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## Market Insight: ecological consultancy in demand (part I)

*Legislative drivers and abundance of infrastructure projects keep ecologists busy*

27-Sep-13

BY ROB BELL

Driven largely by strict regulations protecting flora and fauna species and their habitats, ecology consultancy has proven largely recession-proof, despite developers making up the bulk of clients.



According to *Environment Analyst's* latest sector research, consulting revenues derived from ecological and landscape services have tripled over the last decade to reach a total market size just shy of £150 million (see figure).

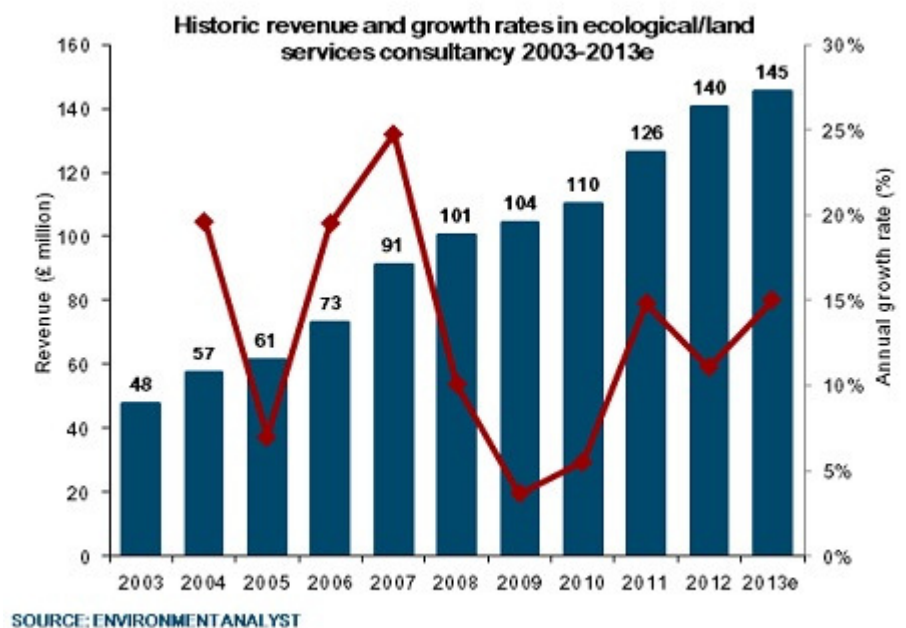
Furthermore, unlike other areas of environmental consultancy, the growth trajectory of the ecological segment has not been constrained by the recession – with demand increasing by a compound annual rate of 9.4% from 2007–2012. Indeed, growth at this level makes ecology the most dynamic core service area for environmental consultants in the UK.

Wind farm projects that continued to go ahead while homebuilding faltered helped bolster the sector, along with infrastructure projects also requiring ecological surveys in order to progress.

The profession, however, faces a number of challenges unique within wider environmental consultancy – including problems with practitioners attempting to grab a share of steady demand by falsely claiming to hold qualifications and experience.

Ecology is an extremely attractive career choice, and competition for graduate positions intense, with hundreds applying for any advertised position. However, consultancies say UK universities are failing to provide students with key skills – particularly in the crucial area of field skills.

Pressure on pricing – an issue plaguing all facets of environmental consultancy, once again driven by cost-cutting related to poor economic conditions – is also a key challenge, but one with potentially dangerous implications for ecologists. *Environment Analyst* has received reports that health and safety is in some cases being undermined due



to underpriced projects, with junior, inexperienced staff being sent into the field to carry out surveys at night without sufficient support.

And finally, central government budget cuts to regulatory bodies – in particular the Environment Agency and Defra – are taking their toll, in some cases allowing developers to get away with non-compliance with legislation, and in others making it more difficult for ecologists to complete contract work due to a lack of human resources.

## Drivers

Land Use Consultants (LUC) has a core ecology team of twelve professionals, headed up by Steve Jackson–Matthews. He says: “Compared to the wider consultancy world we didn’t really take as much of a hit due to the recession, because our work is largely driven by legislation, which hasn’t changed.

“I think some of the bigger international consultancies cut the size of their ecology teams at the start of the recession as a kneejerk reaction, but they’re beginning to bring people back into the fold, and the sector overall is looking healthy.”

John Newton, managing director of The Ecology Consultancy, a firm with around 60 permanent staff, “a good number” of which are ecologists working from three offices in England – in London, Lewes and Norwich – and a satellite office in Edinburgh, shares Jackson–Matthews’ positive attitude. He says: “Business is good, it’s certainly up on last year.

“Generally the economy is coming out of the doldrums: there’s more confidence, people are investing more and looking to bring forward both housing and commercial developments.

“Infrastructure projects are also an important source of income, although it tends to vary from year to year. Schools for example were valuable to us in the past but school–building has taken a bit of a nosedive in the last few years.”

Newton and others also cite the BREEAM sustainability assessment certification system for buildings scheme, which has “grown steadily since its launch, and the rate of growth continues despite the challenging economic climate”, has also proved a driver for developers to carry out ecological assessments.

General growing awareness of both the regulatory requirements and wider environmental benefits – including reputational wins – of managing ecological factors within development projects has also contributed to the health of the profession.

Newton says: “Developers now expect to survey flora and fauna on sites, due to legislation such as the Habitats Directive and the requirements of planning guidance; BREEAM is another important driver – when you put it all together it adds up.

“And generally companies are aware of sustainable development and want to be seen to be doing the right thing as well as being aware they have to have the appropriate surveys done to gain planning permissions.”

## Planning policy impacts

While the government’s revamp of the planning system with the National Planning Policy Framework (NPPF) – published in March 2012 – is still bedding in, Newton says despite the simplification of regulatory requirements that has alarmed many sections of the planning community, the NPPF does not appear to have negatively impacted ecological management.

He says: “To a large extent it seems requirements relating to flora and fauna are much the same as before the framework came in, and people are aware they have to do the surveys, so they make sure they get done. But while the NPPF hasn’t led to dilution of ecological requirements, there is a lack of detail, which we are expecting will be addressed at some stage in the future.”

Jackson–Matthews’s experience is also that developers generally have a positive attitude to managing plant and animal species on their projects. He says: “The days have gone when people used to try to duck their responsibilities as there’s a greater understanding of the role ecology plays in the wider environmental function. Developers are much less likely to try and avoid their responsibilities than in the past – in fact we’re much more likely to come across developers willing to go the extra mile.”

## Business pressures

Jackie Fisher is principal of JFA Environmental Planning, a practice she launched in 1989, with the aim of offering services that go beyond simple ecological surveys and mitigation measures, by instead integrating the positive management of flora and fauna with the visual elements of landscape design.

The firm works principally for developers, although some contracts come from local authorities, relating to local plans, strategic planning and environmental impact assessments.

Ecologists often lack design skills and the aesthetic point of view central to good landscape design, Fisher says, so she has chosen her team of ten permanent ecologists very carefully. JFA employs a further six staff on a contract basis when the level of work means they are needed, or projects require their specialist skills – for example one team member who specialises in reptiles and amphibians, and another in mammals, for example otters and dormice.

She says: “Ecology has maintained the level of business coming in better than a lot of the other development support consultancies, in part because we operate in areas outside pure development, so we weren’t as badly hurt as say architects.

“And there is now more work out there, although there is an issue around pressure on pricing – and certain corporate clients being a bit cheeky about pushing the regulatory system to the limit. A few clients do seem to be trying to get away with non-compliance.”

Tight profits margins for developers due to current economic conditions are to blame, Fisher says: “Ecological management can be expensive, and when margins are tight it can seem to be a cost with no payback – developers don’t see an increase in the value of their site as a result, rather some view it as simply hoops they’re required to jump through.”

This, combined with intense competition in a market crowded with service providers, is pushing down prices, she says.

## Cost-cutting undermines standards

Pressure on contract pricing may also be compromising health and safety in some cases, Jackson–Matthews warns. He says: “Particularly when some of the bigger wind farm companies operating across Europe went into recession, the industry as a whole dropped prices and cut their margins. But while those clients are back in profit – and posting some big results – the pressure on consultancy costing has not lifted and consultancies are continuing to cut their margins.

“It’s something the industry has to address as we’re constantly undercutting each other. The sector doesn’t seem to have moved on from the state of panic of a few years ago when there was a feeling we had to do anything to win projects.

“Consultancies need, for example, to be realistic about how long it’s going to take to deliver a project. There are real risks as a result. I’ve heard of consultancies compromising safety, for example by sending out one employee to survey on rivers at nighttime when there should be two, or sending out inexperienced staff to carry out surveys in the dark to keep down costs.”

Fisher says: "I won't take on jobs where the low price creates risks. But in talking to some former employees of very big consultancies – companies that claim high health and safety specifications for every contract – I've heard of cases where incorrect pricing has seen those standards undermined, for example people working in the dark by themselves."

However, the level of competition is not deterring consultancies from seeking ecology work, be they large established practices with expertise in a range of fields or the one-man-bands that are particularly prolific in the field.

## Case study: Baker Consultants

Andrew Baker is managing director of Baker Consultants, a successful small practice – with a team of 15 – now in its fifth year of trading. The firm has a number of USPs, with both a terrestrial and marine arm, and specialist offerings relating to the technologies seeping into how ecological management is practiced.

Baker Consulting's staff have particular expertise in bio-acoustics, offering analysis of the calls of bats and cetaceans, for example. This means a significant percentage of business comes from other ecology consultants that have gathered data in the form of bat call recordings and require analytical services.

Baker says: "It is relatively unusual for an ecology consultancy to offer both terrestrial and marine services. On the terrestrial side we offer a full range of operations, from basic surveys right through to getting applications through the planning system and acting on behalf of clients in public inquiries. I also do a lot of expert witness work.

"We work on large infrastructure projects – in fact we're carrying out all the analysis for a very large project at the moment – as well as a fair chunk of residential work and a lot of renewables, both wind farm and hydroelectric developments.

"And on the marine side 90% of our business relates to offshore wind."

Baker says the practice has experienced double-digit growth every year since it was launched, "usually in the region of 20–25%". He says: "We launched the company right in the middle of the recession. In fact, the day we started trading was the day the stock market hit its lowest position. But despite this, we hit the ground running and haven't stopped since."

When housebuilding shuddered to a sudden halt, wind farm developments – particularly in Scotland – continued to go ahead, helping to take up the slack. And while Baker says work relating to large-scale wind farms has tailed off – in fact he believes the market will begin to shrink, onshore at least – residential developments "are coming back really strongly".

And because ecologists get involved in development projects right at the outset, often two years before planning permission is granted, the work has kept on rolling in. "We've always had some residential developments on our books," he says. "And now have really large projects of 5,000 units-plus coming in, in fact we're working on around 15,000 units at present."

## Market Insight: ecological consultancy in demand (part II)

*Government spending cuts and quality standard issues impact sector*

03-Oct-13

BY ROB BELL

Demand for ecological consultancy services in the UK has proven to be largely recession proof thanks to the strong underlying legislative drivers and steady pipeline of infrastructure projects requiring specialist input at the pre-planning stage. There has been an impressive growth trajectory in this particular area of the environmental consulting sector over the last ten years, as highlighted in Part I of this Market Insight series ([Environment Analyst 27-Sep-13](#)).



However, the ecological sector does also face some unique challenges, including skills shortages, problems with less scrupulous practitioners attempting to cash in on the growing market and also the implications of central government budget cuts. *Environment Analyst* investigates how these factors may collectively shape demand for consultancy services.

### Professional standards

Andrew Baker – who heads up SME ecology practice Baker Consultants – sits on the disciplinary board of the Chartered Institute of Ecology and Environmental Management (CIEEM) and, along with Steve Jackson-Matthews of Land Use Consultants, has concerns about consultants misrepresenting their qualifications or experience in an attempt to grab part of the steady work in the field due to legislative drivers. This is a problem ecologists have seen grow over the years since the recession began and contracts in other disciplines dried up.

Jackson-Matthews says: “We’re finding people are pretending to be ecologists, or ‘enhancing’ their CVs, for example pretending to be members of professional bodies. It’s something we come across more and more often because people recognise there is always going to be ecology work out there.”

Consultants “delivering services they shouldn’t be delivering” can have a huge impact on planning applications, he says. “It does happen that people misrepresent their skills, and at the very last minute during public inquiries it’s recognised that the entire environmental impact assessment has been undermined.”

Baker has had similar experiences. He says: “There’s a good deal of bad practice occurring, usually by one-man-bands. Some clients are attracted to the lower prices they offer, but the level of service can be very variable. While there are some really good guys out there, a lot are not as qualified or experienced as they claim.”

Developers can however protect themselves from this risk by only employing CIEEM members, Baker says. “As an organisation it is very good at responding to complaints made about members, and to me chartership is the way forward when it comes to making sure work carried out to is of high quality.”

## Skills shortage

With ecology surveys an extremely subjective activity, experience in the field is crucial, and lacking among the many graduates hoping to enter the profession, another key challenge for practitioners.

Universities are the blame, consultancy managers agree, and it appears to be a standing joke in the profession that with competition for students intense, universities offer exotic field trips to far-flung locales, producing job applicants who know all about surveying leatherback turtles on Caribbean beaches, but couldn't recognise a badger sett if they tripped over one.

Jackson-Matthews says: "Field skills have become a big issue in the past few years, and is one our chartered institute has been highlighting for a long time. There is a big skills gap, with graduates not necessarily learning the skills we expect them to have at university.

"We get hundreds of applicants for jobs, but they don't have the experience we're looking for. Those wanting a career in ecology should get out there and join their local bird or mammal recording group, but it's difficult for them to find the time if they're studying and working to support themselves at the same time."

John Newton, managing director of The Ecology Consultancy, agrees it is an issue. He says: "Graduates often have lots of experience overseas through their university courses, but have done nothing in the UK. While there have been some very good MSc courses, one or two have been lost in the last couple of years, for example the University of Sussex did have an excellent MSc course, but it has fallen by the wayside."

Baker says recruitment is incredibly difficult for ecology consultancies. "Good quality, experienced people are not easy to come by," he says. "It has been an issue throughout my career, and I've been in the field for almost 30 years. While there has always been a skills gap, it has become worse and worse."

Jackie Fisher, founder and principal of JFA Environmental Planning, says: "I don't think graduates ever have the field skills they need, they take years and years to develop. Those who graduated in the 1990s tended to have experience to a certain extent, but since 2000 it has fallen off.

"I don't assume someone with a bright, shiny new degree is going to have field skills, but deal with the issue by ensuring the people I hire have done a lot of voluntary work. We often bring people in on short-term seasonal contracts, and if they seem to know what they're doing they're the ones we then hire full-time."

Baker's solution is to "grow our own". He says: "Universities don't understand what is required by the profession, they're not teaching the skills professional ecologists need. Courses have become very generalised – and there are so many 'environmental' courses out there, but one teaching the skills we need.

"That means we have to grow our own. Our basic philosophy is to get people in at a low level, train them up and keep them as long as we can. We look to find good quality graduates, and it then takes around three years to train them up."

## Austerity bites

While issues around skills have plagued professional ecology for years, the profession is facing a new – and daunting – challenge in the cuts to regulator funding impacting organisations such as Defra and the Environment Agency.

The impact is two-fold. In some cases a dearth of inspectors is allowing dodgy development operators to cut corners, but ecologists say the biggest issue is under-pressure regulators hindering the progress of projects.

Jackson-Matthews says: "There have been massive cuts in the latest government spending review, and we're now waiting to see the impact they'll have. Defra has experienced huge cuts to its budgets year after year, and that means the department has less resources devoted to responding to planning applications and providing advice in making sure relevant regulations are applied – if they're not there to check things are done right, no one is."

Even well-intentioned developers suffer as a result, he says. “Developers have a lot of issues to contend with on each site. If the regulator isn’t there pointing out what needs to be done, ecological issues can be overlooked.”

Baker has seen regulators reverting to a tick-box approach, which he says is inappropriate to ecology in response to diminished resources: “It’s a major issue and a controversial one that regulators have been starved of cash.

“It’s a major problem that they don’t have the skills in-house any more allowing them to make sensible decisions under the relevant regulations, which is making life increasingly difficult, mainly on the terrestrial side, as marine seems to still be quite well funded.

“Regulators whose budgets have been cut and that are starved of funds is making it more difficult to get planning permissions through. They are reverting to a tick-box approach to decision-making because they cannot commit the staff to look at applications in detail.

“This means they cannot look at individual sites’ issues around species protection, and we’re having real problems working with some regulators where if a site doesn’t fit into the tick-box they just say no.

“But every site is different. For example, in terms of mitigation measures to protect bats, every site will have 50 different issues we need to deal with, and this doesn’t lend itself to a tick-box approach. We’re seeing decisions go either way – with some going through that shouldn’t. It’s certainly making life more difficult for developers.”

Cuts to regulator resources have combined with red tape to create a developer nightmare, Fisher says. “Clients are spending too much money ticking bureaucratic boxes for the regulations and not enough on enhancing ecology.

“Three of every four pounds, or even nine out of ten are being spent on regulatory requirements. The system is overly-complicated, bureaucratic and time-consuming, and as a result money clients would like to spend on species protection is being spent ticking boxes.

“Developers have to fill out form after form then wait X number of months – the process of acquiring the necessary licences is hellish. I believe you can have protection of plants and animals within a simplified process. More bureaucracy doesn’t equal better conservation. Approaches such as BREEAM are achieving better results.”

## Growth sectors

However, it’s not all bad news. Baker, for example, says his firm has experienced significant growth in the marine sector and expects even better results in the years to come. “We’re carrying out noise monitoring involving recording whales and dolphins for offshore wind projects – work that in the past was usually done by engineering firms – as there is growing concern about the impact on these species by high noise levels, particularly during piling operations.

“We have a reputation for using the latest technologies, and technological innovation is playing a huge part in the way ecology is practiced now, although most firms are reluctant to be early adopters.

“There’s a certain amount of technological inertia, not only from consultants but also regulators, who we’re working with to get them familiar with emerging technologies.”

Alongside the growing role of sophisticated equipment, the move towards offshore wind is also opening up new markets in a field that, on the terrestrial side, has a certain element of localism, with work outside the UK a rarity.

Baker says: “Our marine work is purely based on our bio-acoustic noise monitoring skills. It’s a completely new area of work, driven by the Marine Strategy Framework Directive.

“We’ve just won a contract with Dong Energy working on a 77-turbine offshore wind farm. It’s a Danish firm working with a Belgium-based construction company in German waters, so marine is very much an international business for us.”

While Baker Consulting has, for example, a US client for whom they carry out acoustic analysis, most of its terrestrial work has been based in the UK, with “very little” work abroad. However, Baker says: “The marine business is truly worldwide, we’re looking at markets in North America, potential Australia, and of course anywhere in Europe means working within the same regulatory framework, which has created a very strong European market.”

Overall the future looks rosy for ecological consultancy – Baker predicts 25% growth for the year. And Newton says: “Our core business is going to grow again next year. There’s a lot of optimism in the field about the economy in terms of an increase in development projects and construction, which means conservation as well.”

*Environment Analyst’s* latest market trends survey – which canvassed the opinion of over 400 environmental consulting practitioners in the first half of this

year – shows that 39% of those active in the segment are expecting strong or substantial growth (of 5–15%+ per annum) over the next five years. Only 11% anticipate a decline in revenues from this area of the business.

Overall, the ecological sector is projected by survey respondents to grow by a steady compound annual growth rate of 4.5% from 2012–2017, although interestingly this does represent a slight drop in confidence over the expected growth of 7.7% from the previous year’s survey.

## Policy impetus

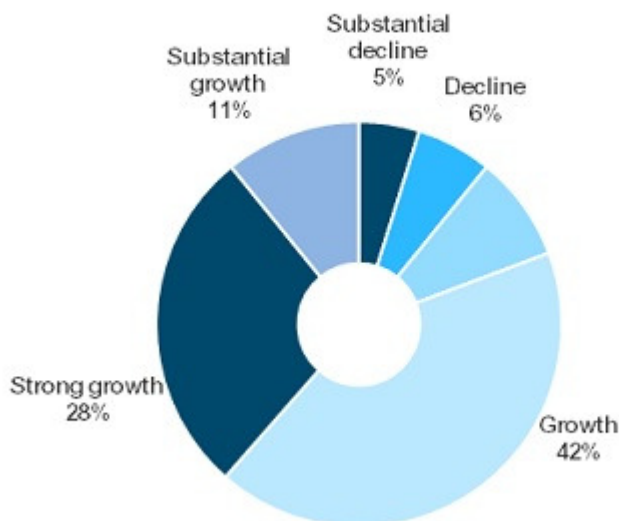
The recent publication of the final report from Defra’s ecosystem markets task force – ‘*Realising Nature’s Value*’ – may also provide positive impetus for the sector over the longer term. The task force was initially set up following the release of the Natural Environment White Paper in 2011 to investigate the potential for incorporating financial mechanisms for ecosystem services into legislation and advise the government on how ‘the value of nature’ can be better accounted for.

One of the key recommendations of the task force a system of biodiversity offsetting as means to compensate for the ecological damage of development. Under the proposed methodology, the amount of land which would be required to offset a development is determined by the ‘metric’ which itself is determined by the ecological sensitivity (or distinctiveness) of the development area and the condition of that habitat.

Phil Lomax, technical director at Thomson Ecology, explains how this may work in practice: “The more distinctive the habitat, the better the condition, then the higher the metric and the greater amount of offsetting which must be done.

Clients and developers must then incorporate financial multipliers as to the cost of this offsetting by determining how difficult it is to recreate that habitat and how long that will take. A pond could be recreated in 12–24 months for instance at low cost whereas a woodland would take 50–100 years.”

Percent of respondents indicating various levels of future growth in the ecological/landscape consulting market 2013-2017e



SOURCE: ENVIRONMENTANALYST