

Low carbon economy

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Context

As part of the attempts to close the region's output gap, the West Midlands Economic Strategy (WMES) has recognised the importance of a low carbon economy and the need to place sustainable development at the forefront of future development work.

The WMES sees a low carbon economy for the region as a vehicle to capture the economic benefits of increased efficiency and, at the same time, a reduction in direct carbon emissions. The region has the strengths in engineering, science and technology to deliver low-carbon solutions, and then to transfer those to national and international markets.

Producing the WMES, the first low carbon strategy within the UK, was a significant achievement; however it represents only the beginning of the journey towards a low carbon economy. Developing an integrated and robust evidence base is critical.

Since summer 2008, Advantage West Midlands (AWM) and the West Midlands Regional Observatory have been working together on a three year programme that will enable the region to develop a stronger and more coherent evidence base around the low carbon economy.

Aims of the programme

The programme of work between AWM and the Observatory is designed to:

- Monitor the region's performance as it tries to develop a low carbon economy
- Identify the opportunities that a low carbon economy can offer
- Consider the impact that policy interventions will have in the region

First year's programme

The first year's findings highlight that even though the region has made progress in delivering a low carbon economy, with improvement shown against several low carbon indicators, more still needs to be done. When comparing the region with the rest of the English regions, the West Midlands' ranking typically places it between fourth and sixth position amongst all regions.

After taking account of current international, national and regional policies, including those in the WMES and Regional Spatial Strategy (RSS), the West Midlands faces a 1.75 million tonnes per annum carbon gap to achieve the targets in place for 2020. This amounts to 330kg per person, the equivalent of driving 1250 miles in a Ford Fiesta or one return flight from Birmingham to Rome for every West Midlands resident per annum.

The region has already had some success in decoupling economic growth and its environmental impacts. In recent years, regional output has grown steadily, whilst carbon emissions and energy use have been stable or declined slightly. However, we still lag well behind the best performing regions. To improve further, the region will need to become more efficient in delivering current activities as well as developing new technologies and processes which are low carbon.

Moving into a low carbon economy will bring challenges that the region must overcome. Individual and corporate behavioural change will be needed to reduce emissions from businesses, homes and transport. However, there are also opportunities available. Investing in new environmental technologies can support the low carbon economy while also providing an opportunity to reduce the current productivity gap of the region.

The research documents delivered during the first year of the programme include:

- Understanding the West Midlands' carbon gap
- Decoupling into a low carbon economy
- West Midlands climate change action plan, targets & monitoring
- Measuring the scale of the challenge: sustainable development indicators
- Analysis of the Regional Index of Sustainable Economic Well-being

Second year's programme

The purpose of this year's research is to develop a clear understanding of the region's opportunities for growth into a low carbon economy. The focus of the work will be to identify the impact and opportunities that carbon reduction policies will have on businesses at regional and local authority level.

The research comprises the following stages:

- **Stage one** will develop regional work that identified the sectors that could be more vulnerable to carbon reduction policies, down to local level to help give a sub-regional understanding of the evidence.
- **Stage two** will identify how the broader economy in the region can take advantage of the opportunities a low carbon economy will offer and how to monitor the growth and diversification into the relevant sectors.
- **Stage three** will develop a clear understanding of the barriers that the region will face to take advantage of the opportunities identified previously.

The report will be available in December 2009.