



# The Green Economy in the East of England

December 2023

***“Be Part of the Region”***

**A Unifying Vision for the East of England**

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# 1 INTRODUCTION

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The East of England is a key region in the UK's transition towards a greener economy. It is arguably unrivalled in the UK for its unique energy mix. The East has over 50 years of expertise in the oil and gas sector, the world's largest offshore windfarm development and nuclear energy production. But the green economy is about more than the energy transition from fossil fuels to low carbon. It encompasses a complex supply chain across numerous industries, including construction and manufacturing, to bring about net-zero carbon emissions and sustainable development.

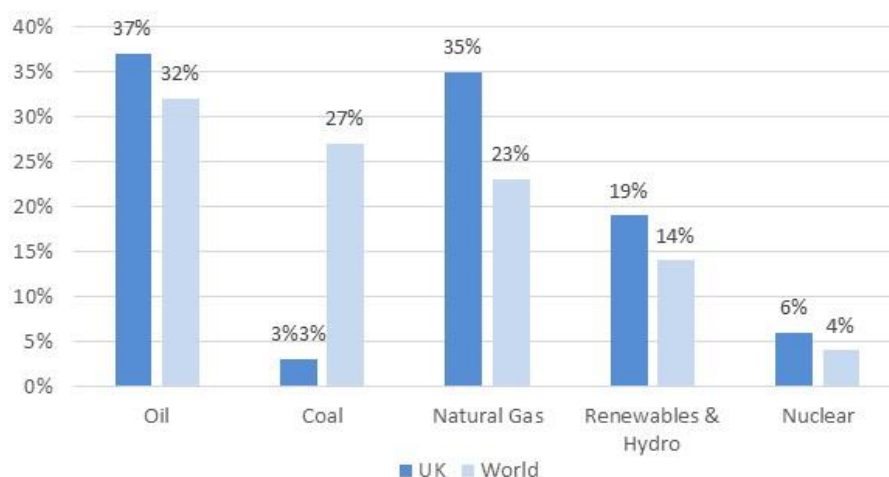
This paper provides a brief overview of the green economy and the policy context in which this is emerging. It also provides a top level analysis of green businesses and jobs in the East of England, relative to other regions and nations in the UK, and an outline of the challenges facing the region in meeting the ambitions for a net-zero economy.

## 1.1 What is the green economy?

The green economy is characterized by a range of economic activity that is directly contributing to a low carbon footprint and more sustainable use of resources. It is a response to the combined threats of a growing climate crisis and the concerns over the sovereignty of energy generation, distribution and consumption. As a result, a wave of new 'green' technologies has emerged that will help economies transition towards a more environmentally sustainable model of operation, including new sources of renewable energy, cleaner transport usage, organic waste recycling, decarbonisation solutions for homes and businesses, while generating new jobs and business growth.

The UK was the first major economy to commit to a target for achieving net-zero greenhouse gas emissions and the transition towards greener energy sources is a vital part of this ambition. The UK is aiming to double the nation's electricity generation capacity by the late 2030s, in line with aspirations to fully decarbonise the power sector by 2035. Renewables now make up a major part of the UK's electricity generation (around 40%), however, 75% of total energy use still comes from fossil fuels. This is below the 82% of energy from fossil fuels globally, but the UK clearly has a long way to go.

**Figure 1. Energy mix – UK v Rest of the World<sup>1</sup>**



The Energy Institute’s Statistical Review of World Energy has identified that the UK is currently ranked 5<sup>th</sup> in the world at generating wind power in 2022, behind only China, the US, Germany and Brazil. Approximately 25% of the UK’s electricity comes from wind power, much of this from offshore wind. However, wind capacity needs to increase dramatically to reach the output of other countries, including Denmark (55%) and Ireland (33%).

Part of the progress that needs to be made is continuing to replace fossil fuels with low carbon sources. The largest challenge is using clean electricity for transport and heating to reduce the demand for oil from vehicles and gas from buildings. Overall, the UK has areas of strength and is leading the world in the energy transition. But the country falls majorly short in making buildings more energy efficient and there is much to do, in terms of both pace and scale, to make the most of the opportunities in the green revolution.

## 1.2 Policy context in the UK

### 1.2.1 Current policies and goals

Since 2017 the UK has actively pursued a green economy through a series of strategic policies with quantifiable targets. The **Clean Growth Strategy (2017)**<sup>2</sup> outlined the government's commitment to economic growth while curbing carbon emissions, setting a target to increase low carbon electricity generation to 80% by 2030 and improve energy efficiency in homes and businesses by 20% by 2030. Simultaneously, the **Industrial Strategy (2017)** aimed to drive innovation and economic growth, particularly in sectors aligned with clean energy and sustainability goals. It established a Green Finance Taskforce with the dual purpose of expediting investments in the UK's clean economy and expanding the country's international influence in establishing standards within this domain.<sup>3</sup>

<sup>1</sup> <https://www.energy-uk.org.uk/publications/uk-energy-transition-in-global-context/>

<sup>2</sup> Clean Growth Strategy, Department for Energy Security and Net Zero and Department for Business, Energy & Industrial Strategy, Published on 12 October 2017

<sup>3</sup> UK Government, Industrial Strategy, 2017

In 2019, the **Green Finance Strategy** was introduced, seeking to align private-sector financial activities with sustainable economic pursuits. This strategy aimed to encourage investments in green projects and environmentally friendly initiatives, including a commitment to issuing at least £15 billion in green bonds by 2023.<sup>4</sup> The same year marked a landmark commitment with the UK government setting a target for achieving **net-zero greenhouse gas emissions** by 2050. Complementing this initiative, the '2030 target' was outlined in the Nationally Determined Contribution (NDC), aiming to reduce emissions by 68% by 2030 relative to 1990 levels. Together, these ambitious goals emphasized the country's strong commitment to mitigating climate change and advancing long-term sustainability.

Then, the **Net Zero Strategy: Build Back Greener (2021)** was proposed as a transformative UK policy aimed at achieving net-zero greenhouse gas emissions by 2050. This strategy emphasizes green finance, targeting £90 billion annually by 2030, with a notable projection of creating 2 million jobs in the low-carbon sector by 2030. Committed to international leadership, the UK plans to submit the strategy to the UNFCCC, underscoring its dedication to global climate action. In essence, the Net Zero Strategy aims to provide a roadmap toward a resilient, low-carbon economy.

In autumn 2022, the government commissioned an **Independent Review of Net Zero**. Led by former Energy Minister the Rt Hon Chris Skidmore MP, the review was tasked with assessing the government's approach to net zero, to ensure it was pursuing the most economically efficient path to meeting its climate change commitments, given the changed economic context. The government published its **Powering Up Britain: Net Zero Delivery Plan** alongside its formal response to the review. This sets out progress towards meeting UK carbon budgets and plans for further policy action, to deliver on the 2050 net zero target.

The **2023 UK Green Finance Strategy** positions the country as a leader with initiatives like the £22 billion UK Infrastructure Bank and £26 billion in green gilts, presenting a £1 trillion investment potential for UK businesses by 2030. It emphasizes addressing climate risks and becoming the world's first Net Zero Aligned Financial Centre. The **Green Economy Framework: Memorandum of Understanding (2023)** with Singapore sets specific targets, including 5 GW of low-carbon hydrogen production and capturing 10 MT CO<sub>2</sub> annually through CCUS technology by 2030. Focused on green transport, low-carbon energy, and sustainable finance, the framework aims to drive collaboration through mechanisms like government policy dialogues and business matching, while extending support to emerging markets and developing economies, building on the legacy of COP26.

Collectively, these policies represent the Government's strategy to build a green economy, reducing emissions, and promoting sustainable growth in the UK.

### 1.2.2 Labour's policy position

The Labour Party's position on the green economy and environmental policies in recent years reflects a nuanced and evolving approach, marked by key policy adjustments. A pivotal

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<sup>4</sup> UK Government, Green Finance Strategy, 2019

moment in this trajectory was the announcement of the ambitious **Green Prosperity Plan** at the 2021 party conference. This plan, initially advocating for an annual investment of £28 billion until 2030 to "green" the economy, demonstrated the party's commitment to creating jobs in the energy sector and tackling the climate crisis.

However, in response to shifting economic circumstances, the Labour Party has revisited its Green Prosperity Plan. The £28 billion green investment pledge, initially intended for immediate implementation, has undergone a strategic revision. The revised approach involved pushing the green investment plan into the second half of the next Parliament, contingent upon Labour securing victory in the elections. This adjustment aligns with the party's emphasis on fiscal responsibility, with a commitment to prioritize fiscal rules over spending commitments. The shadow chancellor, Rachel Reeves, has expressed caution about a spending commitment that might pose challenges in delivery, showcasing a responsive and adaptable stance in the face of economic uncertainties.

Despite these adjustments, the Labour Party remains resolute in its commitment to environmental goals. The party has vowed to "double down" on these pledges, recognizing the interconnected nature of addressing both the cost of living and the climate crisis. In addition to these overarching commitments, Labour has unveiled plans for a 'Biden-style' green energy revolution, seeking to position the UK as a leader in a global green industrial transformation. With the mission of making Britain a clean energy superpower, Labour's policies extend beyond immediate environmental concerns. They include measures to cut energy bills, create jobs, and revitalize industrial heartlands and coastal communities—a comprehensive strategy for green growth and job creation.

Anticipating the next election to be a climate-focused one, the Labour Party is ready to engage in debates on its green policies. This underscores the recognition of the pivotal role that a clean energy future plays in shaping the country's trajectory.

### 1.2.3 Investment funds for green economy

Besides the 2023 UK Green Finance Strategy, the **Spring Budget (2023)** reinforced the Government's commitment to the energy sector, notably, a substantial investment earmarked to support new nuclear builds. Additionally, a noteworthy £20 billion was allocated for Carbon Capture, Utilization, and Storage (CCUS), with the Climate Change Agreement scheme extended for two more years to boost energy efficiency.

In the **Autumn Statement (2023)** the Chancellor made full expensing permanent, which allows companies to claim corporation tax relief on 100% of the cost of investments they make. The UK's capital-intensive green industries such as solar and offshore wind, which will also benefit from a new investment exemption from the Electricity Generator Levy. An additional £960 million was also announced for green industries to support strong clean energy manufacturing capacity across the UK and seize opportunities from the global net zero transition.

Priorities include enhancing energy efficiency, providing clean heat and developing renewables. Plans involve raising the Boiler Upgrade Scheme incentive from £5,000 to

£7,500, addressing policy gaps in minimum energy efficiency standards, and proposing landlord tax incentives and an Energy Saving Stamp Duty. Simultaneously, maintaining the UK's offshore wind leadership requires additional interventions, given the recent Contracts for Difference auction's limited success in securing renewable capacity. Urgent action in 'Trade & Investment,' with a focus on long-term spending commitments (e.g. £6 billion for 2025-28) and retrofit schemes, is crucial for fortifying the clean economy. These measures underscore the commitment to a sustainable and resilient future.

Reflecting on past investments, the **Green Innovation Fund in 2021** allocated an impressive £116 million to support businesses in reducing carbon emissions. Noteworthy allocations were made across various sectors, including sustainable public transport, where £500 million was dedicated to electric buses across England. Research and development grants for clean technologies received a boost with £20 million directed toward projects focused on hydrogen fuel cells and carbon capture. Additionally, nature restoration and biodiversity initiatives were supported with a notable £40 million allocated for tree planting in England. These comprehensive measures underscore the government's commitment to fostering green innovation, promoting sustainability, and advancing environmental goals.

### 1.3 Impact to the East of England

The East of England faces its own challenges in achieving climate and environmental objectives. The region, especially prone to rising sea levels, witnesses an annual rise of 2-3 millimeters, posing threats to coastal infrastructure, habitats, and communities, particularly in Norfolk, Suffolk and around the Wash. The frequency and intensity of extreme weather events, like storms, have increased by approximately 10-15% in recent decades. Additionally, coastal erosion results in an annual loss of 1-2 meters of coastline. Government green economy policies and investments play a crucial role in addressing these challenges in the East.

Policies promoting renewable energy have attracted significant investment to the East of England. The region benefits from job creation in key sectors such as renewable energy, energy efficiency, and sustainable construction. The East coast is recognized as a hub for offshore wind farms, garnering a total investment exceeding £10 billion in offshore wind projects. This encompasses infrastructure development, turbine manufacturing, and ongoing maintenance.

The **East Anglia ONE** offshore wind project, situated off the Suffolk coast, boasts a capacity of 714 megawatts, providing clean energy to approximately 630,000 homes. The project has generated over 3,000 jobs during construction and continues to support local employment in operations and maintenance.<sup>5</sup> These initiatives contribute significantly to the regional economy through supply chain contracts, port facilities, and associated

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<sup>5</sup> <https://www.eastsuffolk.gov.uk/planning/national-infrastructure-and-energy-projects/offshore-windfarms/east-anglia-one-and-east-anglia-three/>

services. Notably, East Anglia ONE dedicates £4 million annually to community projects, spanning education, health, and environmental programs.

The Association for Renewable Energy and Clean Technology (REA) estimates that the region currently employs over 11,000 people across the renewable energy sub-sectors (predicted to rise to over 16,000 by 2035 – a 46% change). While the value of these sectors is currently estimated at £1.8bn (predicted to rise to £3.6bn by 2035 – a 98% increase).<sup>6</sup>

Green infrastructure investments, particularly in electric vehicle (EV) charging networks and smart grids, are significantly enhancing the East of England's resilience while facilitating the transition to cleaner technologies. The region, boasting 1,037 public EV charging points as of January 2023 and nearly 22,000 private electric vehicles, anticipates a potential demand for an additional 10,000 public charging points by 2025 and a substantial 54,000 by 2050.<sup>7</sup>

Policies emphasizing nature-based solutions impact the East of England's ecosystems. Restoration of wetlands, reforestation, and habitat protection contribute to biodiversity and climate resilience. Local Nature Recovery Strategies (LNRSs) aim to restore and enhance 500,000 hectares in the East of England by 2042, fostering a resilient habitat network. Specific targets include restoring 25,000 hectares of wetlands for flood control and wildlife habitat, planting 1.5 million trees by 2025 for carbon sequestration, and protecting 20% of land, including woodlands and grasslands.<sup>8</sup> These precise goals exemplify the East's commitment to robust nature-based solutions, enhance biodiversity, and promote climate resilience, aligning with the principles and goals of the green economy.

The East of England's green economy benefits from substantial investment, job creation, and localized supply chains. These projects play a pivotal role in achieving the UK's net-zero goals while positively impacting the region's economy and communities.

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<sup>6</sup> REVIEW23, The REA'S Annual State of the Industry Report, 2023

<sup>7</sup> <https://www.transporteast.gov.uk/electric-vehicles/>

<sup>8</sup> Delivering on the Environment Act: new targets announced and ambitious plans for nature recovery, from Department for Environment, Food & Rural Affairs and Natural England, published on 16 March 2022



## 2 THE GREEN ECONOMY IN THE EAST

The green economy is a broad category describing a range of traditional and emerging industries. It comprises relatively new businesses utilising technological innovations that can be difficult to define and analyse using standard methods.

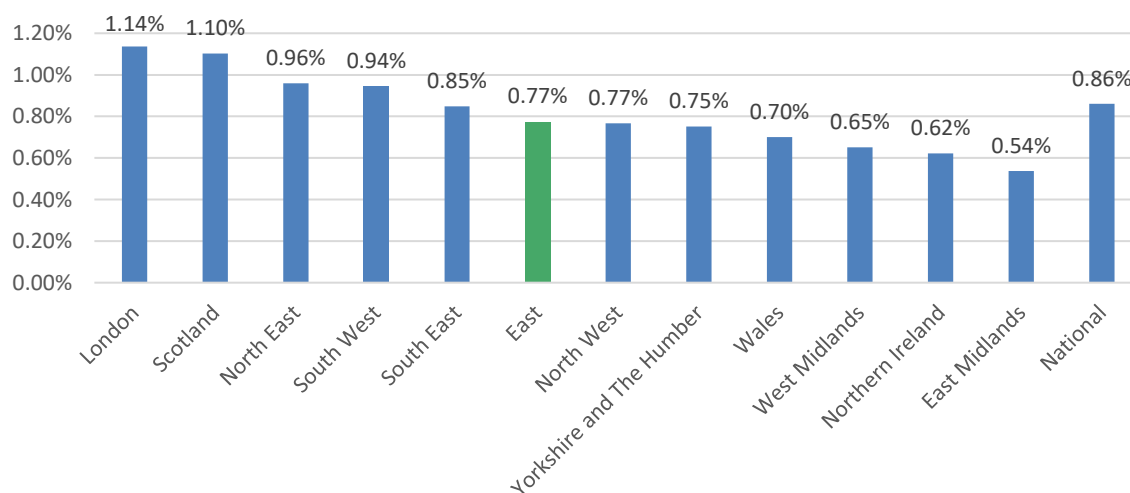
Standard Industrial Classifications (SIC codes) are used by Government agencies to classify businesses by sector but there are a number of green industries for which accurate codes are not available (e.g. the manufacturing of solar panels would fall within the more general code for the manufacturing of electrical components). The Office for National Statistics have started to compile survey data for the Low Carbon and Renewable Energy Economy (LCREE) but these estimates are not yet available at the regional level.<sup>9</sup>

The following analysis has been conducted using datasets compiled and categorised by the Data City platform. This provides a real-time view of business formation in the UK’s emerging economy, using Real-Time Industrial Classifications (RTICs)<sup>10</sup> to accurately describe economic activity at different geographical levels.

### 2.1 Businesses

The East of England is home to 2,086 green economy businesses, comprising less than 1% of all businesses in the region. This percentage is lower than the national average of 0.86% and ranks below four other regions: London, Scotland, North East, and South West. This data suggests that while the East of England has a notable representation in the green economy, there may be opportunities for further development of green businesses and alignment with national and other regional benchmarks.

**Figure 2. Percentage of Green Economy Business in all regions and nations**

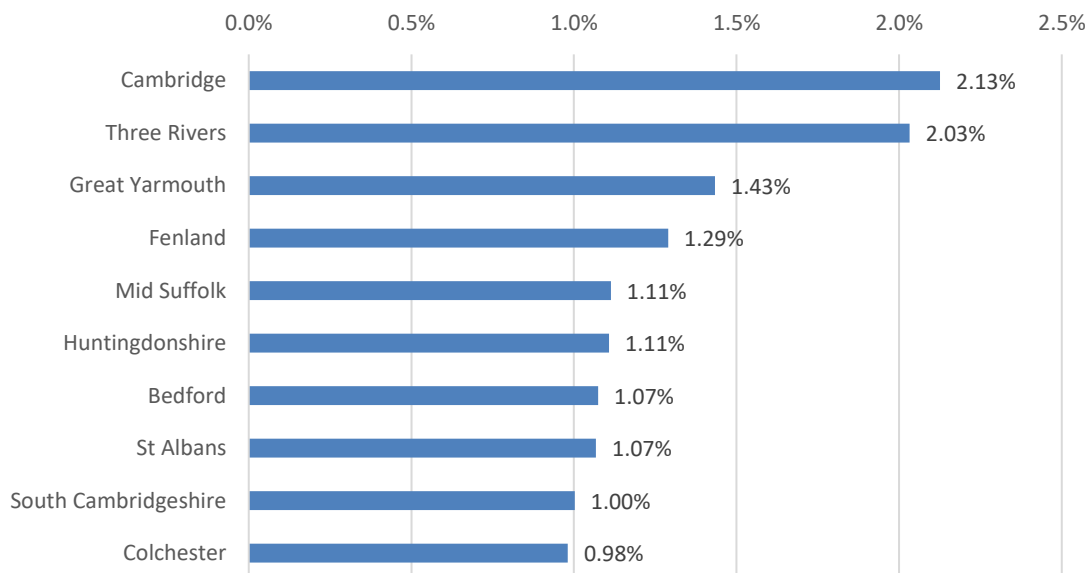


<sup>9</sup> <https://www.ons.gov.uk/economy/environmentalaccounts/bulletins/finalestimates/2017>

<sup>10</sup> <https://thedatacity.com/rtics/>

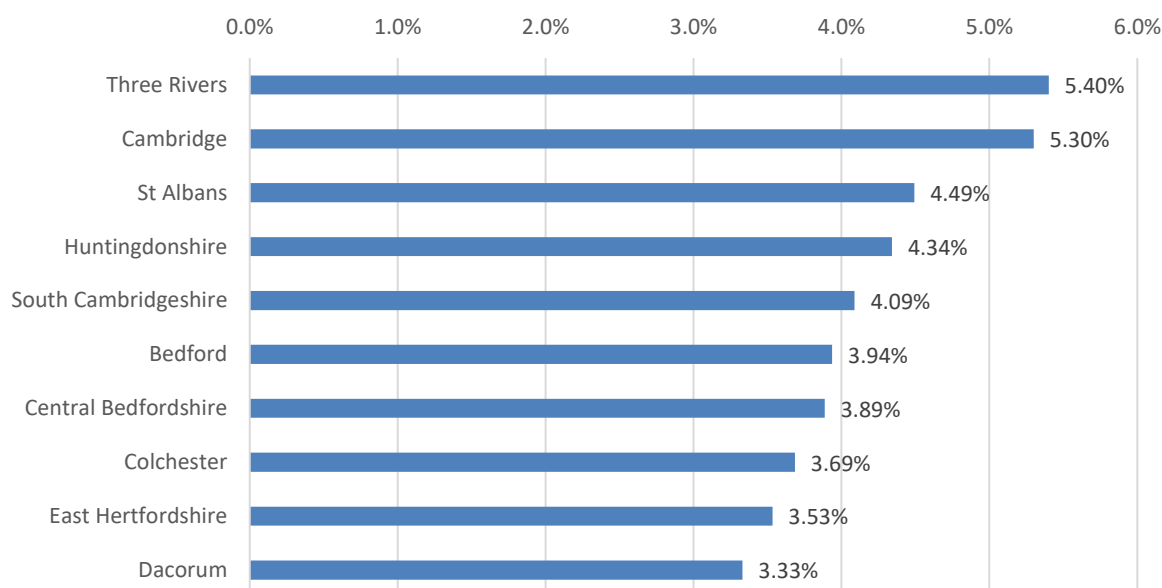
At the district level, Cambridge stands out with the highest proportion of all businesses, 2.13% within the green economy sector, surpassing both the regional (0.77%) and national average (0.86%). Notably, 21 local authorities in the East have a percentage of green economy businesses exceeding the regional benchmark. For further details, the other top 9 authorities are listed in Figure 3 below.

**Figure 3. Percentage of all businesses in the green economy by local authority (Top 10)**



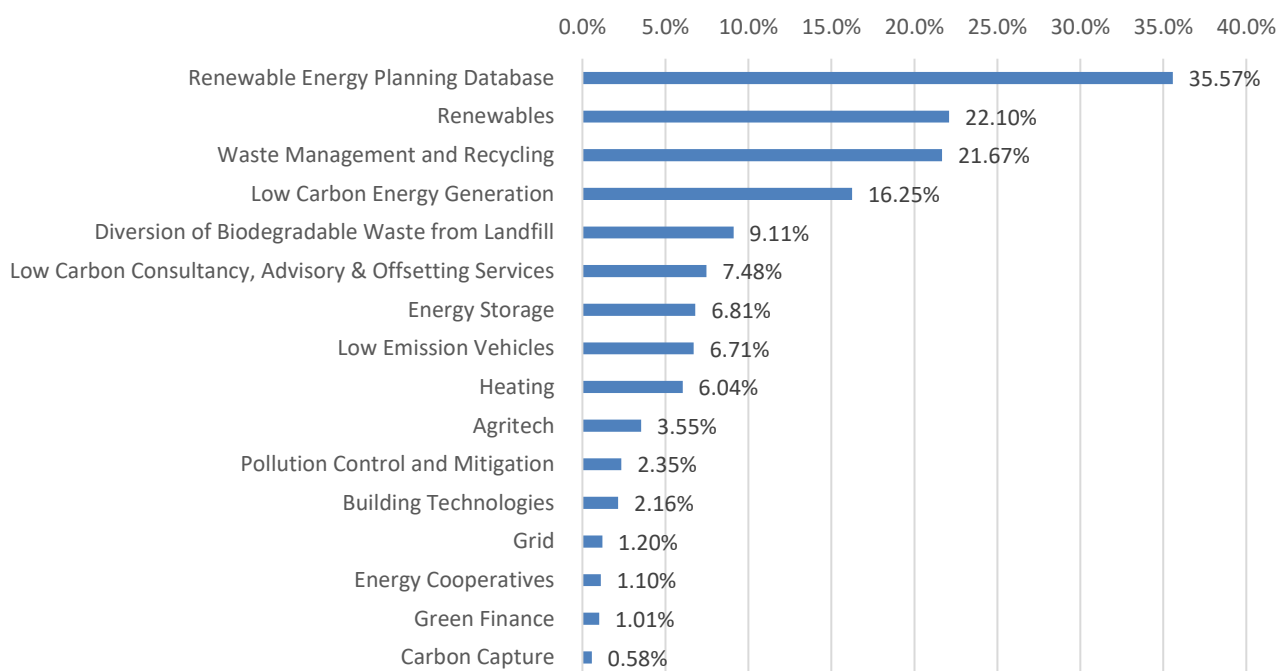
Green economy businesses appear to be relatively evenly distributed within the region, with only Three Rivers and Cambridge boasting over 5% of the total green economy businesses in the East, see Figure 4 below.

**Figure 4. Percentage of Green Economy Businesses in local authorities compared to the total number of Green Economy Business in the East (Top 10)**



The Green Economy spans a range of subsectors working towards reducing greenhouse gas emissions, including energy generation and distribution, manufacturing, construction, consultancy and planning services, among others. More detailed information about the percentage of businesses in each subsector in the East is provided in Figure 5. For instance, the Renewable Energy Planning Database claims the largest ratio of businesses in the East at 35.57% (742 businesses).

**Figure 5. Percentage of business in each subsector of Green Economy in the East<sup>11</sup>**



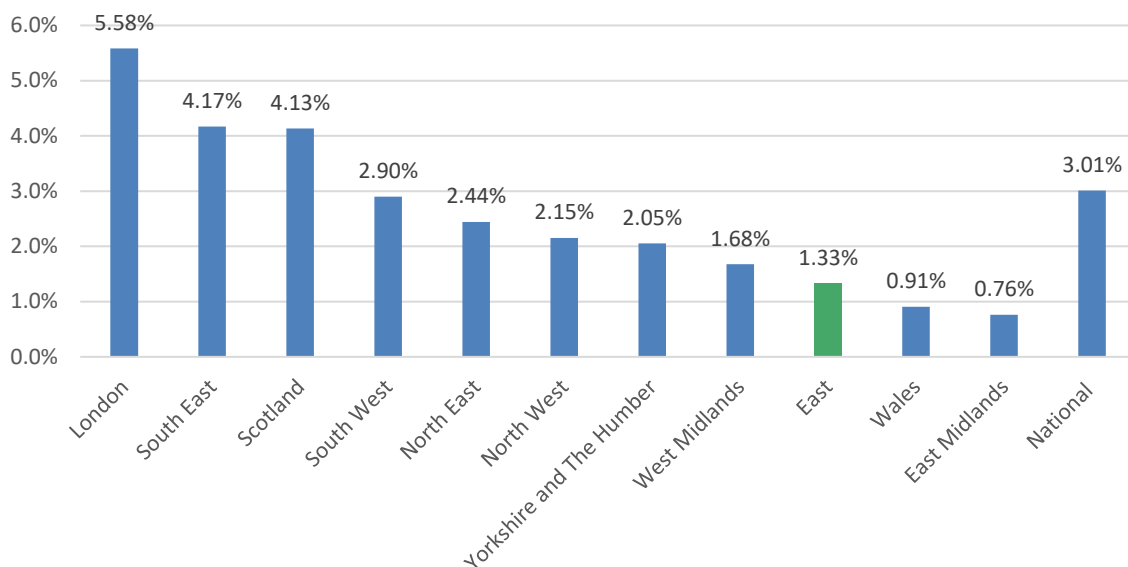
## 2.2 Employees

Building on the analysis of the business stock, we are able to explore workforce insights within the green economy. The East of England has 37,717 green economy employees, constituting 1.33% of the total workforce in the East. However, this percentage falls notably below the national average of 3.01% and ranks below nearly all other regions, with the exceptions of Wales and the East Midlands. This discrepancy suggests a potential gap in the region's integration of green employment compared to the national level.

To enhance understanding, a deeper exploration into the specific industries contributing to the green economy workforce, skill shortages, skill gaps and potential barriers could provide more reliable insights for targeted strategies to bolster green employment in the East of England.

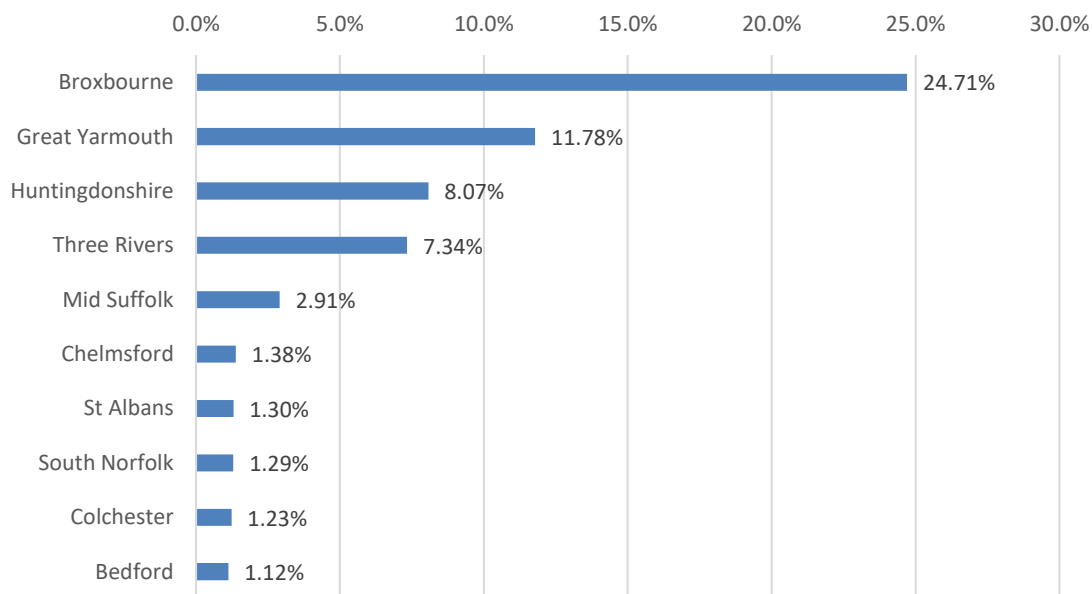
<sup>11</sup> Note, as per DataCity's categorization rule, a single company could belong to multiple subsectors. Consequently, the percentages for sub-sectors presented in Figure 5 do not sum up to 100%.

**Figure 6. Percentage of Green Economy Employees in all regions and nations**



At the district level, Broxbourne stands out with the highest proportion of green economy employees (24.71%). This significantly surpassing both the regional level (1.33%) and other authorities. Notably, only 6 local authorities in the East have a percentage of green economy employees exceeding the regional benchmark. The other top 9 authorities are listed in Figure 7 below.

**Figure 7. Percentage of all Green Economy Employees in local authorities (Top 10)**



The distribution of green economy employees appears relatively concentrated, with 59.35% (22,385) of the total green economy employees in the East located in four local authorities (Broxbourne, Huntingdonshire, Great Yarmouth, and Three Rivers). Additional details are provided in Figure 8 below.

**Figure 8. Percentage of Green Economy Employees in local authorities compared to the total number of Green Economy Employees in the East (Top 10)**

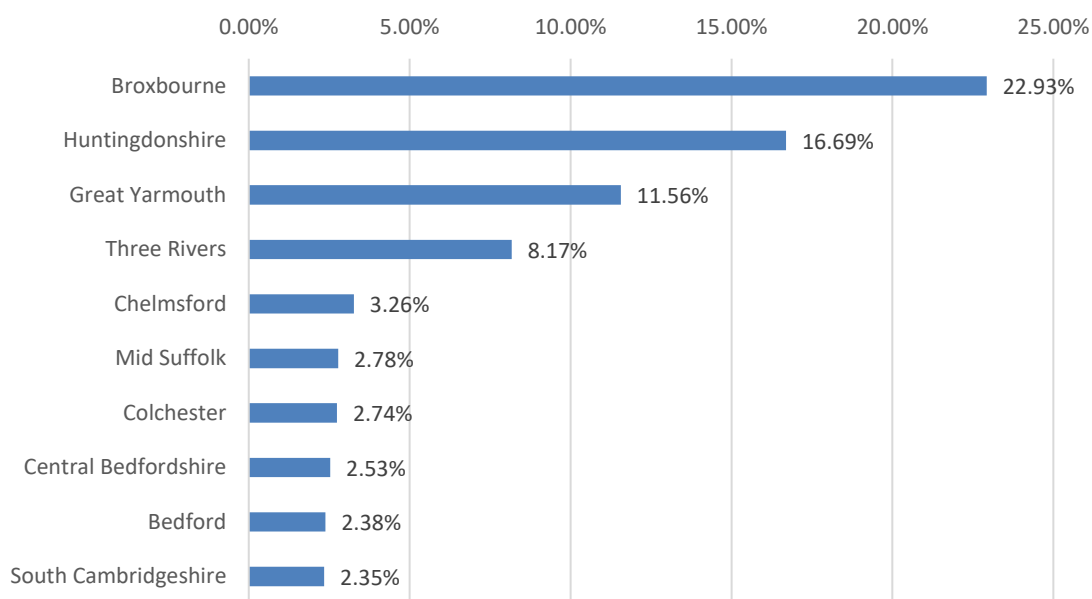
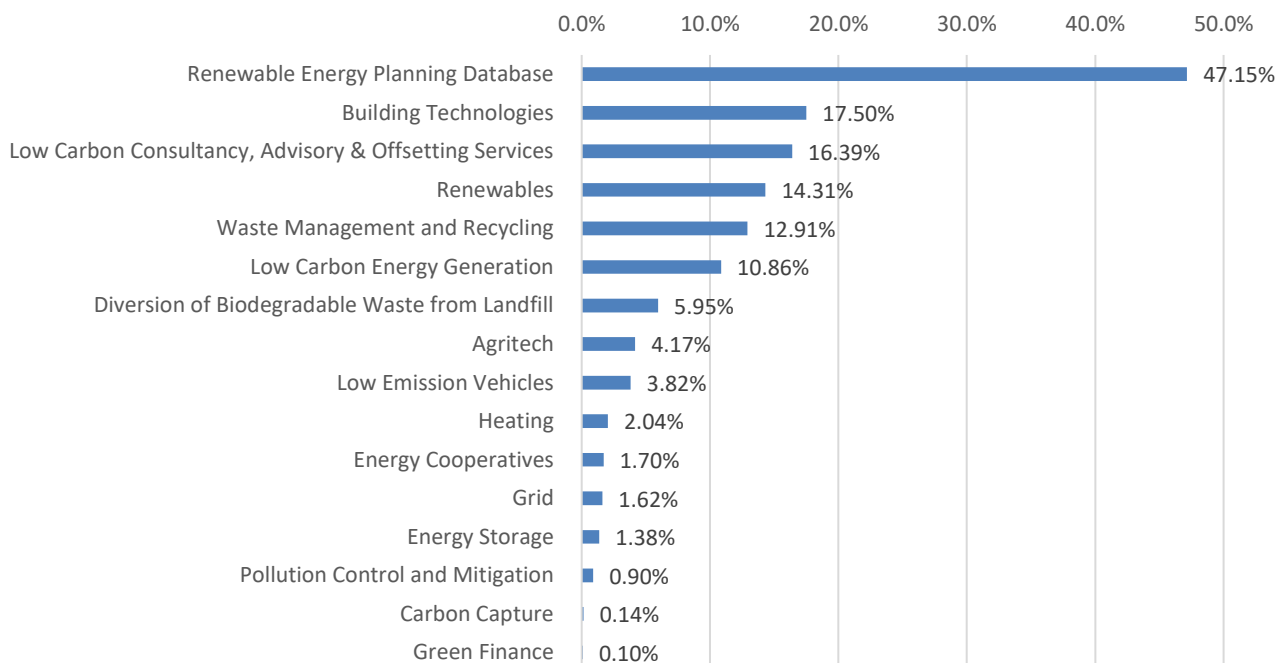


Figure 9 offers more detailed information about the percentage of employees in each subsector in the East. For example, the Renewable Energy Planning Database claims the largest share at 47.15% (742 employees), shedding light on the concentration of workforce within specific green economy subsectors in the region.

**Figure 9. Percentage of employees in each subsector of Green Economy in the East<sup>12</sup>**



<sup>12</sup> Note: Employees might belong to multiple subsectors. Consequently, the percentages for subsectors presented in Figure 9 do not sum up to 100%.

### 3 CHALLENGES FACING THE GREEN ECONOMY

For advanced economies such as the UK, the challenge facing a transition towards a greener economy relates not only to supporting investments needed to achieve net zero targets, but also to capturing growth opportunities where domestic firms and innovators are able to create products and services competitively and meet growing global demand.

#### 3.1 Building on strengths and addressing weaknesses

Such an approach must recognise the East’s comparative advantages, its status as one of the major green energy hubs, and as a knowledge economy with significant strengths across its research system and areas of high value manufacturing. The East has specific strengths in the innovation of key clean technologies such as offshore wind, with opportunities for the development of hydrogen technologies, Carbon Capture Usage and Storage (CCUS) and tidal energy which can generate high spillovers (as measured through forward citations in patents).

Figure 10. Regional map of key locations and assets in renewable energy and clean technologies <sup>13</sup>



Many of these strengths are found in less productive parts of the region, suggesting that support for key green technologies can help to address longstanding inequalities. Offshore wind provides an interesting case study – while the UK has led in its deployment, and is specialised in related innovation, supply chain benefits have been largely retained within

<sup>13</sup> REVIEW23, The REA’S Annual State of the Industry Report, 2023

non-UK businesses that have led the process. Future development opportunities in the region, for example in hydrogen and tidal energy - need to safeguard against this.

**Case study: Centre Port Tidal Barrier**

Centre Port, a UK-based international port developer, is seeking to create a £2bn scheme which will be the world's first tidal-powered container port spanning the mouth of the Wash.

An 11-mile-long structure built across the estuary between Lincolnshire and Norfolk, will provide a container port, a connecting road, and rail terminals linked into the East Coast Main Line.



The structure will incorporate a series of water turbines to provide clean tidal energy and also act as a flood defence for more than one million people. This development would create up to 1,700 jobs, power 600,000 homes and businesses, and handle 1.5m shipping containers a year.

The UK is currently the global leader in tidal energy development with the greatest generation capacity (both installed and under development) and the largest quantity of tidal stream technology developers.<sup>14</sup>

Capitalising on innovative specialisms in this emerging technology could generate local benefits, through supply chain development, as well as spillovers and synergies with other offshore sectors.

Overall, investments in tidal energy innovation would support regionally balanced growth through direct returns to public investments. A joined-up regional strategy for tidal, offshore wind, hydrogen and carbon capture could yield greater economic benefits than pursuing any one area alone.

However, in addition to clear strengths and opportunities, there are also areas where the UK and the East is not specialised, but where domestic capabilities are necessary for security

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<sup>14</sup> [Seizing sustainable growth opportunities from tidal stream energy in the UK, LSE Policy report, June 2023](#)

and resilience purposes, such as battery technologies which are seen as crucial for the future of the automotive industry.

### 3.2 Bridging the green skills gap

The UK is falling behind on the skills needed to drive the green economy. The scale of the challenge was revealed in LinkedIn's annual Global Green Skills report, which found that the UK is trailing several major economies when it comes to green skills.

The Net-Zero Strategy details the requirement of a further 440,000 green jobs by 2030. The Environmental Audit Committee has argued that, without an official definition of what makes a role 'green', Ministers cannot credibly claim to be developing robust job creation plans. In fact, most jobs requiring green skills are not traditional green jobs.

Approximately 80% of the current workforce will still be working in 2030. This suggests an urgent need for policy makers and industry to work together to promote re/upskilling and encourage a fresh pipeline of talent. A place-based account of the growth potential and employment requirements in the green economy is need for the region. This should be central to local industrial and skills strategies and aggregated at the sectoral and regional level.

The Government's introduction of the **Lifelong Learning Entitlement** will provide adults with the opportunity to access loans for training while the introduction of the **Local Skills Improvement Plans** should address the mismatching in the supply and demand for skills training. For example, one company in the East of England recently reported their difficulty in finding locally based training for cable jointing in the offshore wind sector. Their needs are currently being met by a company based in Staffordshire. The establishment of a regional skills observatory would help improve labour market intelligence and better match the supply of skills training with the current and future demands of industries in the green economy.

The recommendations of the **Green Jobs Taskforce**, featuring representatives from businesses, trade bodies, education and NGOs, will sit with the next Prime Minister to deliver. These include a properly updated Careers Strategy which takes into account the need for changing skills as the UK delivers on its goals. This will be important not only for climate reasons but for international trade of clean technologies, post-Brexit, and helping to 'levelling up' the region through access to skilled jobs.

### 3.3 Regional policies

Policies for a regional green economy must respond and be tailored to the unique context, targeted towards technologies where the East has or must have strengths. Key short-term priorities should include removing policy barriers to investment (e.g. planning restrictions). The Chancellor's announcement to reform the planning process for infrastructure and significant projects, with guaranteed faster timelines, will help in this regard. As will making the full tax deductibility of capital investment permanent.



Achieving Net zero will require a transformation of the UK energy grid on a scale unseen since the 1960s. An upgraded grid will allow millions of homes to install solar panels, heat pumps and EV chargers, and will unlock investment and business growth. Government and Ofgem will need to ensure that the network in the East of England can invest in capacity, including electrical substations, to accommodate new energy sources before producers and consumers (domestic and commercial) of energy begin to experience problems with connections.

Stronger institutions with a view to regional growth policy are also needed to help join up the many disparate parts of the green economy in the East. Local Area Energy Plans, which are currently being piloted in 20 areas across the UK, will sit with local authorities limiting their potential scope and reach. With the demise of the LEPs growth plans will also become more localised. Mechanisms are required to ensure green industrial policies are connected with a broader growth strategy for the region. Such structures will provide investors with confidence to make the long-term investments that are needed for sustainable growth and give the workforce a clear vision for the region's potential over the next decade.

Like other periods of structural change, the transition towards net zero will create winners and losers. While net zero creates many opportunities, some communities will oppose plans for net zero infrastructure in their locality, some workers will be displaced and find it hard to transition into other occupations or adjust to new tasks and skills, and some households will find it hard to afford the upfront costs of energy efficiency improvements, heat pumps and electric vehicles – particularly in a cost-of-living crisis.

It is therefore crucial that the distributional aspects of related policies are understood and managed fairly, with targeted support for those that need it. A clearer regional vision (ideally cross-party) and communication of net zero and green industrial policies, accompanied by more participatory decision-making at the local level, are likely to help to achieve lasting support for policies that can make the economy stronger as well as more sustainable in the years ahead.

During a Westminster Hall debate on renewable energy Peter Aldous MP (Waveney) contended that the transition to a zero-carbon economy “puts the east of England right in the vanguard of the UK's energy system”. He emphasised the need for strategic planning and government support and highlighted the importance of government policies, infrastructure development, and collaboration with businesses and educational institutions. He advocated for a coordinated effort to maximize economic growth and prosperity during the energy transition.<sup>15</sup>

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<sup>15</sup> <https://hansard.parliament.uk/commons/2023-07-11/debates/B444077F-B532-4F35-94E4-BCE255453F21/RenewableEnergyInTheEastOfEngland>

## 4 CONCLUSIONS AND POLICY RECOMMENDATIONS

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The green economy encompasses a broad range of economic activity that is directly contributing to a low carbon footprint and more sustainable use of resources. This includes the development of new technologies, new sources of renewable energy, cleaner transport usage, organic waste recycling, as well as decarbonisation solutions for homes and businesses.

The East is at the vanguard of the green economy particularly in relation to renewable energy, with specific strengths in the innovation of clean technologies such as offshore wind, biomass, solar and hydrogen. The region is a major green energy hub with a number of important assets across energy parks and research institutions.

Despite the growth and potential for future development the green businesses represent a relatively small proportion of the wider economy. The East of England is currently home to 2,086 green economy businesses. This constitutes less than 1% of all businesses in the region, which is just lower than the national average. Cambridge stands out with over 2% of all businesses in the green economy sector, surpassing both regional and national averages, while 21 local authorities in the East exceed the regional benchmark. Of all the green economy businesses in the region, Three Rivers and Cambridge have the largest share with over 5%.

In terms of workforce, the East of England has 37,717 green economy employees, accounting for 1.33% of the total workforce, lower than the national average, with only 6 local authorities exceeding the regional benchmark. The distribution of employees is more concentrated than the distribution of businesses, with 59% of green economy employees located in four authorities: Broxbourne, Huntingdonshire, Great Yarmouth, and Three Rivers.

Further exploration into specific industries, skill shortages, gaps, and barriers could provide insights for targeted strategies to drive business growth and enhance green employment in the region. The Eastern Powerhouse would like to see a coordinated, regional approach to the development of the green economy. This could include:

- A **regional net-zero institution** ‘Green East’ connected to an Office for Net Zero Deployment,<sup>16</sup> leading on strategy and policy for the integration of:
  - Local area energy plans
  - Green skills
  - Industrial strategy
  - Green finance
  - Strategic infrastructure planning.

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<sup>16</sup> Recommended within Chris Skidmore’s Net Zero Review

In the absence of regional or sub-regional entities, most strategies and plans will fall within the jurisdiction of central and local government. However, the green economy, and important green hubs are developing across the East in a disparate pattern. This would benefit from greater coordination and integration. A regional institution for the green economy could be equivalent to other regional bodies (e.g. Transport East) providing a single voice for councils, business leaders and partners about the region's strategy for green investment priorities, working in close collaboration with the government and the rest of the UK.

- A **green investment zone**. The East is one of the few regions in England without an investment zone. This could build on any one of a number of 'green hubs' in the region (e.g. the OrbisEnergy Centre / Enterprise Zone in Lowestoft, or as a 'hub and spoke' operation connecting numerous sites across the region.
- **Green finance hub**. A regional investment fund, connected to a UK green taxonomy, to attract investment groups to opportunities in the region and to work with the finance industry to deliver low carbon products such as green mortgages and business loans.
- Adopting the recommendations of the Independent Review of Net Zero, government should back at least one **Trailblazer Net Zero** city in the East of England with the aim to reach net zero by 2030.
- Government and Ofgem will need to ensure investment in the regional **grid network**, including electrical substations, to accommodate new energy sources before producers and consumers (domestic and commercial) of energy begin to experience problems with connections.
- A regional **skills observatory** to improve the supply of skills training to meet the demands of businesses in the green economy.



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