stimulation and brokerage (as per Renewable Energy4 Devon);
- Specialist training (as per Enviroskills);
- Intensive business support to include investment readiness (as per Business Link);

It is likely that such a project will have a number of delivery partners, such as Enviroskills to deliver the training support and Business Link to deliver the intensive business advice, but at the core would be an organisation like Renewable Energy4 Devon that can provide specialist support and advice to the sector, stimulate the market and broker sales. This organisation would have responsibility for providing an account management function for the businesses to ensure that they can access support across the range of Competitiveness and Convergence and other funding to meet the needs of their business.

We also recommend that the programmes investigate further how they can use their funding to stimulate innovation to address the challenge of a low carbon economy.

# 1 Introduction

This chapter sets out the background to the evaluation, the aims and objectives and the methodology employed to meet those aims and objectives.

## 1.1 Background to the evaluation

In March 2007, EKOS Consulting were commissioned by the South West Objective 2 Programme Environmental Theme Partnership to undertake an evaluation of the investment made through the Objective 2 programme in the environmental sector. The evaluation brief indicated that the study should assess and evaluate:

- The overall level of financial support;
- The types of business supported;
- The types of assistance received; and
- The business outcomes (in increased sales etc).

At a progress meeting in May 2007, this was extended to cover:

- The Cornwall and Isles of Scilly Objective 1 programme;
- Modelling the size of the sector;
- Incorporating an understanding of other business support available; and
- Extending the approach to business consultation to include a short qualitative survey of environmental businesses.

## 1.2 Aims and objectives

The aims of the project were to:

- To agree a clear definition of the environmental goods and services sector which can then be used by projects and programme managers to identify businesses supported within the sector.
- To identify how many environmental businesses have been supported by the business support projects.
- To identify the different types of support provided by the projects to businesses, the take-up of that support by environmental businesses and any patterns emerging in terms of outcome by different interventions.
- To understand the businesses perspective, how the interventions have helped them and their future requirements;
- To utilise the data collection phases to estimate the overall size of the environmental sector in the SW region and in Cornwall and the Isles of Scilly.

## 1.3 Methodology

This section describes the methodology employed to meet the project aims and objectives.

The methodology included the following broad elements:

- Defining environmental businesses;
- Collection of data from projects;
- Qualitative survey of businesses;
- Analysis of data;
    - Modelling the size of the sector;
    - How many businesses have been supported; and
    - Effectiveness of interventions.

### 1.3.1 Defining environmental businesses

As a relatively new industry, the environmental sector has been described and classified in many ways. More recently, the DTI produced 'a UK Government Definition of the Environmental Goods and Services Sector', which includes the following sub-sectors:

- Air Pollution Control;
- Cleaner Technologies and Processes;
- Decommissioning/Decontamination of Nuclear Sites;
- Environmental Consultancy;
- Environmental Monitoring, Instrumentation and Analysis;
- Energy Management/Efficiency;
- Marine Pollution Control;
- Noise and Vibration Control;
- Remediation and Reclamation of Land;
- Renewable Energy;
- Waste Management, Recovery and Recycling; and
- Water Supply and Waste-water treatment.

A meeting was held with regional stakeholders to discuss the definition to be used and any issues in defining the sector. Table 1 summarises the main points covered.

**Table 1: Issues in defining the sector**

| **Issue** | **Approach to be adopted for this study** | **Rationale** |
|---|---|---|
| SIC codes do not match well with the above definition and some projects only classify businesses by SIC code and have databases that are too large for manual screening. | Select a broad list of SIC codes (Appendix 1) to act as an initial filter, then do manual sorting based on company information. | A practical approach needed to be adopted. |
| Environmental businesses falling into other sectors such as engineering, construction and biotechnology | Where possible, these 'hidden environmental businesses' should be identified. | A key objective of the study is to identify ALL the environmental businesses supported. |
| What about businesses that produce mainstream goods and services but in an environmentally friendly way or capitalise on the market for environmentally friendly goods and services, such as organic farmers. | Stakeholders felt that it is helpful to think in terms of vertical and horizontal businesses:<br>Vertical businesses produce products and services targeted at improving the environment e.g. producers of clean air technology, renewable energy installers/manufacturers etc;<br>Horizontal businesses aim to produce their goods and services in an environmentally friendly way e.g. organic farmers, green tourist attractions etc.<br>For the purposes of this study, vertical businesses only would be considered. | The purpose of the research is to help inform the new programmes. The new programmes, whilst they do not define environmental businesses, it is clear that the focus in on vertical businesses. |
| The Suitability of the Government Definition | It was agreed that the government definition would be used, but that it would be supplemented with a sub-sector – 'the natural environment' to cover businesses providing services such as wildlife management, sustainable woodlands etc. | This sub-sector was not included on the Government's definition, yet given the natural environment's importance to the wider economy, it was felt it should be included. |

### 1.3.2 Collection of data from projects

In this stage of the study, EKOS worked with project managers to review the data available and identify the data required. This included:

- **Identifying environmental businesses assisted** – EKOS worked with project managers to identify those businesses that met two criteria:
    - Were environmental businesses (fit the definition above);
    - Had received 'assistance'[1].

The exact process adopted for data collection with each project is described in full in Appendix 2.

- **Collecting data on environmental businesses supported** - For those businesses that were identified as environmental businesses, the following data was collected (where available):
    - Type of intervention;
    - Level of intervention;
    - Outputs achieved;
    - Background business data e.g. size, no. of employees etc.
- **Identifying businesses to participate in a qualitative interview** - Projects were asked to identify 2-3 businesses that would be willing to participate in a qualitative interview.
- **Collecting data to estimate the size of the sector** – Where projects utilised SIC codes, additional data was collected in order to estimate the size of the sector. Only 4 projects utilised SIC codes[2]. These projects were asked to pull a sample of businesses from the list of broad SIC codes in Appendix 1.

### 1.3.3 Qualitative survey of businesses

A selection of 15 businesses from across the projects were selected to participate in a qualitative interview. The interview included topics such as:

- **About the business** – size, sub-sectors, trading geography, location and age of business;
- **Future plans/growth** – growth for the business, sectoral growth and barriers to growth;
- **Business support use/need** – Support from the projects, benefits achieved, reasons for using the project, other business support services used, sector specific needs and generic business support needs.

A full topic guide can be found in Appendix 3.

[1] Received the equivalent of 5 days support or £2,000.
[2] Actnow used 2 digit 1990 SIC codes, a list incompatible with the list prepared for this study.

### 1.3.4 Analysis of data

The analysis of the data was designed to identify 3 study objectives:

1. **To identify how many businesses had been assisted by the objective 1 and 2 projects** – The purpose of this analysis was to establish the programmes performance against the following target 'Businesses assisted specialising in environment related activities and services'. The data was analysed to identify: environmental businesses that have received assistance, where assistance equates to 5 days or £2,000 worth of support.

2. **To estimate the size of the sector in the relevant geographical areas** – For the large projects where businesses have been recorded against SIC codes. The following process was adopted.

    a) Businesses were selected that fell into a broad list of SIC codes;

    b) Of these, a random sample were selected and manually sorted to identify those in the environmental sector.

    c) From this, the proportion of businesses within each SIC code that were environmental businesses was calculated;

    d) Using Annual Business Enquiry data for selected SIC codes, the proportions in c, were grossed up to the whole population of businesses in the geographical area.

3. **To assess the effectiveness of the interventions in supporting the sector** – The purpose of this stage is to establish if different interventions or levels of support result in increased outputs for the business. Specifically the analysis looked at.

    - Type of support;
    - Level of support; and
    - Sub-sectoral analysis.

In addition, to the numeric output related results, qualitative results from the business survey were used to assess businesses perception of the benefits felt from the projects.

# 2 The Projects

In this chapter we introduce the projects examined as part of the study, review the outputs achieved to date against targets for the project as a whole and then finally summarise the key intervention types.

## 2.1 Introduction

Six projects in the Objective 2 area and 5 projects in the Objective 1 area were selected to participate in the study. The projects were selected on the basis that they had made a commitment to deliver the following output 'Businesses assisted specialising in environment related activities and services'. These were:

| **Organisation** | **Name of Project** | **Notes** |
|---|---|---|
| Finance SW Ltd | Finance Cornwall | For the purposes of the data collection exercise, these two projects have been treated as one project. |
| | Finance Cornwall Money with Management | |
| Actnow | Actnow A | Actnow A did not directly support businesses, so was not included in the data collection exercise. |
| | Actnow B | For the purposes of the data collection exercise, these two projects have been treated as one project. |
| | Actnow C | |
| Cornwall College | UCP3.2 | For the purposes of the data collection exercise, these five projects are treated as one project. |
| | Unlocking Cornish Potential 2 (1.7) | |
| | Unlocking Cornish Potential (3.2) | |
| | Unlocking Cornish Potential (1.7) | |
| | UCP 3.5 | |
| South West Investment Group (SWIG) | Cornwall Business Growth Fund | For the purposes of the data collection exercise, these four projects are treated as one project. |
| | Cornwall Business Enterprise Fund | |
| | Cornwall Small Business Grant Scheme | |
| | Cornwall Business Start-up Fund | |
| Business Link Devon and Cornwall | Developing the Business Support Network | |

| Organisation | Name of Project | Notes |
|---|---|---|
| Business Link Devon and Cornwall | Adding Value to Business Support through the Small Business Service (SBS) | Data was not available from this project. |
| | Developing the Business Support Network | |
| Devon County Council | Renewable Energy4Devon | |
| | Broadband 4Devon | |
| Finance South West Ltd | Business Loan Fund | |
| | Growth Fund Project | |

This section of the report summarises the core aims of these projects and outlines the information supplied to the consultants in relation to the level of ERDF or ESF funding received and the nature of any output targets and achievements.

## 2.2 Objective One Projects

### 2.2.1 Finance Cornwall

The total value of the Finance Cornwall project was £ 25,757,067 funding of which £ 11,421,745 was ERDF. The project is being delivered between 2001 and 2008. Finance Cornwall as a project is divided into two parts; Finance Cornwall itself and also the Finance Cornwall Money with Management Project. The purpose of Finance Cornwall is to establish an investment fund to provide equity, mezzanine and small loans capital to SMEs that are viable but cannot obtain the capital required for business growth through conventional channels. The purpose of Finance Cornwall's Money with Management Project is to provide management support for SMEs and community-based businesses receiving debt and equity finance through Finance Cornwall. Linked with Finance Cornwall's activities this project promotes and rewards the success of SMEs at the same time as reducing the risk on their investments.

The types of support offered by Finance Cornwall, include:

- The provision of equity, mezzanine and small loans to suitable businesses; and
- The provision of a full range of management support services.

Although Finance Cornwall does not have targets by industrial sector, or type of application, it does offer environmentally based businesses the possibility of start up finance and funds for growth. At its outset the project planned to set up monitoring activity to identify all examples of investments made into environmentally based businesses. The project also planned to promote investment in the environmental sector by working closely with SWRDA and Cornwall Enterprise to target inward investment into the environmental sector within Cornwall and the Isles of Scilly.

### 2.2.2 Actnow

The total value of the Actnow project was £ 17,608,965 of which £ 7,281,668 was ERDF. The project is being delivered between 2001 – 2008. The Actnow project has been undertaken in three phases; A, B and C.

- The Actnow A Project provided broadband technology for businesses and others in Cornwall based on the upgrading of up to twelve BT exchanges to provide ADSL capability and access to internet services for businesses to assist in the development of the rural economy.
- The Actnow B Project assisted SMEs and Micro businesses to make full use of the enhanced connectivity.
- The Actnow C Project is an extension of the Actnow A and B projects and builds on the economic impacts demonstrated through these projects. Actnow C provides broadband technology and associated business support to at least 100 agricultural businesses and 1000 SMEs in Cornwall and the Isles of Scilly. Planned results are to achieve 100% broadband coverage across this area by the end of the project.

The types of support offered by Actnow B & C include:

- Free ICT related business advice; and
- The provision of direct ICT support to businesses through experienced Account Managers and ICT Advisors.

### 2.2.3 Unlocking Cornish Potential

The total value of the Unlocking Cornish Potential project was £5,392,810 of which £2,062,326 was ESF. The project is being delivered between 2004 and 2008. It is a flagship Combined Universities in Cornwall (CUC) initiative. The aim of the UCP project is to measurably improve the efficiency, competitiveness and growth potential of SMEs in Cornwall through the placement of graduates in companies to undertake business development projects.

During its lifetime the UCP project it received 5 separate grants from the European Social Fund (ESF).

The types of support offered by the project include:

- Provision of graduates for business development placements; and
- Information and advice to SMEs on the employment of graduates.

Support to SME development projects including new product development, market research, feasibility studies and implementation of quality systems through the employment of graduates.

### 2.2.4 The South West Investment Group

The total value of the South West Investment Group projects was £7,783,600 of which £2,326,800 was ERDF. The projects were delivered between 2000 and 2006. The South West Investment Group is a partnership of local authorities, development agencies and the private sector and is a not for profit company. It aims to help businesses where bank support is limited. SWIG successfully applied for four Objective 1 projects listed below. All four provide loan finance to SMEs fulfilling the ERDF criteria in order to grow sales, turnover, employment and quality of jobs.

- The Cornwall Small Business Grant Scheme - £3,000 per application up to 60%;
- The Cornwall Business Start-up (Enterprise) Fund - £25,000 up to 60%;
- The Cornwall Business Growth Fund - £50,000 per application up to 35%; and
- The Cornwall Business Development Fund - £50,000 per application up to 35%

### 2.2.5 Business Link Devon & Cornwall – Developing the Business Support Network

The total value Developing the Business Support Network project was £ 7,009,000 funding of which £3,504,500 was ERDF. The project was delivered between 2003 and 2007. The project, administered by Business Link Devon & Cornwall, aimed to assist the development of a coherent, joined up and sustainable business support network; and to provide a combination of high quality information, advice, support, and brokerage services for SMEs.

The key services offered and target groups for this project were:

- Level 1 – On-line Information Gateway – To provide on-line information, assessment and network brokerage services, accessible by all businesses;
- Level 2 - Public Sector Key Fund- To provide a warm body targeted service, which offered assessment, business support and brokerage services to Pre/New Starts and SMEs with growth potential. Delivered through public body sector key fund commissioned sub-contracts and brokered provision from the wider business support network;
- Level 3 – Private Sector Key Fund/Business Advisory Services: To provide detailed services enabling step changes to occur as a result of diagnostic action planning, facilitation and project management, specialist, active brokerage and high growth start-up services for businesses with high growth potential.

### 2.2.6 Objective 1 projects – summary of interventions

The notes above show that there are a wide range of business interventions delivered by these projects. This is summarised in table 2 below:

**Table 2: Objective 1: Description of project interventions**

| Project | Overview of intervention |
|---|---|
| Finance Cornwall | Loans and Equity Finance |
| Actnow | Broadband subsidy<br>ICT advice<br>A grant towards investments in ICT |
| Unlocking Cornish Potential | Brokerage of a graduate placement<br>~30% subsidy of placement wages |
| South West Investment Group | Business Loans |
| Business Link Cornwall | Level 1 – On-line information gateway<br>Level 2 – One to one business support and brokerage<br>Level 3 – Intensive support through projects. |

### 2.2.7 Objective 1 projects – Summary of targets and achievement

Tables 3 and 4 overleaf show that:

- Finance Cornwall is progressing well with one output 'number of SMEs assisted' currently at 76% of their target and the number of 'gross direct FTE jobs created' and the number of 'gross direct FTE jobs safeguarded' exceeding original targets by 110% and 542% respectively. With the project not due to finish until 2008 these figures are likely to increase further.
- The South West Investment Group is making good progress against targets with two outputs nearly being met. The 'number of SMEs assisted' stands at 81% of the target and the number of 'gross direct FTE jobs created' at 98%. This project is not due to end until 2008 and as such the outputs are likely to increase further.
- Actnow appears to be making mixed progress, with targets being exceed on jobs created and safeguarded, but underperformance in terms of businesses assisted and sales.
- Developing the Business Support Network it making excellent progress exceeding all the targets listed.
- Unlocking Cornish Potential was an ESF project and therefore subject to a different target regime. 'Businesses helped' was used as a proxy for businesses assisted and is currently at 81%.

**Table 3: Objective 1: Project Targets (from application)**

| | SMEs provided with Information, Advice and Guidance | SMEs assisted | Gross FTE jobs created | Gross FTE jobs safeguarded | Gross additional sales (£) | Number of businesses assisted specialising in environmental activities or processes |
|---|---|---|---|---|---|---|
| Finance Cornwall | No target | 604 | 2097 | 2000 | Na | No target |
| Actnow B & C | 4,300 | 1000 | 672 | 436 | 8,616,666 | No target |
| Unlocking Cornish Potential[3] | No target | 184[4] | No target | No target | No target | No target |
| The South West Investment Group[5] | No target | 250 | 2066 | No target | No target | No target |
| Business Link Devon & Cornwall – Developing the Business Support Network | 1925 | 2015 | 1134 | 500 | 85,500,000 | 25 |

**Table 4: Objective 1: Project Achievements (from claims)**

| | SMEs provided with Information, Advice and Guidance | SMEs assisted | Gross FTE jobs created | Gross FTE jobs safeguarded | Gross additional sales | Number of businesses assisted specialising in environmental activities or processes |
|---|---|---|---|---|---|---|
| Finance Cornwall | No target | 458 | 2313 | 10857 | No target | No target |
| Actnow B & C | Not reported | 252 | 5598 | 2799 | 267,905 | No target |
| Unlocking Cornish Potential | No target | 149 | No target | No target | No target | No target |
| The South West Investment Group | No target | 203 | 2018 | No target | No target | No target |
| Business Link Devon & Cornwall – Developing the Business Support Network | 10,138 | 3253 | 1580 | 5260 | 88,800,000 | Not reported |

[3] During its lifetime the UCP project has drawn down 5 separate grants from the European Social Fund (ESF) and so for the purposes of this summary data gathered in relation to each of these grants has been amalgamated.
[4] Note. The Unlocking Cornish Potential Project was an ESF project, therefore, strictly the target was 'Number of companies helped'.
[5] data supplied in relation to each of the initiatives described in section 2.2.4 has been amalgamated in order to give an overview of the project as a whole
[6] Data from the Cornwall Business Development Fund is currently unavailable.
[7] Figures for Finance Cornwall are currently unavailable.
[8] Data from the Cornwall Business Enterprise Fund is currently unavailable.

## 2.3 Objective Two Projects

### 2.3.1 Developing the Business Support Network

The total value of the Developing the Business Support Network was £6,017,360 of which £3,008,680 was ERDF. The project was delivered between 1st January 2003 – 31st March 2008. The aim of the project was to build on the success of Adding Value to Business Support through the SBS and to assist the development of a coherent, joined up and sustainable business support network; and to provide a combination of high quality information, advice, support and brokerage services for SMEs.[9]

The key services offered and target groups for this project were:

- Level 1 – On-line Information Gateway – To provide on-line information, assessment and network brokerage services, accessible by all businesses;
- Level 2 - Public Sector Key Fund- To provide a warm body targeted service, which offered assessment, business support and brokerage services to Pre/New Starts and SMEs with growth potential. Delivered through public body sector key fund commissioned sub-contracts and brokered provision from the wider business support network;
- Level 3 – Private Sector Key Fund/Business Advisory Services: To provide detailed services enabling step changes to occur as a result of diagnostic action planning, facilitation and project management, specialist, active brokerage and high growth start-up services for businesses with high growth potential.

The types of support offered through Level 3 included Start Up, Diagnostic Review, Operations and Business Planning, Innovation and R&D, IT and E-Business, Finance, Sales and Marketing, HR and workforce Development, Export and International Trade, Health and Safety and Environment.

### 2.3.2 Broadband 4 Devon

The total value of the Broadband 4 Devon project was £12,352,000 of which £5,518,000 was ERDF. The project was delivered between November 2003 and March 2007. It set out to deliver two vital ingredients to the successful development and use by businesses of ICT in Devon[10]:

- Development of a significant number of exchanges in Devon to provide high speed access to www services through ADSL technology; and
- The provision of a dedicated support and training packages for SMEs and micro businesses including the provision of low cost hardware and software packages to stimulate demand and act as a catalyst to higher demand rates in all sectors of the population of Devon.

There were two main type of support offered by Broadband4Devon:

- Connection subsidies which assist businesses with the purchase of a modem/router, installation costs, micro-filter, firewall, anti-virus software, back-p software and the payment of the first 1-3 months connection fee; and

[9] Developing the Business Support Network, Business Plan 2002 to 2008, to support application for objective 2 funding, July 2002, Business Link Devon and Cornwall

[10] Objective 2 Programme for South West England 2000-2006 Project Appraisal Summary

- Catalyst4Growth providing ICT guidance and information supported by subsidies.

### 2.3.3 Renewable Energy 4 Devon (RE4D)

The total value of the Renewable Energy 4 Devon project was £110,001 of which £53,668 was ERDF. The project was delivered between April 2006 and June 2008. RE4D has been developed following research and consultation that has formed the basis of the Devon Renewable Energy Strategy and Action Plan and seeks to address a market failure in developing activity in this sector. The project aims to:

- Raise awareness of the opportunities for RE technologies through marketing campaigns and detailed market analysis for 7 key RE technologies;
- Reduce transaction costs for businesses and clients by providing quality feasibility studies and client support;
- Raise confidence amongst consumers through quality feasibility studies, industry liaison, client care and promotion of existing accreditation schemes;
- Filter enquiries and provide a quality referral service;
- Increase visibility and credibility of RE technologies through higher installation rates and widening and educating local supply chains;
- Establish an active business network;
- Increase referrals to existing business support services like Business Link, SW Enviroskills, Regen SW and the HE sector to address issues like training, R&D and managing business growth;
- Raise awareness and utilisation of available capital grants, including energy supplier grants.

RED is the only project detailed here that has specifically targeted environmental businesses. The types of supported offered by the project include:

- Knowledge transfer and graduate placements;
- Referrals to other agencies to support general business needs;
- Supporting business accreditation and reviewing business performance; and
- Generating good client leads.

The project was unusual in that its focus was not on providing support directly to businesses, but stimulating the market for renewable energy through providing support to clients to assess feasibility and access grants. Therefore stimulating demand and good quality leads.

### 2.3.4 The Growth Fund Project and the Business Loan Fund

The total value of the Growth Fund Project and the Business Loan Fund Project was £20,000,000 of which £7,987,500 was ERDF. The project is being delivered between July 2003 and December 2008. Both projects were delivered by Finance South West Ltd and were designed to alleviate the negative effects of the Funding Gap by providing viable SMEs with access to start-up and develop finance in the form of loans and equity and, by providing a linked programme of management advice and training through the Money with Management Scheme.[11]

The funds will be utilised through two investment vehicles, namely the growth fund and the Business loan fund. The growth fund will make equity investments and loans ranging from £50,000 to £500,000. In special circumstances Fund Managers may request authority from the Project's funders to invest up to £1m. The Business Loan Fund will provide unsecured loans from £5,000 to £50,000.

### 2.3.5 Objective 2: Summary of interventions

The notes above show that there are a wide range of interventions delivered through the projects. This is summarised in the table below.

**Table 5: Objective 1: Description of project interventions**

| Project | Overview of intervention |
|---|---|
| Developing the Business Support Network | Level 1 – On-line information gateway<br>Level 2 – One to one business support and brokerage<br>Level 3 – Intensive support through projects. |
| Broadband4 Devon | Broadband connection support/subsidy. Intensive ICT support and subsidies |
| Renewable Energy 4Devon | Stimulation of demand through advice to clients and support in obtaining grants, plus Business Advice for installers in terms of training, business support, Business Support and technical support. |
| Growth Fund | Loans |
| Business Loan Fund | Equity Finance |

[11] The Finance South West Funds, Business Plan, Volume I of III – project description, June 2004 (revised October 2004)

### 2.3.6 Objective 2 projects – Summary of targets and achievement

Tables 6 and 7 overleaf show:

- Broadband 4Devon is a completed project and nearly all of the targets set have either been achieved or have exceeded expectations.
- At this stage in the project 'Developing the Business Support Network' has exceeded two output targets, including number of 'SMEs provided with IAG' at 171% and the number of 'SME gross direct FTE jobs safeguarded' at 101%. They are making good progress against all other targets.
- The Growth Fund and Business Loan Fund projects are over half way through. The data available would indicate they have reached 17% of their target for the number of 'SMEs assisted', there was no data available to present findings on progress against their other targets.
- The Renewable Energy 4 Devon project is in the early stages of delivery and a very limited amount of data is currently available.

**Table 6: Objective 2 – Project Targets (from application)**

| | SMEs provided with Information, Advice and Guidance | SMEs assisted | gross FTE jobs created | gross FTE jobs safeguarded | gross sales created | Business assisted specialising in Env. Activities |
|---|---|---|---|---|---|---|
| Developing the Business Support Network | 2961 | 8,295[12] | 1552 | 5022 | 97.7 | 10 |
| Broadband4Devon | 5127 | 840 | 1051 | 574 | £84.1m | 33 |
| Renewable Energy 4 Devon | 216 | 90 | 31 | 1.1 | 2,699,100 | 36 |
| The Growth Fund Project and the Business Loan Fund | No target | 300 | 1,558 | 719 | £125,241,000 | 25 |

**Table 7: Objective 2 Project Achievements (from claims)**

| | SMEs provided with Information, Advice and Guidance | SMEs assisted | gross direct FTE jobs created | Gross direct FTE jobs safeguarded | gross additional sales (£) | Business assisted specialising in Env. Activities |
|---|---|---|---|---|---|---|
| Developing the Business Support Network | 5065 | 7,238 | 1361 | 5048 | 71.1 | 9 |
| Broadband4Devon | 4843 | 699 | 1421 | 710.5 | £113.7m | 53 |
| Renewable Energy 4 Devon | 10 | 25 | 0 | 0 | 114,090 | 30 |
| The Growth Fund Project and the Business Loan Fund | No target | 26 | No data | No data | No data | No data |

[12] Receiving Level 3 support.

# 3 Strategic Context

## 3.1 Introduction

This chapter of the report outlines the strategic context to this project. The chapter introduces any relevant government and European policy and the sustainable development agenda within which the prioritisation of the Environmental sector has emerged. The chapter also outlines the importance of the sector to the South West as a region and the potential development of the sector in relation to its current drivers of growth. Most importantly, we examine the sector's role within the forthcoming convergence and competitiveness programmes where the challenge of developing a low carbon economy has been laid down.

## 3.2 Government and European Policy

The Environmental sector has become a key priority for the European Union. Interest in the sector is rooted in the EU's Lisbon agenda which has the objective of making the EU the most competitive and dynamic knowledge-based economy in the world, within a framework of sustainable development[13]. The role of the Environmental Technologies sector is key to this as it can 'create synergies between environmental protection and economic growth'[14] which in turn help ensure that future development minimises any associated environmental impact and is therefore sustainable.

As a result, in 2004 the EU produced an Environmental Technologies Action Plan (ETAP). The Plan prioritises the role of the Environmental Technologies sector in maximising the significant remaining potential to both improve the environment and, in so doing, further contribute to the economic competitiveness and growth of the EU.

The UK government has focused its implementation of the ETAP on a number of policy and regulation-related initiatives. These initiatives focus on seven key areas; research and development, working with business, providing information and raising awareness, mobilisation of financing, economic instruments and state aids, sustainable procurement and acting globally.

## 3.3 The sector in the South West region

This section outlines some key performance indicators for the sector in the region. It draws heavily on work undertaken for the SWRDA in the state of the key sectors reports by Arthur. D. Little[15].

According to SWRDA[16] the Environmental sector is predicted to be one of the fastest growing sectors in the world over the next 15 years. Opportunities for environmental businesses are many and include:

- Supporting mainstream businesses become more efficient – Environmental issues were seen by businesses in the SW as the most pressing issue they would be seeking business advice on over the next 5 years[17];

[13] DEFRA, (2005). UK ETAP Roadmap: United Kingdom National Roadmap for Implementation of the Environmental Technologies Action Plan. pg. 2.

[14] Commission of the European Communities, (2004). Simulating Technologies for Sustainable Development: An Environmental Technologies Action Plan for the European Union. pg. 2.

[15] The State of the Key Sectors. South West Regional Development Agency. July 2004. Arthur.D. Little.

[16] SWRDA (2004). Environment Driver Implementation Plan Phase One: South West RDA Activity.

- Achieving regional targets e.g. RPG 10 regional renewable electricity generation target of 11-15% by 2010[18];
- Increasing resource efficiency – reduction of waste and better use of resources requires development and adoption of new technologies, processes and market mechanisms[19];
- Expansion of global markets for environmental goods and services provide opportunities for companies to provide these services.

### 3.3.1 Employment

In the South West. the sector currently consists of approximately 1,300 businesses[20] and employs over 20,000 people[21]. Within Devon this is estimated to be 3,500 and in Cornwall about 1,150.

Important sub-sectors[22] in terms of employment, investment and size are 'water, sewage and refuse disposal', 'water supply and treatment' and 'waste recycling'. These represent the largest groups in terms of business size and concentrations of employment. However, there are also a number of small and medium sized businesses operating in other sectors such as 'consultancy', 'renewable energy' and 'technical testing and analysis'.

### 3.3.2 Output / GVA

Estimates suggest that the economy associated with the environment has the potential to develop a further 39,000 jobs and £670 million of additional output over the next few years[23]. Recent estimates of the size and scale of the sector in the South West suggest that it has a GVA of £1,282m, accounting for 2.1% of the region's GVA[24]. When compared with similar sectors in other regions, the sector's comparative importance in the South West is evidenced by the fact that its GVA contribution is 34.8% above the GB average. GVA per FTE employee is the highest of all the RDA key sectors at £62,167/FTE. In addition, GVA per business site is the third highest of the RDA's key sectors, second to Advanced Engineering and Marine Technologies. Clusters and expertise / support.

In the South West, there are several important clusters of environmental businesses are identified in Avonmouth, Exeter, Gloucester, Plymouth, Swindon and Cornwall[25].

Within Cornwall, the sector has developed expertise in land remediation, decontamination and geotechnical engineering through its mining traditions. Environmental consultancies, NGOs, conservation and wildlife trusts are also active in the county. In addition, there is expertise in renewable energy and coastal and environmental management. The development of the Combined Universities in Cornwall, which has a focus on applied environmental sciences, has complemented these strengths. Current market expansion in relation to the application of

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[17] Review of Business Support in the South West (DTZ Pieda, 2003)
[18] Regional Renewable Energy Strategy for the South west of England 2003-2010
[19] The state of the key sectors. South West Regional Development Agency. Arthur. D.Little. p26
[20] The state of the key sectors. South West Regional Development Agency. Arthur. D.Little. p25
[21] Whilst these codes were used to maintain some degree of consistency, it is worth noting that they do not fit well with our definition of the environmental sector.
[22] The state of the key sectors. South West Regional Development Agency. Arthur. D.Little. p131.
[23] Regional Renewable Energy Strategy for the South West of England 2003-2010.
[24] The state of the key sectors. South West Regional Development Agency. Arthur. D.Little p 25
[25] The state of the key sectors. South West Regional Development Agency. Arthur. D.Little p127

environmental technologies in land remediation and management and coastal zone management suggests that the sector has good prospects[26].

Within Devon, the sector is known to have already established a niche market, particularly in renewable energy and waste management. There is scope for this sector to benefit form the national and international demand for environmental technologies through integration between the larger utility companies and some of the smaller specialised consultancies.

### 3.3.3 Drivers of Growth

According to the UK Centre for Economic and Environmental Development (2006), the Environmental Technology sector is driven by many forces which in turn open up opportunities for new and existing businesses in the sector. These include the following:

- Legislation - Countries that implement EU legislation early put their environmental industry at an advantage. Responding to legislation changes is an opportunity for the sector.
- Resource Scarcity - As resources such as gas/electricity/water etc. become more expensive to produce and import, the demand for more efficient technologies grows.
- Consumer Influence - Increasing consumer awareness of the environment is leading to increasing demand for products that are environmentally friendly and environmental services.
- Demand from developing countries - The demand for environmental goods and services within developing countries is expected to grow, primarily for basic environmental infrastructure such as water and waste treatment etc.
- Fiscal measures - Environmental taxation encourages investment in cleaner products and services.
- Investment in R&D - Increasing Government and private sector investment in R&D and commercialisation activities across the sector.
- Public Procurement Policy - Central and local government procure goods and services, works and utilities to the value of approximately £150bn per annum. Spending of this magnitude is recognised as a powerful driver of environmentally better products and services.

## 3.4 Objectives 1 and 2 programmes

The Objective 1 and 2 programmes have a core mission to improve the economic performance of their areas and to do so in ways which deliver economic growth and greater social inclusion and which enhance the natural and built environment.

The environment, is a cross-cutting theme of both programmes. This is met in two ways:

- Ensuring all projects funded through the Programmes minimize environmental impact and maximise potential environmental benefits; and
- Direct investment in projects that have an environmental focus.

The focus of this exercise is on identifying the support to businesses within the environmental sector with a view to validating the following target:

[26] The state of the key sectors. South West Regional Development Agency. Arthur. D.Little. pg 43.

'Businesses assisted specialising in environment related activities or services'. The Objective 1 target was 200. The Objective 2 target was 60.

## 3.5 Competitiveness and Convergence

Environmental sustainability is high on the agenda of the post 2007 structural fund programmes which will run from 2007-2013. The Convergence programme for Cornwall and the Isles of Scilly and Competitiveness programme for the rest of the South West both take account of the Lisbon and Gothenburg agendas which a focus on improving competitiveness whilst taking into account the need to develop and maintain an inclusive society and protect and enhance our environment.

Both programmes address the Environment cross cutting theme through recognising:

- The potential impact of economic regeneration on the environment; and
- The potential economic benefit that the environment can bring.

The competitiveness programme aims to be a pilot for a low carbon approach to regional development and will invest in the drivers of a low carbon economy. It will do this through ensuring that investment directly supports projects that demonstrate good practice in reducing energy and resources use; and helping to deliver the culture change necessary to deliver long term carbon reductions.

The Convergence programme also aims to demonstrate that economic growth can be secured within environmental limits to bring prosperity to the region. These aims will be achieved through:

- Embedding the sustainable use and management of resources, including water, waste and energy into all types of business development and support;
- Exploiting the research and development potential of the combined universities of Cornwall partnership to trigger eco-innovation, particularly for a lower carbon economy; and
- Growing of the environmental technologies sector.

The Convergence programme will therefore invest in a portfolio of projects that will include the reduction of greenhouse gas emissions compared with conventional approaches and projects with the potential for the technological change necessary for a low carbon economy.

## 3.6 Existing support for the sector

There are currently numerous avenues for environmental businesses to access support. Businesses can access both generic support, available to all businesses and a number of specialist support providers. Indeed, measures that involve working together with the business community are key to the UK's implementation of the ETAP[27] and have resulted in a number of initiatives.

At a regional level, the Regional Development Agencies (RDAs) in England, are crucial delivery agents for this business support.

[27] DEFRA, (2005). UK ETAP Roadmap: United Kingdom National Roadmap for Implementation of the Environmental Technologies Action Plan. pg. 8.

**Table 8: Generic business support initiatives**

| | Start-up Support | Business Strategy and Planning | Labour Force and Skills Development | Finance | Communication, Knowledge and Networking | Property and Sites | Supply Chain Development | Marketing and Market Development | R&D | Innovation | Efficiency and Production Management (inc Environmental Efficiency | Capital Equipment and Technology | Professional Services |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SWRDA | | | | Y | | Y | Y | Y | Y | | | Y | |
| SW Rural Enterprise Gateway | | Y | Y | | Y | | Y | Y | Y | Y | Y | Y | |
| Beacon SW | | | | | Y | | | | | | | | |
| Envision | | | | | | | | | | | Y | | |
| Regional Venture Capital Fund | | | | Y | | | | | | | | | |
| Business Link | Y | Y | Y | | Y | | Y | Y | Y | Y | Y | Y | |
| Enterprise Agencies | Y | Y | | Y | Y | Y | | Y | | | | Y | |
| Local Authorities | | | | Y | | Y | Y | | | | | | |
| JobCentre Plus | | | Y | | | | | | | | | | |
| UK Trade and Investment | | Y | | | Y | | | Y | | | | | |
| SWMAS | | Y | | | Y | | | | Y | Y | Y | Y | |
| Learning and Skills Council | | | Y | | | | | | | | | | |
| Higher Education Institutions | Y | | Y | | | | | | Y | | Y | Y | |
| Further Education Colleges | | | Y | | | | | | Y | | Y | Y | |
| Chambers of Commerce | | | | | Y | | | | | | | | |
| Federation of Small Businesses | | | | | Y | | | | | | | | |
| Institute of Directors | | | | | Y | | | | | | | | |
| Banks | Y | Y | | Y | Y | | | | | | | | Y |
| Accountants | | Y | | | Y | | | | | | | | Y |
| Sectoral Programmes | | Y | Y | Y | Y | | Y | Y | | Y | Y | | |
| Incubators (public and private) | Y | Y | | | Y | Y | | Y | Y | Y | | Y | |
| Department of Trade and Industry. | | | | Y | | | | | | | | | |

Source: DTZ Pieda Consulting (2003)

There are a number of sources of specialist advice and support to the sector as outlined in the tables below:

**Table 9: National sector specific support**

| **Name of programme/project** | **Type of support** |
|---|---|
| Carbon Trust | Venture Capital for early stage low carbon technologies. |
| Environmental Industries Sector Unit (EISU) | Promoting the UK environmental industry overseas. Overseas customers can search a database of over 2000 companies in the sector. |
| Environmental Industry Council | Sector representative body, actively promoting a supportive legislative and fiscal framework. Facilitates the exchange of information and experience on R&D, market opportunities, funding and training. |
| UK Forum for Environmental Industries (UKFEI), | An umbrella organisation established to improve the level of cooperation between the various agencies in relation to the support of environmental industries. |
| Environmental Innovations Advisory Group | Tasked with identifying practical measures to tackle barriers to innovation in the environmental industries sector, and to mobilise key stakeholders to bring about change |
| Centre of Excellence for Low Carbon and Fuel Cell Technology (CENEX). | An industry-led public-private partnership supporting innovation to low carbon and fuel cell technologies with an automotive focus. |

**Table 10: Regional Sector Specific Initiatives**

| Name of programme/project | Type of support |
|---|---|
| Enviroskills SW | Training to support senior managers to identify the skills of their employees. |
| Regen SW | Driving forward the Regional Renewable Energy Strategy. Through Stimulating demand, Supply chain activities and directories of companies. |

It is clear that there is support available to environmental businesses at national, regional and local levels both in relation to specialist and non specialist advice and support. Within this broad context the report now focuses on support that falls specifically within the remit of the Cornwall and Isles of Scilly Objective 1 programme and the South West Objective 2 programme.

# 4 Outputs

## 4.1 Introduction and methodology

An importance objective of this study was to verify performance against the following target:

*'Number of new/existing businesses assisted specialising in environment related activities / processes'*

Whilst some of the projects have kept records of the environmental businesses they have supported, this had not been done against a clear definition of an environmental business and others had not identified environmental businesses at all. Therefore it was necessary to work with projects to identify these environmental businesses. This involved filtering and sorting project datasets to find businesses that matched the following criteria:

- Had received 'assistance'. Any businesses categorized as receiving assistance, usually £2,000 or 5 days of support. In some instances projects appeared to take a slightly different line to this. It was agreed that if the output had been reported to Government Office by the project, and accepted by the Government Office then it would be counted under this exercise.
- Met the definition of an environmental business.

Section 1.3.2 provides more detail of this data collection exercise. It should be noted that

To provide a more complete picture of the overall support to environmental businesses, this study also examined the number of environmental businesses provided with a lower level of support – Information, Advice and Guidance (IAG).

This chapter therefore examines the number of environmental businesses supported by the projects in terms of assistance and information, advice and guidance (IAG). It then goes on to look at the outputs arising from those environmental businesses in terms of jobs created, new starts assisted and graduate placements for both levels of support (Assistance and IAG). The data is based on real returns from actual businesses, rather than simulations or models. However, because of this, it is incomplete in places.

The chapter is structured as follows:

- Environmental businesses assisted;
- Environmental businesses provided with IAG; and
- Total outputs from both levels of support.

## 4.2 Environmental Businesses Assisted

In this section we examine a number of key indicators in relation to environmental businesses assisted including:

- No. of Environmental businesses assisted (penetration);
- Level of support to environmental businesses;
- Gross jobs created;

- Gross increase in turnover;
- New Starts Assisted; and
- Graduate Placements;

### 4.2.1 No. of environmental businesses assisted (penetration)

Tables 11 and 12 below detail the environmental businesses assisted through each of the projects. The key findings are:

- The objective 1 projects have achieved a penetration of approximately 6%, whilst objective 2 has been slightly higher at approximately 9%.
- The two Business Link projects have achieved a high level of penetration (~13%);
- The two IT projects have not achieved a high level of penetration of environmental businesses. However, this may reflect the sampling technique adopted[28];
- The level of support provided to environmental businesses has varied considerably. Among the ICT projects, environmental businesses have received relatively modest levels of support, whereas amongst the financial projects, businesses have received loans/finance ranging from several thousand to £500,000.
- The Renewable Energy4Devon project whilst providing valuable support to many environmental businesses, has not done so at a level that meets the definition of assistance. This is unsurprising as unlike the other projects its focus is not simply direct support, it also has a strong emphasis on supporting clients and stimulating demand for renewable energy. Therefore supporting the businesses indirectly. However, it is expected that as support continues over the coming months, businesses will fall into this category.

**Table 11: Objective 1: Environmental outputs achieved through SME assists**

| | All SMEs – assist | Environmental SMES – assist | Level of support provided to environmental businesses | Total ERDF (from application) |
|---|---|---|---|---|
| Finance Cornwall | 96[29] | 5 (5%) | £475,000 | £11,421,745 |
| Actnow | 829[30] | 10 (1%) | £74,664 | £7,281,668 |
| Unlocking Cornish Potential | 137 | 10 (7%) | £106,350 | £2,062,326[31] |
| South West Investment Group | 221 | 18 (8%) | £246,267 | £2,326,800 |
| Developing the Business Support Network - Cornwall | 431 | 58(13%) | Not provided | £3,504,500 |
| **Total** | **1,714** | **100 (6%)** | **£1,025,922** | **£26,597,039** |
| **Target** | | **200** | | **£23,442,989** |

[28] Environmental businesses were identified through a process of manual checking of larger databases and web-searches. This did not always give sufficient information to determine what a company did and if it was an environmental businesses.

[29] Finance SW conducts a process of investigation for each application for loan/equity. In some cases this process means that the time spent meets the definition of assistance. Therefore these businesses are counted as assistance, but no finance. Finance SW has assisted but provided no finance to a further 81 companies of which 10 were environmental. No further information is collected on these businesses as no intervention occurred.

[30] Actnow have an agreement with Government office to count assistance where a) a business has received advice from an advisor; b) received a grant of over £400. It is not possible to verify if the assistance received combined with the grant equates to the full definition of assistance.

[31] ESF

**Table 12: Objective 2: Environmental outputs achieved through SME assists.**

| | All SMEs – assist | Environmental SMES – assist | Level of support provided to environmental businesses | Total ERDF (from application) |
|---|---|---|---|---|
| Developing the Business Support Network - Devon | 472 | 63 (13%) | Not provided | £3,008,680 |
| Broadband4 Devon | 294 | 1 (0.3%) | £3,648 | £5,518,000 |
| Renewable Energy 4Devon | 25 | 0 (0%) | 0 | £53,668 |
| Growth Fund Project | 7 | 1 (14%) | £500,000 | £6,175,000 |
| Business Loan Fund Project | 42 | 7 (17%) | £335,000 | £2,700,000 |
| **Total** | **840** | **72 (9%)** | **£838,648** | **£17,455,348** |
| **Target** | | **60** | | |

***Performance Against the Target***

Performance against the two targets was mixed:

- The Objective 1 target of 200 environmental businesses assisted fell short by 50%,
- The Objective 2 it was exceeded by 20%.

There are a number of factors that suggest this is a conservative estimate:

- Business Link were only able to provide data on businesses receiving assistance from the 2nd Business Link project ' Developing the Business Support Network' its more recent project.
- The figures for Actnow and Broadband 4Devon are likely to be under-estimates.
- A tight definition of environmental businesses – Through discussions with projects, it became clear that there are many businesses that do not fit the definition agreed for this study because they are 'horizontal environmental businesses'.
- A tight definition of assistance – Many projects offer lower levels of support to businesses, classified as 'information, advice and guidance'. Many environmental businesses benefited from this type of support.

Therefore, to complement the analysis, we also examined the outputs achieved through environmental businesses receiving Information, Advice and Guidance, reported in section 4.3.

### 4.2.2 Gross jobs created through 'assistance'

In this section we examine the gross jobs created through the environmental businesses provided with assistance. This analysis must be viewed with considerable caution for the following reasons:

- Gross data simply reflects the increase in jobs/sales over the designated timeframe. Gross outputs make no attempt to attribute the increase to the intervention, therefore the increase may be a result of another factor;
- The data is patchy as not all businesses have reported data to the projects.

Tables 13 and 14 show the following key findings:

- 81 jobs were created in Objective 1 and 21 through objective 2;

- The average cost per job was £12,666 and £16,750[32] respectively. For most projects, the cost per environmental job is broadly in line with the SPD assumptions which for the Objective 1 and 2 programmes range from around £8,000 to £17,000 for the business support measures[33]. The scope of the study did not allow a comparison with cost/job in mainstream businesses.
- Within Objective 1, unlocking Cornish Potential and the South West Investment Group have been very successful in creating gross environmental jobs.
- The ICT projects have been less successful in creating environmental jobs. The Mid-term evaluation[34] of the Broadband for Devon project identified that the project had very limited impact on jobs, but did help businesses increase their net sales, suggesting that the lack of environmental jobs created by Broadband 4Devon and Actnow may reflect the wider project, rather than a sector specific problem;
- Within Objective 2, there has been less success in creating environmental jobs through assistance. The Business Loan fund has been the most successful creating 20 gross jobs at a cost of £16,750.

**Table 13: Objective 1 – Gross jobs created through environmental businesses provided assistance**

| | Env SMES – assist | Gross jobs created | Total level of support | Cost per job |
|---|---|---|---|---|
| Finance Cornwall | 5 | 8 | £475,000 | £59,375 |
| Actnow | 10 | 0 | £74,663.78 | |
| Unlocking Cornish Potential | 10 | 20 | £106,350 | £5,317 |
| South West Investment Group | 18 | 53 | £246,267 | £4,646 |
| Cornwall Business Link | 58 | Not provided | Not provided | |
| **Total** | **100** | **81** | **£1,025,922** | **£12,666** |
| **Target** | **200** | | | |

**Table 14: Objective 2: Environmental outputs achieved through SME assists.**

| | Env SMES – assist | Gross jobs created | Total level of support | Cost per job |
|---|---|---|---|---|
| Developing the Business Support Network | 63 | Not provided | Not provided | |
| Broadband4 Devon | 1 | 0 | £3,648 | |
| Renewable Energy 4Devon | 0 | 0 | 0 | |
| Growth Fund Project | 1 | 1 | £500,000 | £500,000 |
| Business Loan Fund Project | 7 | 20 | £335,000 | £16,750 |
| **Total** | **72** | **21** | **£838,648** | **£39,936** |
| **Target** | **60** | | | |

### 4.2.3 Gross increase in turnover through assistance

An attempt was made to review the gross increase in turnover. However, few projects had been successful in collecting reliable turnover figures from businesses.

[32] Excluding the 1 business supported by the Growth Fund Project to the value of £500,000.
[33] Cornwall and Scilly Objective 1 Programme. ERDF indicators, Targets and Benchmarks. Value for Money.
[34] Broadband for Devon. Mid-Term Project Evaluation. Final Repor April 2005. DTZ Pieda Consulting.

### 4.2.4 New starts supported through environmental businesses

In this section we examine the proportion of new start environmental businesses assisted. Tables 15 and 16 show the following key findings:

- 32% of environmental businesses assisted were new starts in the objective 1 area, with every project supporting some new starts;
- 10% of environmental businesses assisted were new starts in the objective 2 area, however, when environmental businesses provided with IAG are included (4.3.2), this rises to 17%.

**Table 15: Objective 1: Environmental New Starts Assisted**

| | Env - SMES – assist | New starts assisted |
|---|---|---|
| Finance Cornwall | 5 | 3 (60%) |
| Actnow | 10 | 2 (20% |
| Unlocking Cornish Potential | 10 | 2 (20%) |
| South West Investment Group | 18 | 12 (66%) |
| Cornwall Business Link | 58 | 13 (25%) |
| **Total** | **100** | **32 (32%)** |

**Table 16: Objective 2: Environmental New Starts Assisted**

| | Env SMES – assist | New starts assisted |
|---|---|---|
| Developing the Business Support Network | 63 | 6 (10%) |
| Broadband4 Devon | 1 | 0 |
| Renewable Energy 4Devon | 0 | 0[35] |
| Growth Fund Project | 1 | 0 |
| Business Loan Fund Project | 7 | 1 (14%) |
| **Total** | **72** | **7 (10%)** |

These findings are consistent with findings from chapter 8 that show significant growth in environmental businesses in both areas, but a faster rate of growth in Cornwall and the Isles of Scilly. Possible reasons for this are:

- o The Objective 1 programme is significantly larger than Objective 2, making Cornwall a more attractive place to start a new business;
- o A slightly different emphasis in the support provided.

### 4.2.5 Graduate Placements

One project, Unlocking Cornish Potential specialised in arranging graduate placements. This project supported 10 environmental businesses who benefited from 22 graduate placements.

**Case Study: Sustainable Woodland Services – Actnow**

Sustainable Woodland Services is a woodland management company which undertakes tree surgery and also uses discarded wood to make woodland crafts. The company has been in operation for three and a half years, employs one member of staff and is based in North Cornwall. In the next three years the company plans to grow 'organically' and this is reflected in its intention to see a steady rate of growth in its turnover, employment levels, profit margins and levels of investment. This expansion will include the planting of an area of woodland on some farmland which the company will manage in order to develop a sustainable woodland from which timber can be regularly harvested. In addition, the business intends to continue its tree surgery work in its current format although it has plans to employ a 'chipper' in the future. The company's main area of expansion will be in relation to its woodland crafts. Although a recent addition to its service offer, the business is already in receipt of a number of orders for locally sourced crafts which include a number of requests for furniture. In the longer term, should expansion in this area continue, the business intends to employ a craftsman to take responsibility for this area of its work.

When asked about potential barriers to growth, the proprietor of the business commented on the influence of larger crafts companies who are able to source cheap timber from abroad and import products that are produced relatively cheaply. Such companies have the potential to undercut the business in this area although a number of the craft orders recently received have specified the importance of ensuring that the wood used is locally sourced giving the business a niche market which may potentially act as a safeguard.

In terms of business support, Sustainable Woodland Services were referred to Actnow by Tamar Enterprise and initially approached the project for some business advice. In addition to this, the company has received grant funding from Actnow towards the purchase of a computer and the use of broadband. This assistance has enabled the business to be online and to create a website. The website now acts as an important promotional tool and includes information about the business and its services and details of recently completed work;

*' We were able to create a website which I can now fully promote and it helps to provide information on what the business is about – if you can direct people to a website it gives them a better idea of what the business is about. We also make sure that the recent jobs section is kept up to date so that people can see the type of projects that we're involved with.'*

## 4.3 Outputs achieved through environmental businesses provided with IAG

As well as providing assistance to projects, several projects provided a lower level of support – Information, Advice and Guidance; others did not provide this service. The projects that provided IAG were:

| Objective 1 | Objective 2 |
|---|---|
| Actnow | Developing the Business Support Network (Devon) |
| South West Investment Group | Broadband 4Devon |
| Developing the Business Support Network - Cornwall | Renewable Energy 4Devon |

### 4.3.1 Number of environmental businesses provided with IAG

In this section we report on the number of environmental businesses provided with Information, Advice and Guidance within those projects that provide this service.

Tables 17 and 18 show:

- A further 206 environmental businesses have been supported through Information, Advice and Guidance in the Objective 1 programme and 52 through the Objective 2 programme.
- These figures represent a very small proportion of all the IAG provided by the projects, with the exception of Renewable Energy 4Devon where 35% of all IAG is for environmental businesses.

These low proportions are more in line with the proportion of environmental businesses within the business base (~1%)[36].

**Table 17: Objective 1: Environmental businesses receiving IAG**

| | All SMEs - IAG | Env SMES – IAG |
|---|---|---|
| Actnow | 9089 | 126[37] (1.5%) |
| South West Investment Group | 4,004 | 80[38] (2%) |
| Developing the Business Support Network | Not provided | Not Provided |
| **Total** | **13,093** | **206 (1.5%)** |

[36] South West Regional Accounts – ECON-i

[37] Derived through sampling 500 from a database of 10,478.

[38] Derived through sampling 100 of the 4,004 enquiries. This revealed – 4 businesses of which 2 were vertical and 2 were horizontal. The 2 vertical were included for grossing up.

**Table 18: Objective 2: Environmental businesses receiving IAG**

| | **All SMEs - IAG** | **Env SMES – IAG** |
|---|---|---|
| Developing the Business Support Network | Not provided | Not provided |
| Broadband 4Devon | 6132 | 21 (<1%) |
| Renewable Energy 4Devon | 88 | 31 (35%) |
| **Total** | **6220** | **52 (<1%)** |

### 4.3.2 Additional outputs associated with IAG provided to environmental businesses

In this section we detail the outputs (jobs etc.) associated with the IAG provided to the above environmental businesses. It has only been possible to collect this from Broadband 4Devon and Renewable Energy 4Devon. For others such as Actnow, South West Investment Group and Business Link, the number of environmental businesses receiving IAG was estimated through a process of sampling, therefore corresponding output information was not available.

**Table 19: Objective 2: Environmental outputs achieved through SME IAG**

| | All SMEs - IAG | Env SMES – IAG | Gross jobs created | Gross increase in turnover | New starts assisted | Total level of support |
|---|---|---|---|---|---|---|
| Broadband4 Devon | 6132 | 21 | 2.5 | £2,677,386 | 2 | £7,618 |
| Renewable Energy 4Devon | 88 | 31 | 42 | £569,250 | 3 | £1,977 |
| Total | 6220 | 52 | 44.5 | £3,246,636 | 5 | £9595 |

Table 19 shows that IAG has been very effective at creating gross new jobs and sales through both projects. In particular, Renewable Energy for Devon appears to be showing exceptional value for money with 42 gross jobs and £569,250 gross increase in turnover resulting from support valued at £1,977. However, these figures alone could be misleading. The Renewable Energy 4Devon project, whilst it provides some direct support to environmental businesses (valued at £1,977), it also provides a much higher level of indirect support, through stimulating the market which ultimately benefit environmental businesses. Therefore a more appropriate analysis would be to include the total cost of the project (£110,001) in the cost/job calculation. This equates to £2,620/ gross job, which still represents exceptional value for money. These findings suggest that projects like Renewable Energy 4Devon have potential to make a significant impact on environmental businesses and the forthcoming evaluation of Renewable Energy 4Devon should provide more insight into the factors that make this project a success and its net impact.

## 4.4 Outputs achieved through both assistance and IAG

Through both assistance and IAG, a significant number of jobs and sales have been created.

For Objective 1 a total of 81 gross jobs have been created. A large proportion of these have come through from the South West Investment Group project, which appears to have been successful in reaching environmental businesses and supporting them.

For Objective 2 a total of 73 gross jobs have been created. A large proportion of these outputs have come through from IAG provided to businesses within the Renewable Energy 4Devon and Broadband4Devon projects.

A total of 32 (objective 1) and 12 (objective 2) environmental new starts have been assisted, represented 32% and 5% of all environmental businesses respectively.

| **Key Outputs – Objective 1** | **Key Outputs – Objective 2** |
|---|---|
| 100 Environmental businesses assisted and 206 given IAG<br><br>81 gross jobs created | 72 Environmental businesses assisted and 52 given IAG<br><br>73 gross jobs created |
| Unlocking Cornish Potential and South West Investment Group have been successful in creating gross environmental jobs.<br><br>ICT projects have been less successful in creating gross environmental jobs. | The Business Loan fund and Renewable Energy4Devon have been the most successful at generating environmental outputs. |
| **Implications** – Financial projects, specialist projects and graduate placements appear to be a successful means of supporting environmental businesses. This is to be explored further in the business survey. | |

**Case Study: Kernow Farm Plastics – South West Investment Group**

Kernow Farm Plastics is a small business that collects plastic agricultural waste and delivers it to another company for recycling. The company has been trading for 18 months, employs 2 people and is based on Bodmin Moor in Cornwall. The business expects to see a steady rate of growth in its activities over the next three years and this is reflected in its expectations in terms of turnover, employment and profit margins although it expects to see high levels of growth in investment. This growth is linked to increases in regulation in terms of recycling and also the increased importance of recycling amongst the general public. In addition, the company expects increases in oil prices to act as a catalyst to the recycling revolution as the importance of conserving and recycling oil based products such as plastics will increase. A significant barrier to growth for the company is lack of broadband coverage in rural areas.

The company had difficulties accessing Objective 1 funding initially. Too many organisations offered signposting, but few were able to offer practical advice. The company initially tried to access projects designed for the diversification of agriculture as the proprietor had a qualification in agriculture and was made redundant from agriculture. However, as he did not have an agricultural holding number, he wasn't eligible. Eventually, the company was put in touch with the South West Investment Group who was able to provide an interest free loan to help with its basic set-up costs. This facilitated the purchasing of a vehicle for the collection of plastic and also contributed towards advertising costs. Without assistance from the South West Investment Group the company would not have been able to set up;

*'The money from SWIG helped me to purchase a vehicle which is essential to the business as it's a collection business. They've also helped me with advertising costs. So without them I couldn't have set up the business.'*

However, the delays in accessing funding have put them at a competitive disadvantage. Had they been signposted correctly initially, they would have been able to apply for a larger loan/grant to cover other capital investment needed by the business to grow and develop.

# 5 Interventions

## 5.1 Introduction and methodology

This chapter examines available data on the types of interventions adopted by the projects. The aim of this chapter is to form a better understanding of the following:

- The types of intervention that environmental businesses have used;
- The level of intervention that environmental businesses have used;
- The relationship between type of intervention and business success.

Whilst a sophisticated statistical analysis of this data would be ideal, the data available has the following limitations:

- Small sample size; and
- Uneven coverage between projects and between businesses within projects.

Therefore the analysis looks at a range of simple indicators such as percentages, averages and frequencies between the projects and in some cases within projects to inform the questions above. However, the data is not sufficiently robust to answer these questions with any degree of statistical reliability.

## 5.1 The types of interventions the environmental businesses have used

As described previously, the projects examined provide a range of services and interventions to businesses. Some essentially offer one service, whilst others offer a range of different services. Tables 20 and 21 provide a description of the interventions available through each project.

**Table 20: Objective 1: Description of project interventions**

| Project | Overview of intervention |
|---|---|
| Finance Cornwall | Loans and Equity Finance |
| Actnow | Broadband subsidy<br>ICT advice<br>A grant towards investments in ICT |
| Unlocking Cornish Potential | Brokerage of a graduate placement<br>~30% subsidy of placement wages |
| South West Investment Group | Business Loans |
| Business Link Cornwall | Intensive support through projects in the following categories: Start-up, Diagnostic Review, Operations/business planning, Innovation and R&D, IT and E-business, Finance, Sales and marketing, Workforce Development, Export and International Trade, Health and |

| | |
|---|---|
| | Safety.[39] |

**Table 21: Objective 2: Description of project interventions**

| Project | Overview of intervention |
|---|---|
| Developing the Business Support Network | Intensive support through projects in the following categories: Start-up, Diagnostic Review, Operations/business planning, Innovation and R&D, IT and E-business, Finance, Sales and marketing, Workforce Development, Export and International Trade, Health and Safety. |
| Broadband4 Devon | Broadband connection support/subsidy. Intensive ICT support and subsidies |
| Renewable Energy 4Devon | Stimulation of demand through advice to clients and support in obtaining grants, plus Business Advice for installers in terms of training, business support, Business Support and technical support. |
| Growth Fund Project | Loans |
| Business Loan Fund Project | Equity Finance |

Tables 22 and 23 quantify the environmental businesses benefiting from each type of intervention. The data shows that there is little cross over between the interventions offered by projects and most projects provide one core service. In the Objective 1 area there is some cross over between the South West Investment Group and Finance Cornwall that both offer financial assistance to businesses.

**Table 22: Objective 1: Summary of types of intervention received by environmental businesses.**

| | Grants | Loans/ Finance | Information and Advice | Intensive Support | ICT advice | Graduate Placements |
|---|---|---|---|---|---|---|
| Finance Cornwall | 0 | 8 | 0 | 0 | 0 | 0 |
| Actnow | 9 | 0 | 0 | 0 | 9 | 0 |
| Unlocking Cornish Potential | 0 | 0 | 0 | 0 | 0 | 10 |
| South West Investment Group | 0 | 18 | 80 | 0 | 0 | 0 |
| Developing the Business Support Network | 0 | 0 | 0 | 58[40] | 0 | 0 |
| **Total** | **9** | **26** | **80** | **58** | **9** | **10** |

[39] As described in section xx, Business Link provides a range of services at different levels. Described above are the interventions that meet the definition of assistance.

[40] These fell under the following categories: Start-up, Diagnostic Review, Operations/business planning, Innovation and R&D, IT and E-business, Finance, Sales and Marketing, HR and Workforce Development, Export/International Trade, Health and Safety, Environment.

**Table 23: Objective 2: Summary of types of intervention received by environmental businesses.**

| | Grants | Loans/ Finance | Information and Advice | Intensive Support | ICT advice | Graduate Placements |
|---|---|---|---|---|---|---|
| Developing the Business Support Network | 0 | 0 | 0 | 63 | 0 | 0 |
| Broadband4 Devon | 16 | 0 | 0 | 0 | 20 | 0 |
| Renewable Energy 4Devon | 0 | 0 | 31 | 0 | 0 | 0 |
| Growth Fund Project | 0 | 7 | 0 | 0 | 0 | 0 |
| Business Loan Fund Project | 0 | 1 | 0 | 0 | 0 | 0 |
| Total | 16 | 8 | 31 | 63 | 20 | 0 |

Business Link is the only organisation that provides in depth consultancy support. In Figure 1 this is broken down into a series of categories which provide some insight into the areas where environmental businesses require support.

**Figure 1: Environmental businesses receiving in depth support(projects) from business link – Broken down by project category.**

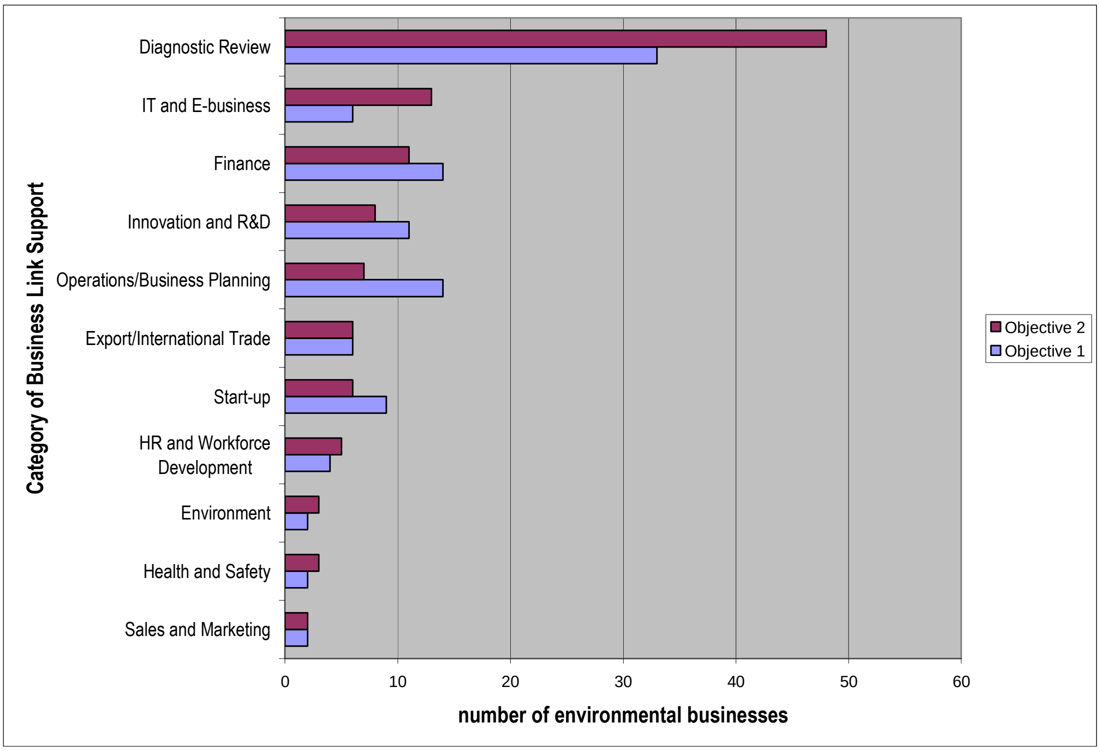



Figure 1 above shows that for both Objective 1 and 2 programmes, the top five areas of support were:

- Diagnostic Review;
- IT and E-business;
- Finance;
- Innovation and R&D; and
- Operations and Business Planning.

In the previous chapter we identified that take-up of ICT projects had been relatively poor amongst environmental businesses, yet the analysis above suggests that there is demand for IT and e-business advice. This would suggest that the ICT projects have not marketed well to the environmental business sector.

## 5.2 What is the scale of the intervention?

This section examines the value of the interventions received by environmental businesses and non environmental businesses with a view to identifying any differences. Tables 24 and 25 show that across most projects, the average level of intervention for environmental businesses is similar to that of non environmental businesses.

**Table 24: Objective 1: Scale of Intervention**

| | Total Value of Interventions – Environmental Businesses | Average level of intervention (£) – Environmental Businesses | Average level of intervention (£) – Non - Environmental Businesses |
|---|---|---|---|
| Finance Cornwall | £475,000 | £95,000 | £87,000 |
| Actnow | £68,500 | £7,611 | £2,230[41] |
| Unlocking Cornish Potential | £112,875 | £5,131 | Not provided |
| South West Investment Group | £246,267 | £13,682 | Not provided |
| Developing the Business Support Network | Not provided | Not provided | Not provided |
| **Total** | **£1,025,922** | **Na** | **na** |

**Table 25: Objective 2: Scale of Intervention**

| | Total Value of Interventions – Environmental Businesses | Average level of intervention (£) | Average level of intervention (£) – Non - Environmental Businesses |
|---|---|---|---|
| Developing the Business Support Network | Not provided | Not provided | Not provided |
| Broadband4 Devon | £3,648 | £593 | £654 |
| Renewable Energy 4Devon | £1,977 | £64 | Not provided |
| Growth Fund Project | £500,000 | £500,000 | £405,000 |
| Business Loan Fund Project | £335,000 | £47,858 | £48,000 |
| Total | £840,625 | | |

## 5.3 What is the effectiveness of these interventions?

This section draws on previous analysis of indicators relating to business outcomes and level of intervention to form conclusions about the effectiveness of the interventions.

- **Loans/Finance** – Appear to be a relatively successful form of intervention, but varying considerably from project to project. South West Investment Group has been very successful at creating gross new jobs for a relatively small amount of money. On the other hand, the Growth Fund project has created one job in one environmental business for £500,000 to date.

- **Specialist IAG** – One project provided specialist support to businesses in the Renewable Energy sector, Renewable Energy4Devon. Output data suggests that it has been very successful at creating gross new jobs and turnover, for a very modest amount. This suggests that the model adopted by Renewable Energy4Devon, that of stimulating demand within the market, is an effective method of supporting the sector and should be investigated further.

[41] Calculated from a 10% sample of 'assisted businesses'.

- **Intensive Support** – The 2 business link projects ' Developing the Business Support Network' – no data
- **ICT** – The 2 ICT projects, Actnow and Broadband4Devon have had limited success in attracting environmental businesses to receive 'assistance' support. However, there is evidence from Broadband4Devon that environmental businesses have benefited from the lower level of support and increases in turnover and jobs have resulted.
- **Graduate Placement** – The Unlocking Cornish Potential project achieved a reasonable penetration of environmental businesses. Gross jobs were created at a very reasonable £5,317/job.

This analysis highlights a number of issues to be explored in the business survey:

- The benefits of ICT support;
- The need for financial support and how it has helped them;
- The benefits of graduate placements;
- The need for specialist support and intervention; and
- The importance of procurement and demand stimulation.

**Case Study: Recycle Together Ltd - Finance Cornwall**

Recycle Together Ltd supplies compostable paper liners for kitchen cadies, outside food boxes and wheeled bins and to collect food and garden waste products. The liners are manufactured by other companies and then processed, packaged and delivered to the retailer by Recycle Together Ltd. The company has been trading for two and a half years, employs 8 members of staff and is based in Halwell Business Park, Totnes. Overall expectations of the company are high with a forecasted turnover (as calculated by Business Link) of approximately £5million within the next five years. The company already has supply agreements with a number of major retailers which include, amongst others, Asda Stores Ltd, Somerfield, Waitrose, Co-Op, Booker Cash and Carry, Bestway Cash and Carry, Spar, Londis and Budgen. In addition Recycle Together also has an online shop where online purchases can be made, www.paperliners.co.uk.

The three-year growth plan for the business is ambitious. Within this time frame the company plans to pay off any business-related debts and become the lead supplier of compostable paper liners in the UK. High rates of growth are also expected over this period in relation to turnover, employment, profit margins and investment all of which will be driven by EU and UK targets in relation to environmental sustainability. The company sees the main barrier to its expansion as being a lack of capital reserves which, unless subsidised, will limit its ability to serve a wider geographical area and therefore, to supply larger volumes of stock to more retail outlets e.g. Tesco's.

*'…when you're dealing with customers like Asda and Tesco you can receive a call saying that they're out of stock and need a delivery as soon as possible. You've got to have the capital there to keep up your stock levels to feed an ever expanding supply chain...'*

In terms of business support, the company has received financial assistance from Finance Cornwall. Originally referred to them by Business Link, Finance Cornwall supplied Recycle Together Ltd with a loan and also represented the company to a number of other funding bodies, some of which also supplied loans as a consequence. As a result the company received financial assistance at a key time of expansion which allowed them to purchase the stock that was needed and a conveyor belt for their processing plant as well as do a limited amount of marketing. As a small business the company would not have been able to source the stock needed for expansion from revenue acquired through existing sales, indeed *'we couldn't have expanded into Bristol without this money'*. Recycle Together did comment that an lower interest loan, or possibly even interest free loan, would have been a great benefit to their business, and is something that Finance SW should possibly consider to support businesses in the future.

# 6 Business Profiles

## 6.1 Introduction and methodology

This chapter examines in more depth the environmental businesses supported by the projects. In particular it examines a number of key indicators such as:

- Environmental sub-sectors;
- Legal status;
- Size of business; and

The purpose of this examination is to see if there are trends in the type of business supported.

## 6.2 Sub-sector analysis

This section examines the environmental sub-sectors that the environmental businesses identified fall into. Table 26 shows that the projects have supported businesses across a range of sub-sectors. Within Objective 1 there were slightly higher proportions in the sub-sectors of waste management, water and waste-water and energy management/renewable energy. This is broadly in line with key sub-sectors at national level.

Within Objective 2, there is a significant cluster of renewable energy companies supported by Renewable Energy 4Devon, followed by a relatively high number of environmental consultancies.

**Table 26: sub-sectoral analysis of environmental businesses supported in the Objective 1 area.**

| | **Objective 1** | **Objective 2** |
|---|---|---|
| Environmental Consultancy | **0** | **9** |
| Cleaner Technologies and Processes | **4** | **0** |
| Environmental Instrumentation and Analysis | **2** | **3** |
| Energy Management/Efficiency | **5** | **1** |
| Marine Pollution Control | **5** | **1** |
| Noise and Vibration Control | **0** | **1** |
| Renewable Energy | **4** | **36** |
| Waste Management/Recovery and Recycling | **13** | **2** |
| Water supply and Waste Water Treatment | **7** | **5** |
| The natural environment | **3** | **1** |

## 6.3 Legal status

Tables 27 and 28 show that the majority of environmental businesses are limited companies. Data from Companies House[42] shows that in England and Wales approximately 0.5% of limited companies are Plcs, broadly in line with that reported here. There are no reference sources for the number of sole traders or partnerships.

**Table 27: Objective 1: Legal Status – Environmental Businesses Supported**

| | Limited Company | Plc | Sole Trader/Partnership |
|---|---|---|---|
| Finance Cornwall | 4 | 1 | 0 |
| Actnow | 10 | 0 | 0 |
| Unlocking Cornish Potential | 10 | 0 | 0 |
| South West Investment Group | 10 | 0 | 8 |
| Cornwall Business Link | 44 | 0 | 14 |
| **Total** | **69** | **1** | **22** |

**Table 28: Objective 2: Legal Status – Environmental Businesses Supported**

| | Limited Company | Plc | Sole Trader/Partnership |
|---|---|---|---|
| Developing the Business Support Network | 54 | 0 | 9 |
| Broadband4 Devon | 16 | 0 | 4 |
| Renewable Energy 4Devon | 25 | 1 | 5 |
| Growth Fund Project | 7 | 0 | 0 |
| Business Loan Fund Project | 1 | 0 | 0 |
| **Total** | **103** | **1** | **18** |

## 6.4 Company Size

This section examines company size for the environmental businesses supported. Tables 29 and 30 show that all projects support SMEs and micro businesses. Unlocking Cornish Potential environmental businesses have the highest average no. of employees. This may simply reflect the need for companies to be of a certain size for graduate placements to work effectively. The annual business survey shows that in Devon and Cornwall approximately 70% of all businesses fall into the 0-4 employees category. There are a number of explanations for why the projects have not achieved this proportion:

- In line with regional policy, projects are targeting high growth potential businesses, which may well fall into the higher size bands;
- Businesses within the higher size bands are better equipped and able to access the projects.

[42] Business Register Statistics 2005/06

**Table 29: Objective 1: Company size**

| | Employee size 0-4 | Employee size 5-9 | Employee size 10-49 | Employee size 50+ | Average No. Employees | Average Turnover |
|---|---|---|---|---|---|---|
| Finance Cornwall | 1 | 1 | | | 3.5 | £234,000 |
| Actnow | 1 | 3 | 2 | | 9.5 | Not provided |
| Unlocking Cornish Potential | 3 | 2 | 5 | | 13.8 | £2,585,467 |
| South West Investment Group | 13 | | 2 | 1 | 6.9 | £271,388 |
| Developing the Business Support Network | 26 | 20 | 10 | 0 | - | £465,524 |
| **Total** | **44 (49%)** | **26 (29%)** | **19 (21%)** | **1 (1%)** | **-** | **-** |

**Table 30: Objective 2: Company Size**

| | Employee size 0-4 | Employee size 5-9 | Employee size 10-49 | Employee size 50+ | Average No. Employees | Average Turnover |
|---|---|---|---|---|---|---|
| Developing the Business Support Network | 18 | 10 | 28 | 0 | - | £1,004,181 |
| Broadband4 Devon | 18 | 0 | 2 | 0 | 3.7 | £282,048 |
| Renewable Energy 4Devon | 14 | 1 | 2 | 0 | 3.4 | £186,182 |
| Growth Fund Project | 6 | 0 | 0 | 0 | 2.1[43] | £400,000 |
| Business Loan Fund Project | 0 | 1 | 0 | 0 | 6[35] | £1,268,000 |
| **Total** | **56 (56%)** | **12 (12%)** | **32 (32%)** | **0** | **-** | **-** |

[43] Estimated using jobs safeguarded as a proxy

**Case Study: Hydra South West Ltd – Unlocking Cornish Potential**

**Hydra South West Ltd** is an engineering company that manufactures water waste treatment products for water suppliers. The company has been trading for 16 years, employs 80 staff and is based in Indian Queens, Cornwall. Overall, growth expectations for the company are high and it plans to double or triple its size within the next three years. These expectations are driven by EU legislation in relation to waste water treatment and are also based on the company's development of a new aeration system for the treatment of effluent. This system speeds up the bacterial treatment of effluent by pumping oxygen through waste matter. Although the system is already established in the UK, the company plans to market a new air diffuser from Austria which has an energy efficiency which is 30% higher than existing diffusers. The product is currently being tested at five waste water treatment sites and is expected, over a 15 year period, to collectively save the sites approximately £7.5million. As well as its financial advantages the product also reduces the carbon footprint of the water treatment process.

At a practical level the company expects this high rate of growth to be reflected in its turnover, employment and investment levels although expects to see profit levels, at least in the near future, decrease. Alongside these expectations the company is realistic about potential barriers to its growth. It sees one of the main barriers as being the contractual ethos of the construction industry. As a company, Hydra South West Ltd is more accustomed to operating within smaller contracts which are generally less officious. Having recently begun to work on much larger contracts, the company has found there to be an associated 'claims culture' which has the potential to slow the progress of the contract whilst claims in relation to particular problems are processed. When prompted, the company also mentioned a number of other limiting factors, the most prevalent of which included 'difficulties in recruiting staff with scientific or technical skills', 'lack of finance for business growth' and 'standards and regulations'.

Hyrda South West Ltd was interviewed in relation to the support it has received from Unlocking Cornish Potential (UCP). UCP was recommended to the company by Business Link and helped to find a number of suitable graduates to assist with the company's work as well as giving the company a financial contribution towards their pay. The majority of these graduates are now leading the company's design section, using the innovative culture of the company to generate a variety of new product designs. The appointment of these graduates has been of substantial benefit to the company;

*'I don't know how we would've undertaken these projects without them – in this day and age designers that know what they're doing cost £50,000+ a year, a cost the company just couldn't afford. These guys came on board at an affordable rate but are very talented.'*

# 7 Business Needs

## 7.1 Introduction and Methodology

In order to add depth to the findings in Chapters 4, 5 and 6, qualitative interviews were undertaken with 20 businesses that had received support from one or more of the projects under review. The exercise gathered information on the nature of these businesses and in particular the support they have received / are receiving from the projects and the type of support they would like to receive in the future. The interviews were undertaken by telephone using a semi-structured approach and businesses were informed of the nature of the research and invited to participate either by phone or by letter. Invitations to participate received a warm response and participants provided valuable insights which add value to the quantitative findings in previous chapters. Table 31 outlines the number of businesses interviewed in relation to each project.

**Table 31: Number of interviews completed for each project**

| Project | Number of Interviews |
|---|---|
| South West Investment Group | 3 |
| Renewable Energy 4 Devon | 3 |
| Actnow | 3 |
| Unlocking Cornish Potential | 2 |
| Broadband 4 Devon | 1 |
| Finance Cornwall | 2 |
| Finance South West | 2 |
| Business Link (Objective 1) | 2 |
| Business Link (Objective 2) | 2 |
| **Total** | **20** |

## 7.2 Business Characteristics

Participating businesses came from a range of environmental sub-sectors (eight sectors were represented in total) and in particular from the renewable energy sector (5 businesses) and the water supply and waste water treatment sector (5 businesses). These companies had been trading for a variety of periods ranging from 1-27 years and mainly employed between 1-10 employees with just two businesses employing more than 10 individuals.

The businesses interviewed traded mainly in the UK. In fact just 6 businesses traded outside of the UK and the proportion of sales generated from overseas markets amongst these businesses was low, standing at a maximum of 20%. Whilst not statistically significant, this is consistent with the findings from the Arthur.D. Little research that found exports from the sector account for only 8% of output. Most businesses said that a large proportion of their sales were from customers based in the South West of England with 6 businesses trading solely in the South West and 14 of the 20 interviewed generating at least 80% of their sales from businesses based within the region.

## 7.3 Plans for Business Growth

Business support is generally linked to aspirations for business development or growth. Therefore respondents were asked questions in relation to the future plans of their businesses and the extent to which they were intending to grow.

Nineteen of the 20 businesses interviewed said that they were intending to grow over the next three years. Amongst these businesses there was a fairly even split between those who intended to have a high rate of growth (>20%) and those planning a steady rate of growth. This pattern was reflected when businesses were asked to indicate the nature of their growth intentions in relation to turnover, employment, profit margins and investment. The key findings were:

- Turnover - Most of the businesses were planning a high rate of growth;
- Employment - Businesses were fairly evenly split between those that intended a high rate of growth and those intending a steady rate;
- Investment - Businesses were fairly evenly split between those that intended a high rate of growth and those intending a steady rate;
- Profit - Most businesses planned a steady rate in relation to profit margins and several were expecting to remain static or to reduce their profit margins in the immediate future in recognition of their intention to increase levels of investment in the businesses in order to facilitate its expansion.

## 7.4 Sector Growth

Businesses were asked about the sector in which they operated and in particular how they rated the prospects of their sector in the next 10 years and what they thought to be the most important issues affecting it. All businesses, without exception, rated the prospects of their individual environmental sub-sectors highly. Key drivers of growth were:

- The heightened awareness of environmental issues amongst public sector bodies, the business community and the general public at large;
- The role of environmental policy and regulation was thought to be particularly important in enforcing higher environmental standards;
- Regulation relating to energy efficiency and carbon footprints;
- The impact of diminishing oil and supplies, and the consequent increase in oil prices; and
- The need to recycle in order to re-use or re-produce oil based products.

## 7.5 Barriers to Growth

Businesses were also asked to discuss the factors that might act as barriers to their growth. Two factors emerged strongly; the availability of finance and issues relating to staffing and recruitment. These two factors were inextricably linked for many companies. To take on more staff they need to ensure there is sufficient work in order to be able to pay them, as the following quotes illustrate:

*'It's recruiting the right staff and difficulty in being able to plan. It's having security about salaries – recruiting people you need large reserves of cash'*

*''Lack of capital. Getting the right premises – being able to invest in equipment etc. before employing someone'*

As well as overcoming this barrier, several mentioned difficulties in recruiting suitably qualified staff.

Other factors included competition and the influence of 'larger players', potential restrictions imposed by unsuitable sites and premises and the lack of awareness of environmental products.

These trends were reinforced by respondents when given a list of potential barriers and asked to indicate those that applied to their business. They most frequently selected were:

- Lack of finance for business growth (13);
- Limited marketing resourced (9);
- Competition (7);
- Difficulties recruiting staff with scientific or technical skills (6);
- Lack of resource for R&D (6);
- Location and distance from markets (6).

## 7.6 Experiences of and Requirements for Business Support

The businesses participating had received support from a wide range of organisations (both from those under review in this report and also from a number of others) and the nature of this support varied considerably. Support that had been received included:

- General capital and financial investment;
- Funding for IT equipment and broadband;
- Interest free loans to facilitate expansion of the business in general and its market presence;
- Set-up support;
- Advice on both general and specific topics;
- Locating suitable graduates to assist with business projects; and
- Investment specifically for research and development.

Most companies interviewed had utilised other sources of business support. The majority had used Business Link, either for direct advice or signposting to other projects. Their experiences were mixed. Some had managed to develop a good relationship with business advisors who then understood their business. Others felt frustration at the level of support provided by Business Link and other agencies, as the comment below illustrates:

*'There's no end to the number of people who will sit down and talk to you about it – this is beneficial at the early stage, but at our stage we need more than that'*

These findings suggest that future business support for the sector should put in place mechanisms to ensure consistency of contact between the project and the business and in referrals to other projects.

### 7.6.1 Impact of Support

The survey showed that for most businesses the intervention had made a positive impact on the business. Support was perceived to be most useful in the start-up and expansion stages. Most frequently mentioned were practical impacts, such as improvements in the general running of the business as a result of purchasing of new IT equipment or a business vehicle.

In addition, several more specific impacts were mentioned including:

- A better focus on a business growth strategy as a result of the mentoring a business had received;
- An increase in orders as a result of funding which facilitated the demonstration of a new product to potential customers;
- The design and development of a number of products as a result of funding given to facilitate research and development.
- Several businesses had expanded into new markets as a result of financial assistance received to facilitate the purchasing of stock to cope with bulk orders from larger customers.

For some companies, the benefits were expected to be more long term, therefore impacts have yet to materialise. For others, the projects were not always able to provide the support they wanted. For instance:

- Broadband4Devon was not able to provide a grant for satellite broadband, unlike Actnow that contributes 50% towards the installation of satellite broadband;
- Renewable Energy 4Devon was not able to provide funding for training, although this is something they are now developing.
- Business Link provided a grant for a patent application, but the company couldn't get the product off the ground. No support was available for marketing and help getting it into the market place.

These gaps give an indication of some of the areas where future funding programmes might be able to address. The final point in relation to business link suggests that there is a need for a strong pathway of support, especially in the new programmes where research and development, innovation and ideas are key.

### 7.6.2 Provision of Support

Businesses were asked to asses the business support services on offer generally and, in particular, for businesses operating in the Environmental Technologies sector.

***General Support***

Most businesses perceived that there were gaps in the provision of general business services, in particular:

- The evolving nature of grants and loans making it difficult for businesses to know what is available;
- A lack of grants for small businesses.
- The need for more set-up support;
- More support in relation to legal and legislative matters;
- Advice on the completion of grant and loan applications;
- Meeting the requirements for sector-specific support if you fall outwith the definition.

When prompted with a list of potential areas of business support seventeen of the 20 businesses interviewed mentioned the need to 'funding for projects'. In particular, businesses pointed out the need to be able to access smaller sums of money more easily and to find out quickly if the application had been successful.

Other frequently mentioned areas of support included 'market stimulation through public procurement or client support' (14 businesses), 'general business advice', 'support relating to financing the business' and 'marketing support' (all of which were mentioned by 13 businesses). Support that appeared to be less in demand was that relating to 'international trade' and 'sites and premises' mentioned by 4 and 7 businesses respectively. A small number made a specific reference to needed support in developing collaborative partnerships in order to grow the business. Some interesting comments were made with regard to public sector procurement and skills and learning.

The public sector is an important partner for businesses in this sector. It has many roles:

- Product endorsement/setting environmental standards;
- Procurement to service the public sector;
- Programmes/projects to stimulate environmental best practice.

The businesses surveyed have experience of all three roles.

One business, in particular, mentioned its intention to have its effluent treatment product endorsed by the Environment Agency and Regional Development Agencies and that this endorsement was integral to its business growth strategy.

Public procurement was seen by several companies as a beneficial market to access. Two companies have already achieved success in this area through being on panels of providers. Several others have attempted to access this market, but encountered red tape and difficulties. For others, this was an area where they thought it would be beneficial but did not know how to access the market.

Projects and programmes to stimulate the market were seen to be beneficial on the grounds that new customers would be generated. Renewable Energy 4Devon attempted to do this and several businesses benefited as the quote below illustrates:

*'Renewable Energy4Devon pass us work from the businesses they are engaging with. So we do the work and the customer gets the grant. The customers are already keen so we don't have to spend much time selling, so there aren't the initial barriers. This means hot leads for us!*

With regards to skills and learning several businesses mentioned skills shortages as a barrier and lack of funding in relation to this training as gap in provision. Businesses also mentioned a wide range of training needs which varied from general skills such as IT, report writing, accounting etc. to specialist skills such as environmental management, woodland management, compliance with regulations etc. Several businesses had used Enviroskills to develop technical staff skills. They liked the fact that the project manager was a scientist herself and knew her subject. Since the project finished there has been a gap in provision.

***Sector Specific***

Several businesses also mentioned support needs that were specifically related to businesses operating within the Environmental Technologies sector. There were three main areas where sector specific support was identified:

- Market stimulation – Businesses identified a need for an independent organisation to advertise and promote environmental technologies to customers and then broker provision through suppliers. Similar to the Renewable Energy4Devon project;
- Funding for R&D – Several businesses identified the need funding for R&D and capital projects such as test facilities;
- Training – Many businesses mentioned the need for training including. Introductory level, installer/technical training and specific skills such as hazardous waste. Enviroskills was identified as a successful project model that brokered training for environmental businesses;

In addition to these 3 core areas, funding for sustainability and further Government regulation were also identified.

***Key Findings – Business Survey***

- Businesses in the sector have strong growth plans;
- Main barriers to growth are:
  - Lack of finance (capital)
  - Reaching the critical mass needed to take on staff;
  - Finding staff with the right skills and qualifications; and
  - Consumers lack of understanding of products.
- Businesses generally found business advice to be good and helpful, although they sometimes found it difficult to find the right support;
- Most businesses reported that the Objective 1 and 2 interventions resulted in a positive impact on the business such as increased sales, expansion, new product etc. In a small number of cases, the intervention was not successful;
- General business support needs to improve in the following ways:
  - Provision of more substantive support, not just advice;
  - Provide financial support that makes it easier for businesses to access small sums of money for projects;
  - Provide better signposting and clearer guidance to businesses on how they can access structural funds;
- Specific sectoral support needs were:
  - An independent marketing and brokerage service;
  - Funding for R&D and capital projects; and
  - Support for training.

**Case Study: PICO Energy – Renewable Energy 4 Devon**

PICO Energy is a renewable energy consultancy specialising in micro hydro power although the company also undertakes some consultancy for architects involved in new building projects. The business has been trading for 20 months, employs two people and is based in Devon. The company's growth aspirations for the next three years are varied. Firstly, it intends to act as a representative for a European based manufacturer of hydropower system. Secondly, the company is interested in developing a miniature hydro power system (pico hydropower) for sites with very small flows of water. It is hoped that these can then be sold to other micro generation companies and also directly to site owners both in the UK and abroad. Thirdly, the company also specialises in technology transfer programs using micro hydropower for rural electrification in developing countries and is developing this aspect of its business.

In terms of business support, PICO Energy has received support from Renewable Energy 4 Devon (RE4D). RE4D visited the company and discussion occurred in relation to the planned development of the miniature turbine system (pico hydropower) after which RE4D offered its financial support for a technology growth plan to enable further resources to be devoted to the this project. This is enabling the company to build and test a prototype of the design and produce the accompanying documentation to enable user installation.

# 8 How many Environmental Businesses are there?

## 8.1 Introduction and methodology

This chapter examines data on the size of the sector with a view to informing:

- The overall size of the sector in Cornwall and the Isles of Scilly, Devon and the South West;
- Patterns of growth in the sector;
- How the sector in the South West compares with the rest of the country.

## 8.2 Estimate the size of the sector

Sector profiling is a notoriously difficult exercise to undertake accurately without undertaking sizable surveys of businesses in the area. However, there are several avenues of research that help to inform the picture. Each has its limitations, but taken as a whole help to provide an estimate. The research avenues are:

- South West Regional Accounts
- Analysis of data from projects; and
- Business Listings such as yell.com.

In each section that follows we briefly describe the methodology used, any caveats that need to be applied to the findings and the findings themselves.

### 8.2.1 The South West Regional Accounts

The South West Regional Accounts provide data and information for a range of key indicators for the South West. To estimate the number of business sites, the SW Regional Accounts draw down data from the Annual Business Enquiry for the following SIC codes:

3710 Recycling of metal waste and scrap

3720 Recycling of non-metal waste and scrap

2923 Manufacture of ventilation equipment etc.

4511 Demolition and wrecking of buildings

4532 Insulation work activities

7430 Technical testing and analysis

9000 Sewage and refuse disposal etc

4524 Construction of water projects

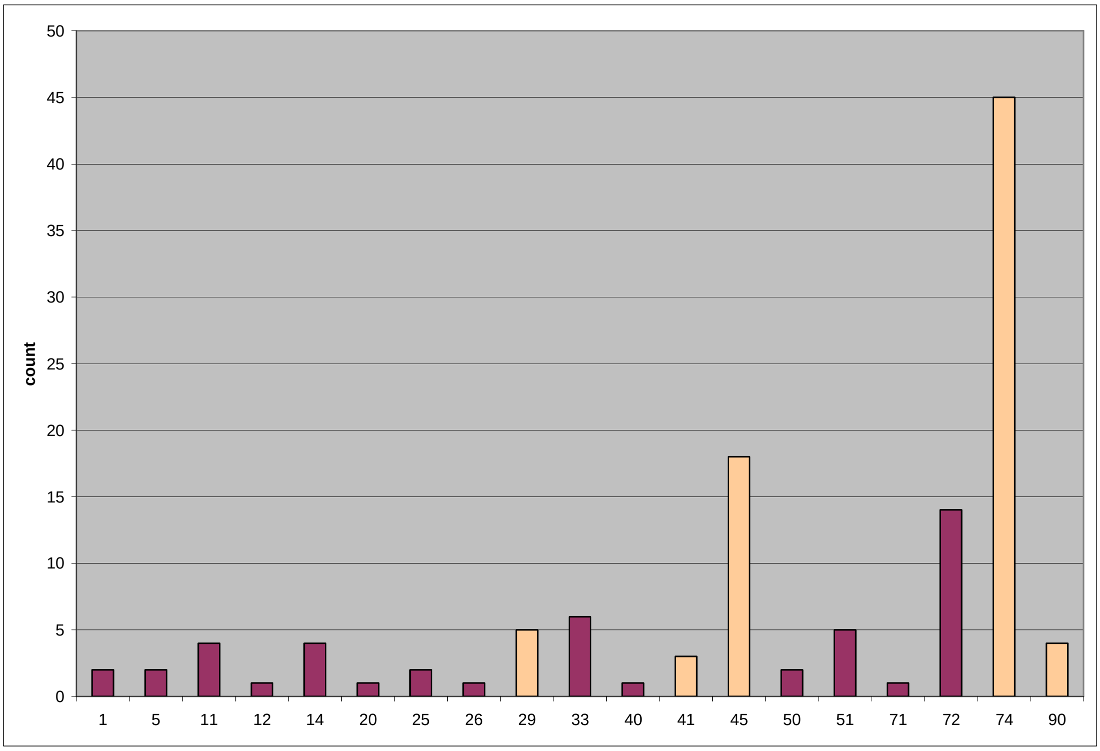
4100 Collection/Purification etc. of water

3120 Electricity distribution equipment

This is the definition adopted in both the DTZ Pieda[44] and Arthur D. Little[45] state of the key sectors reports. Arthur D. Little acknowledge in their report the difficulties of matching the environment sector to SIC codes and describe the agreed definition as providing a picture of the sector rather than a definitive classification and that comparative studies will capture a large number of companies.

Figure 2 below shows that environmental businesses are found in a broad range of SIC codes. Those highlighted in orange include the four digit classes included in the SWRDA definition. The burgundy bars show that a high proportion of environmental businesses are found outwith the SWRDA definition. Analysis of this data suggests that the SWRDA definition SIC codes make up approximately 60% of the sector.

**Figure 2: Frequency of Business Link environmental businesses assisted within SIC major groups**




The accounts provide two estimates of the number of environmental businesses (sites) in the region:

- Including the self employed; and
- Not including the self employed.

Tables 32 and 33 below provide key statistics for these indicators.

[44] DTZ Pieda Consulting (2000). Research on Current and Emerging Industrial Sectors and the Implications for Skills and Business Development.
[45] Arthur D. Little. The State of the Key Sectors. South West Regional Development Agency. July 2004.

**Table 32: No. of environmental businesses in the South West, Cornwall and the Isles of Scilly and Devon, including the self employed in 2005.**

| | SW | Cornwall and Isles of Scilly | Devon |
|---|---|---|---|
| *Sites* | *5147* | *644* | *833* |
| Index (1998=100) | 183 | 294 | 229 |
| as a % of sites in this industry in GB | 8 | 1 | 1 |
| Share relative to GB (=100) | 81 | 101 | 81 |
| FTEs per site | 4 | 3 | 4 |

**Table 33: No. of environmental businesses in the South West, Cornwall and the Isles of Scilly and Devon, not including the self employed in 2005**

| | SW | Cornwall and Isles of Scilly | Devon |
|---|---|---|---|
| *Sites* | *1719* | *195* | *285* |
| Index (1998=100) | 144 | 220 | 198 |
| as a % of sites in this industry in GB | 7 | 1 | 1 |
| Share relative to GB (=100) | 68 | 70 | 67 |
| FTEs per site | 13 | 11 | 11 |

Tables 32 and 33 show that in 2005 there were approximately 1,719 businesses in the South West, rising to 5,147 if you include the self employed. As stated above, we believe that this represents approximately 60% of the sector.

At first, this appears to be a relatively high figure for self employed people working in this industry; however, it is approximately 15% of all FTEs, slightly less than the regional average of 19% for all self employed people.

The main findings are:

- **The industry has grown since 1998 –** Both tables show a significant growth in the sector, ranging from 44% growth in the SW (not including self employed) to 194% in Cornwall (including the self employed).
- **Growth appears to be higher when self employed are included –** This suggests that a high number of small new businesses are entering the market.
- **Growth appears to be faster in Cornwall than Devon or the SW –** Across both measures, growth is stronger in Cornwall.
- **Growth is stronger in the rest of GB –** Despite this strong growth in the South West and sub-regions, share relative to GB (where GB equals 100) has fallen from 88-68 in the SW and remained broadly static in Cornwall and Devon.
- **The South West and Cornwall and Devon make up a small part of the GB industry –** Despite strong growth in the sector in the region, the region only makes up between 7 and 8% of the industry in GB.

### 8.2.2 Analysis of data from the projects

A separate exercise was conducted to utilise data from projects to estimate the size of the sector. This involved:

- Random sampling of all businesses supported to identify environmental businesses within the agreed list of SIC codes (Appendix 1);
- Calculation of the proportion of environmental businesses from within each code;
- Apply proportions to the total no. of businesses in the area from SIC codes.

Unfortunately, only four projects allocated four digit SIC codes to their businesses. These were the two Business Link projects, Unlocking Cornish Potential and Broadband4Devon. As reported in chapter 4, it was found that the business information held on the Broadband4Devon database was insufficient to allow environmental businesses to be identified easily. Therefore the analysis was conducted with the data from Business Link (both programmes)[46] and Unlocking Cornish Potential.

Business Link provided a database containing 280 businesses falling into the agreed SIC codes. Unlocking Cornish Potential provided their whole database of 137 businesses, of which 26 fell into the agreed SIC codes. Of these a total of 28 environmental businesses were identified from the 2 samples[47]. Table 35 provides the full breakdown of this analysis.

There are a number of methodological points that should be noted:

- **Selection of SIC codes**: The SIC codes that formed the basis for the analysis were selected to form a wide net to capture as many environmental businesses as possible. This list was developed primarily from research undertaken by the University of Glasgow specifically aimed at mapping environmental businesses onto SIC codes. However, despite this broad net, 50%[48] of all environmental businesses found within the Unlocking Cornish Potential Project were found outwith the broad list of SIC codes.
- **The sample** only covered 32 of the 91 SIC codes identified in Appendix 1. Four of the codes not covered are listed in the SWRDA definition including (3710, 4511, 4532, 3120). At individual SIC code level, the sample was often too small to allow a proportion to be calculated.
- **Identification of environmental businesses** - the data provided by Business Link was of good quality with company name, SIC code and company website in most instances. This was usually sufficient to allow the identification of environmental businesses. In some instances, these details were incomplete, or did not provide an indication of the nature of the business. In these cases, it has been assumed that the businesses were not environmental businesses.

It is our view that these methodological issues suggest the analysis will under-estimate the size of the sector in the Objective 1 and 2 areas.

Table 34 shows the SIC codes where environmental businesses were identified and the proportion of environmental businesses within the code. When these proportions are applied to ABI figures for each SIC code, we estimate the size of the sector to be 386 businesses in the combined programme area.

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[46] It was not possible to conduct a separate analysis for the two programme areas.
[47] The two databases were checked for duplicates and duplicate entries were removed.
[48] 5/10 environmental businesses from a database of 138.

**Table 34: proportion of environmental businesses within SIC codes**

| | | |
|---|---|---|
| 2923 | Manufacture of non-domestic cooling and ventilation equipment | 25% |
| 5157 | Wholesale of waste and scrap | 20% |
| 3320 | Manufacture on non electronic instruments and appliances for measuring… | 17% |
| 7430 | Technical testing and analysis | 38% |
| 2924 | Manufacture of other general purpose machinery not elsewhere classified | 50% |
| 9000 | Sewage and Sanitation | 20% |
| 3720 | Recycling of non-metal waste and scrap | 100% |
| 7420 | Other engineering | 5% |
| 4100 | Collection, purification and distribution of water | 100% |
| 7414 | Other management consultancy activities | 9% |
| 4521 | General construction of buildings and civil engineering works | 6% |

Assuming the proportions generated for the combined programme area, can be applied to the geographies of the SW, Devon, Cornwall and the Devon Objective 2 area, we get the following estimates:

| **Geography** | **Estimate – No. environmental businesses** |
|---|---|
| Cornwall and the Isles of Scilly (Objective 1) | 181 |
| Objective 2 programme area | 204 |
| Devon | 317 |
| South West England | 2015 |

**Table 35: Results of SIC code sampling to estimate the size of the sector**

| SIC code | Description | Total business units - Objective 1 and 2 area. | Total Sample | No. of environmental businesses in sample | % environmental businesses | No. of environmental businesses units in Objective 1 and 2 area |
|---|---|---|---|---|---|---|
| 141 | Agricultural Service Activities | 36 | 1 | 0 | 0% | 0 |
| 202 | Forestry and Logging related activities | 5 | 1 | 0 | 0% | 0 |
| 502 | Operation of fish hatcheries and fish farms | 23 | 5 | 0 | 0% | 0 |
| 2521 | Manufacture of plastic products | 10 | 3 | 0 | 0% | 0 |
| 2611 | Manufacture of glass and glass products | 0 | 1 | 0 | 0% | 0 |
| 2921 | Manufacture of furnaces and furnace burners | 2 | 1 | 0 | 0% | 0 |
| 3330 | Manufacture of non-electronic industrial process control equipment | 5 | 4 | 0 | 0% | 0 |
| 4524* | Other construction work involving special trades | 8 | 1 | 0 | 0% | 0 |
| 4533 | Plumbing | 544 | 22 | 0 | 0% | 0 |
| 4542 | Joinery installation | 324 | 1 | 0 | 0% | 0 |
| 4544 | painting and glazing | 218 | 1 | 0 | 0% | 0 |
| 5154 | Wholesale of hardware, plumbing and heating equipment and supplies | 83 | 2 | 0 | 0% | 0 |
| 5156 | Wholesale of other intermediate products | 26 | 1 | 0 | 0% | 0 |
| 7134 | Renting of other machinery and equipment not elsewhere classified | 97 | 3 | 0 | 0% | 0 |
| 7220 | Software consultancy and supply | 530 | 28 | 0 | 0% | 0 |
| 7470 | Industrial cleaning | 448 | 17 | 0 | 0% | 0 |
| 2923* | Manufacture of non-domestic cooling and ventilation equipment | 13 | 4 | 1 | 25% | 3 |
| 5157 | Wholesale of waste and scrap | 32 | 5 | 1 | 20% | 4 |
| 3320 | Manufacture on non electronic instruments and appliances for measuring… | 52 | 6 | 1 | 17% | 6 |
| 7430* | Technical testing and analysis | 51 | 8 | 3 | 38% | 15 |
| 2924 | Manufacture of other general purpose machinery not elsewhere classified | 31 | 8 | 4 | 50% | 16 |
| 9000* | Sewage and Sanitation | 141 | 5 | 1 | 20% | 19 |
| 3720* | Recycling of non-metal waste and scrap | 33 | 5 | 5 | 100% | 23 |
| 7420 | Other engineering | 819 | 40 | 2 | 5% | 34 |
| 4100* | Collection, purification and distribution of water | 48 | 2 | 2 | 100% | 44 |
| 7414 | Other management consultancy activities | 923 | 70 | 6 | 9% | 73 |
| 4521 | General construction of buildings and civil engineering works | 1809 | 35 | 2 | 6% | 81 |
| **TOTAL** | | **6311** | **280** | **28** | **10%** | **317** |

Note: SIC codes marked with a * are those included in the SWRDA definition of the sector. Greyed cells reflect SIC codes where no environmental businesses were identified.

### 8.2.3 Business listing such as Yell.com

Yell.com was used to search for businesses in Cornwall, Devon and the SW that matched our definition of environmental businesses using key word searching. There are a number of caveats associated with this analysis:

1. Businesses listed in more than one category resulting in duplication;
2. Not all companies are listed with yell.com; and
3. For some sub-sectors there is no match with the yell system.

Table 36 below provides the results of this analysis. Despite the caveats above it does provide some useful insights:

- There are nearly twice as many environmental businesses within Devon than Cornwall and this pattern broadly holds for all the sub-sectors. This is broadly consistent with the South West Regional Accounts which show Devon to have approximately 30-45% more than Cornwall.
- Devon has 22% of the environmental businesses in the SW. This is higher than the 16% estimated from the South West Regional Accounts.
- Waste management appears to be the largest sub-sector, however it is the most likely to contain businesses listed more than once. This aside, it is still likely to be one of the largest sub-sectors.

**Table 36: Frequency of environmental businesses found within the environmental sub-sectors in Cornwall, Devon and the SW.**

| | Cornwall | Devon | SW |
|---|---|---|---|
| **Environmental sub-sector** | | | |
| Air pollution control | 18 | 53 | 227 |
| Cleaner Technologies and Processes | no suitable classification | | |
| Decommissioning and decontamination of nuclear sites | no suitable classification | | |
| Environmental Consultancy | 38 | 130 | 524 |
| Environmental Monitoring Instrumentation and Analysis | no suitable classification | | |
| Energy Management and Efficiency | 13 | 20 | 68 |
| Marine Pollution Control | no suitable classification | | |
| Noise and Vibration Control | 5 | 6 | 30 |
| Remediation and Reclamation of Land | 27 | 65 | 256 |
| Renewable Energy | 33 | 53 | 198 |
| Waste Management Recovery and Recycling | 189 | 314 | 1592 |
| Water Supply and Wastewater Treatment | 32 | 44 | 186 |
| Conservation | 13 | 23 | 91 |
| | | | |
| **Total** | **368** | **708** | **3172** |

## 8.3 Conclusion – size of the sector

In this chapter we have utilised three different approaches to estimate the size of the sector. All three have limitations which have been discussed. In this conclusion we review the findings and the limitations with a view to forming a conclusion about the size of the sector. We then use this to set the impact of the programme in context.

**Table 37: Summary table – Size of sector**

| | **South West Regional Accounts (2005)** | | **Project data** | **Yell.com** |
|---|---|---|---|---|
| | Not including self employed | Including self employed | Not including self employed | |
| Size of sector in SW | 1,719 | 5,147 | 1,838 | 3,172 |
| Size of Sector in Devon | 285 | 833 | 317 | 708 |
| Size of Sector in Cornwall and Isles of Scilly/Objective 1 | 195 | 644 | 181 | 368 |
| Size of sector in Objective 2 area. | Not available | Not available | 204 | Not available |
| Over/under estimate | Under-estimate due to limited definition. | | Under-estimate due to sampling issues | Both<br>Over - Duplication;<br>Under - Businesses not listed. |

The South West Regional Accounts and the project data both point to the size of the sector being in excess of 1,800 (excluding the self employed) in the South West. Both are under-estimates, the Regional Accounts is based on a limited definition of 10 SIC codes and so does not capture environmental businesses outwith these codes. Figure 2 provides evidence the SWRDA definition represents approximately 60% of the sector.

The analysis of project data was based on a small sample, which was not large enough to cover all the codes agreed adequately. The data from yell.com has limitations which both over and under-estimate the size of the sector. Firstly there is duplication between sub-sectors and secondly not all businesses are listed. It is hard to say which of these is the greater problem.

It is our view therefore that the size of the sector is approximately 3,000 in the South West (this is based on the assumption that both the South West regional accounts and the project data analysis represent approximately 60% of the sector), 300 in Cornwall and 350 in the Objective 2 area, excluding the self employed. Further research using a large sample of businesses would confirm this.

In chapter 4 we reported that the objective 1 programme had provided assistance to 100 businesses and IAG to 206 (including projects benefiting from more than one project). This suggests that the programme has supported a high proportion of businesses in the sector. Likewise in the objective 2 area, we reported that the programme provided assistance to 72 and IAG to 52, again, a good proportion of the total number of environmental businesses.

# 9 Conclusions and Way Forward

In this chapter we review the findings of the research to provide some conclusions regarding:

- Delivery of support to environmental businesses through the programmes
- The effectiveness of the different interventions in terms of outputs and business perception;
- The implications for delivering support to the sector in the future.

We then put forward some suggestions for projects.

***Delivery of support to environmental businesses through the programmes***

Both programmes have been successful at delivering support to environmental businesses. In Objective 1, 100 environmental businesses have been provided with assistance and 206 IAG. In Cornwall the sector has been estimated at approximately 300 businesses. Therefore, after businesses that have benefited from more than one project have been taken into account, the Objective 1 programme has supported a very high proportion of the sector. Despite this, the programme did not achieve its target of 200 environmental businesses assisted, although we believe the businesses assisted figure is an under-estimate.

In Objective 2, 72 environmental businesses have been assisted and 52 provided with IAG. In the Objective 2 area, the sector has been estimated to be approximately 350 businesses, so after businesses benefiting from more than one project have been taken into account, the Objective 2 programme has supported a good proportion of the sector, but with potential to reach more in the final stages of the programme. In Objective 2, the programme exceeded its target of 60 environmental businesses assisted.

***The effectiveness of the different interventions in terms of outputs and business perception***

The support provided, resulted in the creation of 81 gross new jobs for Objective 1 and 73 for Objective 2. Projects were grouped by the type of intervention offered and this suggests:

- **Loans/Finance** – Appear to be a relatively successful form of intervention, but varying considerably from project to project. South West Investment Group has been very successful at creating gross new jobs for a relatively small amount of money. On the other hand, the Growth Fund project has created one job in one environmental business for £500,000 to date.
- **Specialist IAG** – One project provided specialist support to businesses in the Renewable Energy sector, Renewable Energy4Devon. Output data suggests that it has been very successful at creating gross new jobs and turnover, for a very modest amount. This suggests that the model adopted by Renewable Energy4Devon, that of stimulating demand within the market, is an effective method of supporting the sector and should be investigated further.
- **Intensive Support** – The 2 business link projects ‘ Developing the Business Support Network’ – no data

- **ICT** – The 2 ICT projects, Actnow and Broadband4Devon have had limited success in attracting environmental businesses to receive 'assistance' support. However, there is evidence from Broadband4Devon that environmental businesses have benefited from the lower level of support and increases in turnover and jobs have resulted.
- **Graduate Placement** – The Unlocking Cornish Potential project achieved a reasonable penetration of environmental businesses. Gross jobs were created at a very reasonable £5,317/job.

The survey of businesses showed that for most businesses the interventions had a positive impact on the business such as increased sales, expansion, new products etc. In a small number of cases the intervention was not successful. Support was perceived to be most useful in the start-up and expansion phases.

***The Needs of the Sector***

The business survey found that businesses in the sector have strong growth plans, but their main barriers to growth are:

- Lack of finance;
- Reaching the critical mass needed to take on staff;
- Finding staff with the right skills and qualifications; and
- Consumers lack of understanding of products.

They suggested that general business support needs to be improved in the following ways:

- Provision of more substantive support, not just advice;
- Provide financial support that makes it easier for businesses to access small sums of money for projects;
- Provide better signposting and clearer guidance to businesses on how they can access structural funds.

They suggested specific sectoral support needs of:

- An independent marketing and brokerage service;
- Funding for R&D and capital projects; and
- Support for training.

***How should environmental businesses be supported through Competitiveness and Convergence?***

The environmental sector has a significant role to play in the new programmes. Firstly, it is a highly productive sector, with GVA/FTE the highest of the SWRDA key sectors. It is also a sector that is highly knowledge intensive and at the forefront of innovation. Therefore it has a significant role in helping the new programmes achieve their low carbon ambitions.

The analysis and the business survey point to the need for the following types of intervention:

- Financial support;
- Training;
- Innovation;
- Market stimulation; and
- General advice.

The table overleaf highlights the key issues with each of these interventions and some possible delivery models.

| Type of intervention | Key aspect | Potential models of delivery |
|---|---|---|
| Financial support | Need for businesses to be able to access small as well as larger funds. | SWIG was successful at distributing smaller sized loans to environmental businesses. This model could continue into competitiveness and convergence under Priority 2 'high growth new starts and accelerating business growth (competitiveness) and productive businesses (Convergence)' |
| Training | Businesses require support for training across a range of levels and subjects. | Businesses mentioned Enviroskills as a successful model of delivery. The key element was the understanding of the scientific nature of the industry. Such a project is likely to fit best under ESF Priority 2 |
| Innovation | Businesses require support for R&D and innovation. However, recent work by the Environmental Innovations Advisory Group[49] concludes that stimulation of environmental innovation requires a different approach. The lack of articulated demand and functioning supply chains means that Government needs to take action to mobilise supply chains to deliver environmental solutions. This means moving from a focus on R&D and technology push, to a focus on intelligent supply chain management.<br><br>The group also concluded that there was not a gap in funding, but rather a lack of quality business plans. | The competitiveness and convergence programmes need to set out a series of challenges to the environmental sector to which it can respond. This could be in the form of a competitive fund that supports innovation to tackle the challenges of becoming a low carbon economy.<br><br>Public procurement is also a route to stimulating innovation within the sector. There is an opportunity to develop a project that works with public sector organisations in the South West to stimulate green public procurement.<br><br>The RDA's are currently rolling out 'high growth business coaching frameworks' that aim to tackle the investment readiness problems. |

[49] Bridging the gap between environmental necessity and economic opportunity. First report of the Environmental Innovations Advisory Group. November 2006. DTI.

| | | |
|---|---|---|
| Market Stimulation | Businesses identified the need for an independent marketing and promotion service which could broker services of environmental companies. | Renewable Energy4 Devon already does this through promoting renewable energy to business and community clients, assisting the clients with initial surveys and obtaining grants and then brokering the installation to registered installers. This model could be extended to cover other sub-sectors.<br><br>The new programmes both have aims to improve the environmental performance of all businesses, so there is clearly a role for environmental businesses to service this market, perhaps through a panel of approved suppliers. |
| General Support | Businesses wanted more substantive support, not just advice. | Given the importance of this sector outlined above, there is an argument to develop a project that provides this sector with intensive general business support and coaching. |

The table above provides a series of options for delivering the support needed to environmental businesses. Some of these needs will be met by projects that deliver to the entire business community, others may require a specialist support to the sector. Having reviewed the findings of the study we would recommend that priority should be given to a project that delivers a holistic approach to the sector. This could include:

- Market stimulation and brokerage (as per Renewable Energy4 Devon);
- Specialist training (as per Enviroskills);
- Intensive business support to include investment readiness (as per Business Link);

It is likely that such a project will have a number of delivery partners, such as Enviroskills to deliver the training support and Business Link to deliver the intensive business advice, but at the core would be an organisation like Renewable Energy4 Devon that can provide specialist support and advice to the sector, stimulate the market and broker sales. This organisation would have responsibility for providing an account management function for the businesses to ensure that they can access support across the range of Competitiveness and Convergence and other funding to meet the needs of their business.

We also recommend that the programmes investigate further how they can use their funding to stimulate innovation to address the challenge of a low carbon economy.

# Appendix I – Broad List of SIC Codes

**Potential SIC codes that might contain businesses in the environmental goods and services sector (as well as those that are not) sorted by SIC number.**

| Code | Description |
|---|---|
| 51.18 | Agents involved in the sale of a variety of goods |
| 51.12 | Agents involved in the sale of fuels, ores, metals and industrial chemicals |
| 51.12 | Agents involved in the sale of timber and building materials |
| 74.14 | Business and management consultancy activities |
| 41 | Collection, purification and distribution of water |
| 45.24 | Construction of water projects |
| 72.3 | Data processing |
| 45.11 | Demolition and wrecking of buildings; earth moving |
| 40.10/1 | Electricity generation |
| 40.10/2 | Electricity transmission, distribution and supply |
| 74.20/4 | Engineering consultative and design activities |
| 74.20/5 | Engineering design activities for industrial process and production |
| 74.20/6 | Engineering related scientific and technical consulting activities |
| 2.01 | Forestry and logging |
| 2.02 | Forestry and logging related service activities |
| 45.21 | General construction of buildings and civil engineering works |
| 74.14/3 | General management consultancy activities |
| 1.5 | Hunting, trapping and game propagation including related service activities |
| 74.7 | Industrial cleaning |
| 45.32 | Insulation work activities |
| 31.4 | Manufacture of accumulators, primary cells and primary batteries |
| 29.71 | Manufacture of electric domestic appliances |
| 33.30/1 | Manufacture of electronic industrial process control equipment |
| 33.20/1 | Manufacture of electronic instruments and appliances for measuring, checking, testing, navigating and other purposes, except industrial process control equipment |
| 29.21 | Manufacture of furnaces and furnace burners |
| 40.2 | Manufacture of gas; distribution of gaseous fuels through mains |
| 26.1 | Manufacture of glass and glass products |
| 24.11 | Manufacture of industrial gases |
| 29.52 | Manufacture of machinery for mining, quarrying and construction |
| 29.23 | Manufacture of non-domestic cooling and ventilation equipment |
| 29.72 | Manufacture of non-electric domestic appliances |
| 33.30/2 | Manufacture of non-electronic industrial process control equipment |
| 33.20/2 | Manufacture of non-electronic instruments and appliances for measuring, checking, testing, navigating and other purposes, except industrial process control equipment |
| 24.66 | Manufacture of other chemical products not elsewhere classified |
| 29.24 | Manufacture of other general purpose machinery not elsewhere classified |
| 26.82/9 | Manufacture of other non-metallic mineral products not elsewhere classified |
| 25.2 | Manufacture of plastic products |
| 21.11 | Manufacture of pulp |
| 25.1 | Manufacture of rubber products |
| 29.13 | Manufacture of taps and valves |
| 5.02 | Operation of fish hatcheries and fish farms |
| 74.20/9 | Other engineering activities |
| 45.33 | Plumbing |
| 37.1 | Recycling of metal waste and scrap |
| 37.2 | Recycling of non-metal waste and scrap |
| 90.00/2 | Refuse disposal activities |

| | |
|---|---|
| 75.13 | Regulation of and contribution to more efficient operation of business |
| 75.12 | Regulation of the activities of agencies that provide health care, education, cultural services and other social services excluding social security |
| 71.34 | Renting of other machinery and equipment not elsewhere classified |
| 73.1 | Research and experimental development on natural sciences and engineering |
| 90.00/3 | Sanitation and similar activities |
| 90.00/1 | Sewage disposal activities |
| 72.2 | Software consultancy and supply |
| 74.3 | Technical testing and analysis |
| 51.54 | Wholesale of hardware, plumbing and heating equipment and supplies |
| 51.57 | Wholesale of waste and scrap |

**Other**

| | |
|---|---|
| 1.41 | Agricultural service activities |
| 17.1 | Preparation and spinning of textile fibres |
| 17.3 | Finishing of textiles |
| 45.21 | General construction of buildings and civil engineering works |
| 45.22 | Erection of roof covering and frames |
| 45.23 | Construction of highways, roads, airfields and sports facilities |
| 45.25 | Other construction work involving special trades |
| 45.31 | Installation of electrical wiring and fittings |
| 45.32 | Insulation work activities |
| 45.34 | Other building installation |
| 45.41 | Plastering |
| 45.42 | Joinery installation |
| 45.43 | Floor or wall covering |
| 45.44 | Painting and glazing |
| 45.45 | Other building completion |
| 45.5 | Renting of construction or demolition equipment with operator |
| 51.52 | Wholesale of metals and ores |
| 51.53 | Wholesale of wood, construction materials and sanitary equipment |
| 51.55 | Wholesale of chemical products |
| 51.56 | Wholesale of other intermediate products |
| 74.13 | Market research and public opinion polling |
| 75.11 | General (overall) public service activities |
| 75.14 | Supporting service activities for the government as a whole |
| 92.53 | Botanical and zoological gardens and nature reserve activities |
| 45.21/1 | Construction of commercial buildings |
| 45.21/2 | Construction of domestic buildings |
| 45.21/3 | Construction of civil engineering constructions |
| 74.11/9 | Legal activities not elsewhere classified |
| 74.14/9 | Business and management consultancy activities not elsewhere classified |
| 74.20/1 | Architectural activities |
| 74.20/2 | Urban planning and landscape architectural activities |
| 74.20/3 | Quantity surveying activities |
| 80.22 | Technical and vocational secondary education |
| 80.42/1 | Activities of private training providers |
| 80.42/9 | Other adult and other education not elsewhere classified |

# Appendix II – Detailed Process of Obtaining Data From Projects

| **Project name** | **Environmental Businesses Assisted** | **Environmental Businesses given IAG** | **Figures to estimate the size of the sector** |
|---|---|---|---|
| Business Link (both programmes) | • Databases were filtered to identify businesses receiving assistance; Note. EKOS has not been able to check that the definition of assistance has been correctly applied.<br>• Project staff reviewed list of businesses to identify environmental businesses. | • Database filtered by broad list of SIC codes;<br>• Sample drawn off;<br>• EKOS Consulting staff identify environmental businesses;<br>• Gross up. | |
| SWIG | Project Manager identified from full list | na | na |
| Finance SW and Finance Cornwall | Project Manager identified from full list | na | na |
| Actnow | • Databases were filtered to identify businesses receiving assistance; Note: Actnow base assistance on the following criteria – Business received visit AND at least £400 equipment rebate.<br>• EKOS Consulting staff identified environmental businesses. | • A random sample of 500 businesses was selected.<br>• EKOS Consulting staff identify environmental businesses;<br>• Gross up | na |
| Broadband for Devon | • Database filtered by broad list of SIC codes<br>• EKOS Consulting identify environmental businesses;<br>• Businesses assisted identified | • Database filtered by broad list of SIC codes<br>• EKOS Consulting identify environmental businesses;<br>• IAG businesses identified | • Database filtered by broad list of SIC codes<br>• EKOS Consulting identify environmental businesses; |
| Renewable Energy 4Devon | Project Manager identified from full list | Project Manager identified from full list | na |
| Unlocking Cornish Potential | Project Manager identified from full list | Na | Full list of companies and their SIC codes provided. |

## Appendix III – Topic Guide - Business Survey

**Introduction**
EKOS Consulting have been commissioned by the Government Office for the South West to undertake some research into the support provided to businesses in the environmental goods and services sector. The reason for doing the research is that the new European funding streams coming into the region place a strong emphasis on supporting the sector. Therefore we would like to better understand:

- The issues facing businesses in the sector;
- What support businesses would like; and
- How useful support from existing programmes has been.

**Use of the data**

- We will only use your company data for this research;
- It will not be possible to identify your company data in the report – figures will be presented as ranges and averages etc.
- Data will be held securely and not passed on to any third parties;
- We would like to prepare a number of case studies highlighting the experiences that businesses have had of objective 1 and 2 projects. These would be developed from this survey and would include the name of your company. If we select you as a case study, we will email you with the prepared text and seek your consent to use it.

**About your company**

1. What does your company do?

2. Which of the following EGS sub-sectors best describe your environmental activities?
   - Air Pollution control
   - Cleaner Technologies and Processes
   - Decommissioning/Decontamination of Nuclear Sites
   - Environmental Consultancy
   - Environmental Monitoring, Instrumentation and Analysis
   - Energy Management/Efficiency
   - Marine Pollution Control
   - Noise and Vibration Control
   - Recovery and Recycling
   - Remediation and reclamation of land
   - Renewable Energy
   - Water Supply and Waste Water Treatment
   - Landscape and natural heritage

3. How many staff does it employ?

4. Where is it based?

5. How long has it been trading?

6. What proportion of your sales are from:
   - Customers from overseas

   - Customers from the UK
7. Of your UK sales, what proportion is from customers in the SW of England?

**Future plans**

7. What are your plans for growing the business in the next 3 years?

8. What will this look like in terms of turnover, employment and profit margins?

| | High Growth (i.e. >20%) | Growth | Static | Reduced |
|---|---|---|---|---|
| Turnover | | | | |
| Employment | | | | |
| Profit Margins | | | | |
| Investment | | | | |

9. How do you rate the prospects for the sector in the next 10 years?

10. What do you think are going to be the most important issues affecting the sector?

11. What do you see as the main barriers to growth in your organisation?

12. What about…:
    - Lack of suitable sites and premises
    - Difficulties in recruiting staff with scientific/technical skills
    - Other staff/recruitment issues
    - Need to develop business management skills
    - Lack of suitable training providers available locally
    - Lack of finance for business growth
    - Lack of new products or services
    - Lack of resources for R&D
    - Market Conditions
    - Limited marketing resources
    - Lack of market intelligence
    - Competition
    - Export Costs
    - Standards and regulations
    - Location/distance from markets

**Business Support**

13. We understand that you have been supported by …. Project.

14. What did they do to help you?

15. Did it help?

16. How has this help benefited your business?

17. Why did you use this project?

18. Have you used any other sources of business support? Why?

19. Where else would you go for business support? Why?

20. Are there gaps in the provision of business support services – generally?

21. Are there specific types of support that would benefit the environmental technology sector?

22. Would the following types of support be beneficial and why?
    - Market stimulation through public procurement or client support
    - International trade
    - General business advice
    - Events and Networking
    - Innovation and R&D
    - Funding for projects
    - Financing the business
    - Skills and learning support
    - Marketing
    - Developing collaborative partnerships
    - Sites and Premises

**Case Studies**

1. Do you give your consent for us to use the findings from this survey to prepare a case study highlighting your experiences?
2. If yes, can we take down your email address so you can approve the case study.