

STATE OF THE INDUSTRY

EIC Land Remediation Yearbook 2008 Industry Survey

Land assessment and remediation is part of the 'critical path' to achieving key goals for society such as new housing on brownfield sites, regeneration of derelict areas and major projects such as the Olympics.

The industry that carries out this work has gone through a period of rapid development in recent years. Looking ahead at the changes coming up in legislation, technology and market drivers, it looks set to continue to be a dynamic industry in the future.

EIC, therefore, has conducted a wide-ranging survey to find out more about the state of the industry, key barriers to growth, the policy framework and the industry's view of the Government's initiatives to help it develop. The survey was conducted between February – March 2008.

The overall message is of a healthy and growing market, but one still hampered by inappropriate legislation and support from the public sector.

Most notably, the responses suggest that some 20 per cent of the costs and time of brownfield assessment and remediation could be saved through regulatory improvements (without reducing environmental protection). The total annual market for contaminated-land assessment is over £1bn (according to a Market Business and Development study) meaning that over £200M is wasted each year due to failures in regulation.

Furthermore, when asked whether Government was doing enough to support sustainable approaches to contaminated land, a massive 90 per cent said no, with local authorities faring little better at 80 per cent and the Environment Agency the least worst at 70 per cent.

Taken together, these results show a continuing frustration that the developments in skills and technologies in the land-remediation sector are not matched by the regulatory framework and its implementation.

Survey Respondents

52 per cent of respondents to the survey were consultancies, 36 per cent were contractors, 9 per cent were technology providers and 3 per cent other. The average UK land-remediation turnover was £3.2M, with a range from £0 - £8M.

The Market

The overall message of the survey is that the market is healthy – and most participants expect it to continue to grow, despite the predicted economic slowdown.

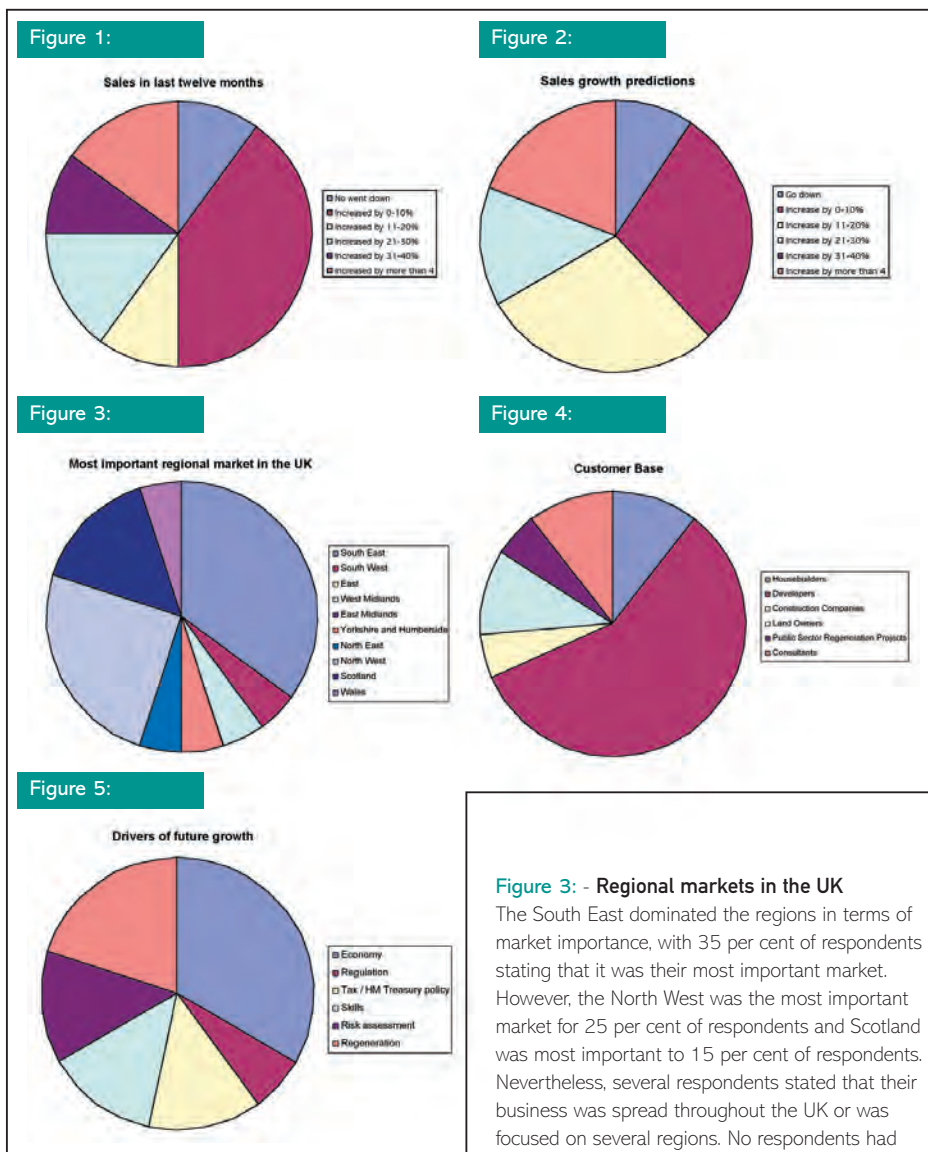


Figure 1: - Sales in the last 12 months
Some 86 per cent of respondents reported that their sales increased in the last 12 months, with only 14 per cent reporting a fall in sales. Meanwhile, 10 per cent reported a growth in sales of more than 40 per cent.

Figure 2: - Sales growth predictions
Sales confidence for the next 12 months is high, with 90 per cent of respondents reporting predicted growth in the next year and 19 per cent anticipating growth of more than 40 per cent.

Figure 3: - Regional markets in the UK
The South East dominated the regions in terms of market importance, with 35 per cent of respondents stating that it was their most important market. However, the North West was the most important market for 25 per cent of respondents and Scotland was most important to 15 per cent of respondents. Nevertheless, several respondents stated that their business was spread throughout the UK or was focused on several regions. No respondents had their main market in the East or the East Midlands.

Figure 4: - Customer base
Developers dominated the customer base of the companies surveyed, with 57 per cent of respondents stating that developers are their most significant customer base. In total, housebuilding, construction companies and developers were the most significant customers for 73 per cent of respondents. Public-sector regeneration projects were only a significant customer for five per cent of the companies surveyed. **cont..**

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Figure 5: - Factors driving future sales growth

Companies were asked about the main factor driving future sales growth. The economy dominated responses, with 34 per cent of respondents citing economic stability, UK economic confidence, the property market and credit problems as the main influence on future sales growth.

The demand for regeneration was also an important driver for 20 per cent of respondents. Government policy on taxation was also highlighted as an important driver of future sales growth, but the ability to hire good-quality skilled staff was of equal importance. The survey also highlighted the importance of risk assessment and increases in on-site treatment.

BARRIERS

Barriers to brownfield remediation

Companies were asked what acts as a barrier to brownfield remediation. Uncertainty over costs was the key barrier identified, with 45 per cent of responses highlighting uncertainty as a factor. Inappropriate legislation or regulation was also raised as a barrier by 25 per cent of respondents and a shortage of staff with appropriate skills for brownfield regeneration was a concern for 15 per cent of respondents. Other concerns raised by respondents were inadequate grants and financial incentives, as well as house prices.

Barriers to sustainable remediation

Companies were asked what is the most important barrier to the take up of sustainable remediation technologies. Inappropriate legislation or regulation was again highlighted as a key concern, with 35 per cent of respondents stating that it is the key barrier. Cost and the uncertainty over the waste status of treated soils were also raised as significant barriers. Time pressures, gaining regulatory approval for sustainable techniques and uncertainty and limitations of success of techniques available were also raised as issues acting as barriers.

Legislative improvements

Respondents were asked what legislative improvements would make the biggest difference to the land-remediation industry. Some 45 per cent wanted clarification of the definition of waste with respect to soils, 30 per cent wanted completion of work on SGVs, CLEA and supporting guidance, 10 per cent wanted a streamlined link between planning and pollution control and 10 per cent wanted a framework for verification and demonstration of competence.

Time and savings of legislative improvements

Respondents were asked what the time and cost savings for an average land-remediation project would be if the legislative improvements identified above were implemented – without reducing

environmental protection. The average response was 21 per cent of the time taken to complete a project and 17 per cent of the project costs, with answers in both cases ranging from 0 – 50 per cent.

Proposed EU Soil Framework Directive

Respondents were asked whether they believed that the proposed EU Soil Framework Directive would improve the regulatory regime. The majority of responses were negative. Some 58 per cent believed that the proposed Directive would either have little or no impact or would make matters worse. Only 10.5 per cent of respondents believed that the proposals would make improvements to regulation of soils. Concerns were raised that the proposals would increase confusion, at least in the short term, and therefore delays would increase.

PUBLIC-SECTOR SUPPORT

Public-sector support for sustainable approaches to contaminated land

Respondents were asked whether they believe that public-sector bodies are doing enough to support sustainable approaches to contaminated land. This question highlighted the negative view of public bodies in the industry, with respondents highlighting the lack of commitment from public bodies. Asked whether they were doing enough to support

sustainable approaches to contaminated land, 90 per cent of respondents said UK Government is not doing enough, 80 per cent that local government is doing enough and 70 per cent that the Environment Agency is not doing enough.

Respondents raised the need for Government to review fiscal incentives to make treatment comparable to landfill. A lack of skills in local authorities was also identified as a concern, with a lack of knowledge about the scale of disruption and energy use from remediation by treatment or bulk movement.

Government R&D support

Respondents were asked whether Government R&D-support schemes were of use to their business. Overall the response was positive, with 57.9 per cent of respondents stating that Government R&D support is of use. However, one respondent raised concerns that R&D support should provide data about new technologies that is acceptable to Regulators.

Government export support

Respondents were asked whether Government export support is of use to their company. The responses were negative, with only 10 per cent stating that Government export support is useful, whilst 35 per cent believed that it was not useful. However, 55 per cent of respondents had no plans to export.

