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Energy infrastructure, meanwhile, makes up 46% of the sectors have received consistent backing from the government. New build); other sectors have been stifled by either stalled projects or their approval at the local level. Fracking and tidal lagoons. But political backing for both has not been forthcoming. Gas has not received the backing at the local level. Similarly, the National Infrastructure Advisory Panel has advised using renewables for power generation rather than the collapse of the UK’s pipeline oil and gas projects.

The persistent low oil price has also dampened optimism surrounding the sector, dashed by the turn of the “super maturity”, cost of extraction. At the same time, anticipated foreign investments in the energy gas was not forthcoming. Hydraulic fracturing has also stalls despite...
Fig 6  Client sectors annual revenue growth, 2013-2017 (£m)

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<tr>
<th>Annual growth (£ million)</th>
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Fig 7  Client sectors annual revenue growth 2013-2017 (%)

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Fig 8  Client sectors 5 year growth, 2015-17 (£m)

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Fig 9  Client sectors annual revenue forecast, 20

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5. Government & agencies

Historically many UK environmental consultancies have benefited from very close relationships with the public sector – with some including the legacy firms of ADAS (now part of RSK) and AEA (Ricardo Energy & Environment), as well as Cefas originating from state-run entities – working closely with national government bodies together with local authorities in a range of advisory roles. However, following on from the recession the pot of money available for government organisations to spend directly on consultants was significantly eroded as a result of austerity measures from 2010. And it is only in the last couple of years things have started to look more promising again in this sector.

Fig 14   EC revenue from government & agency clients (£m), 2009-2019e

Fig 15   Top 20 EC firms working for government & its agencies, 2015-20
Opportunities and outlook

In terms of the outlook for central government spending on EC services, we distill some key pointers from the currently available budget figures from recent spending reviews. With the next five-year review due this year the UK only has budget forecasts up to 2020. From 2017/18 to 2019/20 departmental spending is projected to increase from around £35bn to £37bn, with big increases in spending from the DfT (+43%), DfID (+11%) and BEIS (+7%) (Figure 20). This is a result of Philip Hammond’s first Autumn Statement as Chancellor of the Exchequer under Theresa May where he “reset fiscal policy” and eased austerity; something May reiterated in her Conservative Party conference speech in 2018.

Spend from the MHCLG will fall 19% to £3.8bn over the next three-year period, with knock-on impacts to the local authority sector (see Section 5.2). Spend from Defra meanwhile is still forecast to fall by 13% to £2bn (Figure 21). With half of Defra’s funding coming from the EU (particularly for agricultural and environmental work through the Common Agricultural Policy) the decision for the UK to leave the EU will have a significant impact on this department’s future financing. A no-deal Brexit will mean it not only has to find a new source of revenue to replace the CAP, but it will also need to find around £3.3bn of funding to fill the hole it left in the CAP budget and dramatically change agricultural funding. The government’s Agriculture Bill aims to fill part of the void by replacing the ‘payment for public services’ which will see farmers paid not by how much land they own but by how much land they improve and care for the land they have with rewards for improving soil, water and air quality.

DECC spend was due to fall 20.4% to £2.9bn by 2019/20; however, the government will now scrap the Brexit vote and subsequent merger of this department with Greg Clark’s BEIS department is now on hold. Instead we now know BEIS spend is due to increase by around 7% but is still equivalent to around £3bn.

The standout area as far as environmental consultancies are concerned will be the Department for Environment, Food and Rural Affairs (Defra) and the Department for Transport whose budgets are projected to grow at 43% to £11.7bn respectively by 2019/20 (Figure 21).

Environment Analyst’s 2018 EC Market Trends Survey undertaken by environmental consultancies gauged the growth prospects – as gauged by consultants themselves - of the major client areas. Response rates were lower in the EC sector of all the major client areas. Respondents five years at a subdued 3.0%.

Fig 20  UK total government departmental spending forecasts in real terms (£bn)
6.1 Energy

Energy policy has been fairly dynamic in recent years as the government is attempting to counterbalance a telegram of energy issues in the UK, security of supply, affordability and decarbonisation. However, big policy changes and the absence of an energy white paper (the last was in 2011), has created an air of uncertainty in the energy markets. Severe subsidy cuts to renewables, the announcement of a total shut down of coal-fired power plants by 2025, the hiatus around Hinkley Point C (not to mention the abandonment of other nuclear new build plans at Moorside, Wylfa Newydd and Oldbury) and the rejection of government support for the Swansea Bay Tidal Lagoon project has left observers perplexed. Not least because in 2018 BEIS estimated the UK needs to deliver around 43 gigawatts equivalent of new build power producers by 2025. With 14 GW of this due to interconnectors the concern of the UK’s energy gap has come to the fore again.

There is a spike in the need for EC support from energy clients at the start and end of an asset’s life, although ongoing permitting, monitoring, compliance and optimisation activities provide a continuing opportunity for consultancies to get involved in between these two phases. Environmental impact assessment is a key feature of a project’s planning application while investigations can help take the asset out of service. With a significant volume of North Sea oil & gas infrastructure and nuclear power stations reaching their end of lives, a new wave of generating capacity is expected to replace them, so the short- to mid-term drivers of the conventional energy sector are the rise of renewables and drive for decarbonisation.

6.1.1 Oil, gas & nuclear

State of the market

Long-term climate ambitions have the UK set on a path to electrify the majority of the UK’s energy mix. In 2017, 70% of the UK’s electricity was generated by gas-fired and nuclear power stations reaching their end of lives, a new wave of generating capacity is expected to replace them, so the short- to mid-term drivers of the conventional energy sector are the rise of renewables and drive for decarbonisation.

However, the delivery of a new coal power station that dogged the commissioning of the new coal power station was never worthy of a pantomime, and

Late in 2018 Toshiba has failed to find a buyer. EDF business – effectively in Gloucestershire - Assessment and groundwork and nuclear power plant annual output 2.5%
Mining and quarrying in the UK suffered badly in the 1970s and 80s as relationships between trade union and the then Conservative government reached an all-time low. However, there was something of a recovery mining and quarrying during the first few years of the current decade helped by the global commodity cycle just prior to the recession and then again between 2011-2013 (Figure 71). Mining and quarrying in the UK reacted to reach £36bn in 2000 and £32bn in 2011. However, the commodity price sector slide to £18bn in 2016 (Figure 70). There has been a slight recovery in 2017 but still historically low for this millennium. Around 85% of the UK’s non-energy minerals are used in the aggregates industry with 1,300 quarries and 28 marine aggregate dredgers producing up to 10 million aggregate a year.

By contrast, the chemicals & pharmaceuticals sector has been relatively strong in decades, while the value added has been stable at £40bn a year (Figure 72). Major trade bodies monitor production and costs.