

BRIGHTON & HOVE CITY COUNCIL

**CULTURE, TOURISM & ENTERPRISE OVERVIEW & SCRUTINY COMMITTEE AD-HOC
PANEL**

10.00am 23 APRIL 2009

COMMITTEE ROOM 2, BRIGHTON TOWN HALL

MINUTES

Present: Councillor Randall (Chairman)

Also in attendance: Councillor Harmer-Strange, Councillor Melanie Davis

Others present: Thurstan Crockett, Head of Sustainability, Paula Murray, Head of Culture & Economy, Julia Riches, Scrutiny Officer, Karen Amsden, Scrutiny Officer.

PART ONE

6. PROCEDURAL BUSINESS

6a Declarations of Interest

6.1 There were none.

6b Exclusion of press and public

6.2 In accordance with section 100A(4) of the Local Government Act 1972, it was considered whether the press and public should be excluded from the meeting during the consideration of any items contained in the agenda, having regard to the nature of the business to be transacted and the nature of the proceedings and the likelihood as to whether, if the members of the press and public were present, there would be disclosure to them of confidential or exempt information as defined in section 100I of the said Act.

6.3 *RESOLVED – that the press and public be not excluded from the meeting.*

7. MINUTES OF THE LAST MEETING

7.1 The minutes were agreed.

8. CHAIRMAN'S COMMUNICATIONS

8. There were none.

9. EVIDENCE FROM WITNESSES

9a Councillor Ted Kemble, Cabinet Member for Enterprise, Employment and Major Projects.

9.1 The Chairman thanked Cllr Kemble for attending the meeting and asked him to make a short introductory statement. Cllr Kemble welcomed the panel inquiry and looked forward to hearing the recommendations of the panel. He remarked that he was not an expert in environmental technologies and was at the panel meeting to listen. As lead Cabinet Member for Enterprise and Major Projects, he had a serious interest in the outcomes of the inquiry. The City Employment and Skills Plan outlined the need to create more jobs, and particularly more jobs of a higher value, which Cllr Kemble hoped may be reflected in the final recommendations of the panel. The Business Retention and Inward Investment strategy (BRII) had now been through the consultation process (including the Culture, Tourism and Enterprise Overview and Scrutiny Committee– CTEOSC) and work had begun on the action plan. In relation to the panel's work, the BRII would be looking at spaces, facilities and business support; and it would focus on business sub-sectors. Cllr Kemble was the Chair of the Business Retention and Investment Board and was in the process of establishing the Board to operate as a 'critical friend'. He reiterated his support for the panel and would be doing all he could to bring more jobs into the city.

9.2 In response to questions from Cllr Randall and Cllr Harmer-Strange about the Board, Cllr Kemble replied that it would be made up of representatives from a cross section of the business community, and also included representatives from the Universities. He hoped the Board would be up and running by the end of May.

9b Zoe Osmond, Business Development Manager, University of Brighton.

9.3 Ms Osmond outlined her role in the School of Environment and Technology. The University viewed itself as a business-facing university and had lots of links with business. They had been very successful in attracting Higher Innovation Funding and had a budget from this of around £1.5m. Ms Osmond had been in post for over 5 years and consequently had built up very good links with academics and a good research and development portfolio.

9.4 In the field of environmental technologies, behaviour change is very important. Low impact, low resource-use solutions were crucial. The UK was historically not very good at bringing ideas and innovation into business and this needed to be driven forward. Ms Osmond's role was to offer pro-active support across the region and she would like to see the development of a cluster of environmental industries in Brighton & Hove that she could work with.

9.5 There were around 22,000 students - 18,000 undergraduates and 4,000 postgraduates across the environmental sector (including, for example, geography, science and technology). Most of these students wanted to stay in the area and if we could encourage the growth of the environmental industries, there was the workforce there. Ms Osmond ran through some of the technological areas she was working in, for example, environmental management systems was a strong area, as was carbon capture and bio fuels.

9.6 There was a huge range of Knowledge Transfer Funding (KTF) and she had around 10-15 knowledge transfer projects on-going with another 20-30 in the pipeline. Ms Osborne had circulated a paper with some case studies and examples of funding. She welcomed the Panel's inquiry and any support given to the environmental industries. With Envirobusiness,

the university were putting a bid in for funding to set up an Environmental Innovations Network that would include 6-8 universities across the region with expertise in environmental technology and would link them to businesses. The bid should be completed by late June.

9.7 Cllr Randall agreed with the importance of looking at a wider level than the city, and cited the example of Wired Sussex. Cllrs then asked questions.

Cllr Randall - what is the one key thing that the Council could do?

Ms Osmond suggested that a 'green cluster' would be very useful. It would create one forum for creating awareness; the example was given of the East Sussex Enterprise Hub. Further analysis of what these companies needed would be helpful.

Cllr Harmer-Strange – what difficulties do you find in placing graduates?

Each University School had a placement officer and they ran sandwich courses. There was also a careers service. There was no data on the environmental industries. Ms Osmond offered to look into how easy it was to find a job in the local area.

Cllr Davis – are the case studies cited just the tip of the iceberg?

There were projects worth about £0.5m going on at any one time with an additional £1.5m in the pipeline. Ms Osmond was working on around 20 projects.

Cllr Randall commented that the issue of the number of low value jobs in Brighton & Hove was one that should be addressed.

Ms Osmond remarked that often the intervention was to keep companies growing: it may start with a student project or a placement initiative. One knowledge transfer project (Phlorum) had created an extra post in the company and the idea was that they would grow a whole new business area for that company.

Cllr Randall remarked how excellent the work was that was being undertaken and suggested the Panel's report may help in additional publicity.

Cllr Harmer-Strange - how many companies were large manufacturers or small enterprises?

There was a whole spread from Ricardo and Southern Water to micro businesses. A lot depended on the project and what was required. The University were running a work-based Masters course specifically for Southern Water: all the projects in the course work were Southern Water projects. Large companies had budgets for research and development (R&D).

Cllr Harmer-Strange – Was the budget important?

Ms Osmond remarked that it was not really important. There was around £17,000 a year for KFP and the Government had recently announced it would pay 75% of the cost.

Cllr Davis – Was the Environmental Innovation Network very important?

Ms Osborne felt that it was in terms of tackling climate change and in terms of what can be done in buildings. We needed to do all we could to implement the existing technologies. Universities were very good at new technologies (for example carbon capture at power stations or electric cars all needed new technologies) but you also needed behaviour change and usage of existing technologies.

9.8 Cllr Randall thanked Ms Osborne for her very interesting contribution to the Panel's inquiry.

9c Professor Jim Lynch, Distinguished Professor of Life Sciences at University of Surrey and Senior Advisor for SEEDA.

9.9 Professor Lynch outlined his career in research councils and universities. For 17 years he co-ordinated the OECD programmes in sustainability. The OECD figures showed that the scale of the environmental services sector globally was £1.2trillion a year – equivalent in size to the pharmaceutical sector. Prof Lynch suggested that any action considered locally must also consider exports as the global markets were so large. However, the R&D spend to realise the environmental industries market was around 10% of the spend in pharmaceuticals. The pharmaceutical industry contained large companies whereas the environmental industries were often small or medium enterprises (SMEs). Nationally and globally it was a very fast growing sector with lots of opportunities.

9.10 Around 18 months ago the South East Development Agency (SEEDA) was looking at new opportunities in the environmental and sustainability sector. The Prime Minister saw export markets growing and saw the Thames Gateway as an area of great potential. SEEDA, with the two Regional Development Agencies in the area (London and East of England) joined with the Thames Gateway Corporation to develop an agency. Prof Lynch was brought in to facilitate this and it was now set up as a charitable organisation. Of importance to Brighton & Hove was the fact that as SEEDA was the lead RDA in this, they were very conscious of their responsibility to the region. Two campuses were planned at Dartford and Dagenham and a 'hub and spoke' system was planned – Ms Osmond's work could feed into the 'spoke system'. There was substantial government funding and there was a massive opportunity to be networked.

9.11 Innovation was best achieved by business and economic partners working together. The universities were powerhouses in the south east and Brighton & Hove was very well served by its universities. Prof Lynch had recently judged a competition for innovation in the environmental sector and the results had been disappointing. There was a great deal of potential and the Panel's initiative was very important. SEEDA would be enthusiastic about it.

9.12 Cllr Randall agreed that the idea of working with the hub and spoke system was a good one. The Panel then asked questions.

Cllr Randall – jobs can be provided throughout the sector from R&D to fitting. How much can we develop across the piste?

SEEDA's analysis shows a skills shortage in the South East for this and it was important to develop these opportunities. The Further Education sector is poorly served at the moment. A sustainable skills construction academy was to be built at Dartford to provide the necessary skills base. It was planned to be underway by mid Summer: £15m for a new building had been tentatively agreed.

Cllr Randall noted that City College has a scheme that we should consider.

Prof Lynch noted that there was no reason why the work done at the Institute in Dartford could not be transferred across the region.

Cllr Harmer-Strange – What was the greatest problem locally in achieving the end goal?

Prof Lynch believed it was ignorance. After eighteen months working with SEEDA, it was still difficult to understand where the support and money was. Mr Jim Christy in Hastings did a lot of work with businesses and academia to alert them to support and funding available. There was a big opportunity to publish the resources and support available which would lead to stronger competition and the best companies coming forward.

The Chairman thanked Prof Lynch for his valuable contribution. He invited Gary Smith and Rob Macey to contribute to the meeting.

9d Gary Smith, National Secretary, GMB and Rob Macey, Regional Organiser, GMB.

9.13 Mr Smith informed the Panel that his role included the energy remit for the GMB. The Union had around 600,000 members across a broad range of jobs. The vast majority of members were not graduates. He explained that when the GMB looked at the environment, the key issue was how we produced and used energy. The job opportunities were key to their thinking along with how the whole broad spectrum across the community could benefit. If we are to deal with climate change, we also need to keep the lights on. How we tackle fuel poverty was a key issue. Education was very important, but also the whole community must have a buy-in across the environmental sector. Mr Smith welcomed the debate on micro-industry and graduate jobs but this needs to be wider: working class people need to have jobs too. Around environmental jobs there would be the opportunity to export intellectual property rights and innovation, but limited opportunities to export labour.

9.14 Mr Smith wished to add a degree of caution to any view that hundreds of jobs would be created. Brighton & Hove did not have a comparative advantage in these areas – for example, the areas of solar panel or wind turbine production.

9.15 The energy crunch in the UK was a real, and not an academic, debate. The Government was going to focus on proven energy-suppliers and nuclear would play a key part in developing energy going forward. If we got it right in the nuclear industry, there would be jobs. Mr Smith noted that there should be some recognition that EDF, who employ around 700 people, were the biggest player in the nuclear industry both in the UK and internationally. When considering jobs in the environmental sector, people needed to be mature and make overtures toward EDF. Jobs could be created but they would be jobs in the nuclear industry. The Higher Education and Further Education establishments in Hastings were looking at opportunities around nuclear and bringing investment into the area.

9.16 Mr Smith remarked that the debate on environmental industries had real implications for jobs in the city and we needed to protect what we have. The issues of buildings and insulation needed tackling. The GMB had been critical of the Government and the Warm Front Scheme which needed to be looked at, particularly around the issue of the money put in by companies. There was a lot of good work in the city around the Warm Front Scheme but how many

apprenticeships had come out of it? Contractors were often not local. British Gas had taken on around 1,500 apprentices this year.

9.17 Mr Macey explained that he felt it was important not to alienate companies such as EDF who were already major employers in the area. Councillors had made remarks against nuclear industries which may alienate the company. Whilst he supported the work by the universities in creating jobs, this would not produce vast numbers of jobs in the city. Focus needed to be given on what could be done locally. Mr Macey gave the examples of the park and ride scheme and the Rapid Transport Scheme which did not go ahead, the jobs lost at CityClean, and the Warm Front Scheme which should create jobs in the area.

9.18 Cllr Randall noted that the Panel was not here to discuss the nuclear industry but environmental industries. Councillors on the Panel were here not as party-political Councillors but to be a cross-party scrutiny Panel. Mr Thurstan Crockett, Head of Sustainability in the Council, remarked that EDF have been invited to the Panel and that Council officers talked often to EDF about sustainability and had a good relationship with the company. Mr Smith explained that they were pointing out that jobs here may be reliant on the nuclear industry.

9.19 Councillors went on to ask further questions.

Cllr Davis – the debate on jobs is always worth having. Did they feel the work mentioned at Dartford College would help?

Mr Smith said that energy efficient appliances and insulation homes were needed but it was unclear what the training was like on the Warm Front Scheme.

Cllr Davis – how can we encourage the skills needed?

A rapid expansion of money was required. The Government and the local authorities needed to look at how communities benefit. What companies do the work and what do they offer? If companies want to work in the area, ask them what they are offering in terms of apprenticeships. Mr Smith went on to say that public procurement could also be used – quality companies want to invest in people and jobs. There was also a need to focus on the big companies.

Cllr Harmer-Strange – what makes you say there are no particular advantages in this area?

This was referring to solar panels or wind turbines, most of which were in Germany. The example was given of the Moray Firth which, if it comes to completion, would attract high energy businesses. Solar panels took a lot of energy to manufacture.

Cllr Harmer-Strange – what about R&D?

Mr Smith agreed that this had to be encouraged and good work in universities can be exported. However, people needed to think more broadly than university jobs.

Cllr Randall agreed that the Panel shared the view that jobs were needed across from research to fitters. He also agreed with the comments made on insulation and decent homes initiative. He thanked Mr Smith and Mr Macey for their informative contribution to the Panel.

9e Mike Herd, Executive Director, Sussex Innovation Centre (SInC), University of Sussex.

9.20 Mr Herd explained that SInC was a long established technology incubator. It was set up with the Council, East Sussex Council, EDF and both universities. SInC take technology and knowledge based companies, usually start-ups and helped them to establish themselves and reach a new level. SInC was different from other incubator projects as it had a much bigger in-house team and focused on practical support to help companies get to a sound financial basis. They also focused on customers and creating a network of potential customers. Mr Herd gave the example of Elektromotive: SInC made the introductions for them. The in-house team helped entrepreneurs to reach the next level.

9.21 Mr Herd explained that there was a lot less funding for how you created a business, which was particularly important on the environmental side. He gave the example of an invention 8 years ago to increase efficiency of the Grid by switching every fridge and freezer on and off – this got Government funding last year! There was a need for national and international policy change. More understanding was needed on how to create a market and to take it forward – this was a question of market readiness. There were two very different levels: innovation with national and international importance; and the local importance of a company. For example, Mr Herd was working with a company looking at energy fuel desalination which was a gravity-based irrigation scheme. This would be licensed out as it is taken forward. A company was growing up looking at pluvial flood management (reaction and planning) but it was likely to be licensed and bought-out. Elektromotive was very different – the work would all be done here. A combined heat and power company in Lancing are doing work for Elektromotive so the local area has kept the company but there was a question over how long this would remain the case. It was a question of how things grow and expand. If a company stays in private hands, it will stay in Brighton & Hove: it will only leave if there was a trade sale or flotation. An academic project with Phlorum and the Knowledge Transfer Fund to remove Japanese knotweed from business sites would create jobs.

9.22 SInC were also more involved in different types of support in universities and how it was exploited. The sector was very different from five years ago. SInC had no sectoral focus but matched the innovation centre to those that came forward. There were great commonalities between the support needed for different innovation areas. If there were a whole range of technologies, it was easier for them to go 'market hopping'. Companies who were previously focused on carbon footprints were now focused on energy efficiency.

9.23 Mr Herd explained that around 10% (of a total of 85) companies were environmentally focused. There were issues around how erratic this market was: the progress of Elektromotive is a case in point - if they were reliant on charging points coming to the city, they would have gone bankrupt. The strengths in the city, such as the experience in automotive design and software development, had a lot of potential. Additionally, in the new media industries there were real strengths to put messages across. There was also a strong psychology cluster to put messages across about buying decisions. These strengths were already here and could be built on.

9.24 There was quite a lot of support available, not all just for environmental industries. Networks can be passive and needed to be driven. There were investment funds and grants available for green technologies. It was probably one of the best funded areas of research and allocation (for example, the Energy Saving Trust). The problem was in aspects of

management and understanding markets - although this was not a problem specific to environmental industries. The level of growth of companies was often disappointing, for example, in the digital media not many of the companies have grown big, although inward investment has brought bigger companies, such as internet gaming, into the city. The area of public sector demand was also problematic – for example when selling to the NHS it is often easier to sell to Holland first and then to the NHS!

9.25 It would be helpful to build a critical mass and use companies as ‘showrooms’ to attract more companies. Brighton & Hove as an area with a reputation for piloting projects in the public sector would be helpful and provide market openings through the pilot projects. It was difficult to know about specialist facilities as environmental technologies were so wide.

9.26 Mr Herd concluded that the benefits of supporting the environmental industries were: there were good universities here; Brighton & Hove was a good place to carry out cultural change projects; work could build on what was in the city and showcase it to attract others in. Wired Sussex did that very successfully.

9.27 Cllr Randall thanked Mr Herd for this very interesting comments and Cllrs asked questions.

Cllr Randall – there was a role for the public sector to help and draw money in. How far can this translate across the employment spectrum?

The electromotive sector was a good example with skilled labour on electronic board production and assembly. A lot of this would stay at the small scale. It also depended on supporting growth and how to take forward second stage incubators. The in-house team at SInC worked to keep companies here.

Cllr Davis –How does critical mass help?

One example was that EDF saw sufficient technologies going on in the city to set up an innovation centre here. Southern Water were coming to see seven companies – they would see the point of coming to the city because of the critical mass. There were a whole range of benefits.

Cllr Davis – did these benefits apply more widely.

The critical mass of environmental technologies sat inside the wider critical mass of innovation.

Cllr Harmer- Strange – what size building would you be talking about?

Around 20-30,000 square feet. However, more work is needed to target the industry and find out what they need in terms of R&D. At the same time, new start-ups would be identified and encouraged to come to such a building as there were five or six other companies in the same area.

9f Alan Harris and Sharon Greenaway, Centre for Business Enterprise, Kingston College.

9.28 Ms Greenaway introduced herself as the Director of Business Enterprise and Mr Harris as the Manager of the training centre set up by Kingston College and Carshalton College. The centre was based at Carshalton and was about resources and expertise in delivery. It was a unique initiative as it targeted adults. It went live in September 2008 in state of the art premises as a "Power Assessment Centre". They were now looking on from gas and electricity to other renewables. They were looking at another site at Kingston which had just got planning permission. The Centre was all about training and installation. Part of Ms Greenaway's job was about looking at how they can support other initiatives across the region. Since September, the Centre had trained in excess of 500 adults. It was a niche market as they were running legislation-based courses: they were expecting there to be legislation for training in the sustainable energy markets so they were also looking at that. In the last four months, rising unemployment had meant people changing careers so there was more funding for Further Education (FE) colleges for up-skilling and re-skilling. Ms Greenaway noted that they were keen to develop in other areas in a partnership role and to offer training or support and expertise. They were talking to Sutton and Kingston Councils who were keen to be involved in training contractors for construction builds. They were looking at new opportunities for preferred suppliers for Councils.

9.29 Mr Harris outlined some of the area they offer training in, namely, plumbing, gas and electricity, solar and hot water. They were, for example, a training provider for Worcester, Bosch and Thames Water. Much of their work was on up-skilling people. A new course was starting the following day for 25 new gas engineers for British Gas. People can be retrained, and existing engineers need to be up-trained – gas and electricity engineers need to be up-trained every 5 years.

9.30 Cllr Randall thanked Ms Greenaway and Mr Harris for their informative talk and Cllrs asked questions.

Cllr Randall – what ages do you train?

A range of adults – some 16 year olds and the oldest is 87.

Cllr Davis – what qualifications do you give?

Mr Harris replied that it depended on what company they were working with at the time. European Registration Scheme, City & Guilds, or Logic.

Cllr Davis – how do people find you?

There was a big advertising campaign at the launch, but also word of mouth.

Cllr Harmer-Strange – what technologies are you not involved in?

Mr Harris noted that they could do anything and have started training building service engineers.

Mr Crockett – do you have any links with City College in Brighton & Hove?

Ms Greenaway said not yet but it would be interesting to see what they were offering and what resources they had.

Ms Murray – was there a financial relationship with Bosch?

They supplied new equipment so the centre had the latest boilers and panels to train people on. They also used the training facilities to hold workshops for staff. Mr Harris noted that they could set up a training event within a week and could develop the provision of courses very quickly.

Ms Murray - are you responsive or chasing leads?

Both - and the whole team was very keen to make things happen. There were two areas of referral and enquiry – from each college – which removes the competitiveness element. They shared resources on finance and marketing.

Cllr Harmer-Strange – what levels of government funding do you have?

There was the Train to Gain on levels 2, 3 and possibly 4 although this has stopped in London, and the Adult Funding through the Learning and Skills Council (LSC). Sustainable technologies were likely to be a key area for the LSC in the future. They also looked for Local Development Area (LDA) and local funding.

Cllr Randall – what was the relationship like with the local authorities?

Very good – the colleges had very good relationships with the authorities and they were training contractors for them.

Mr Crockett – what was the scale of investment?

Ms Greenaway replied it was £40,000 capital investment from each college and £10,000 on marketing. There were also two full time members of staff. The projected final figure for July is £395,000 income which would be break-even (within 11 months). The business plan had set break-even for the end of year 2.

Mr Crockett requested a copy of the business plan.

Cllr Randall – were there any other providers?

Mr Harris replied that there were others since gas and electricity engineers needed to up-skill every five years. With the way technologies were moving, there would be constant retraining.

9.31 Cllr Randall thanked Mr Harris and Ms Greenaway and all those who had spoken to the Panel for such an informative and interesting session. He asked if anyone had any further contributions to make.

9.32 Ms Osmond suggested that what the Council could do was: to encourage a green cluster; to consider a green environmental Business Centre; to look at the FE and City Colleges; to link to the wider green city, and green lifestyles initiatives; and for Brighton & Hove City Council to be a driver for initiatives such as green spaces and green transport and be recognised as a green city.

9.33 Mr Crockett noted that the Council could also take procurement risks with innovative projects and show inward investors that as a Council they were interested in innovation.

9.34 Mr Herd remarked that often local authority partners treated SInC like a zoo – an interesting place to tour but they did not engage with the companies. There was an issue of training, confidence and maintenance: when a company gets to the point it needed to train others, the entrepreneur often was not interested or was scared off by the prospect.

9.35 Mr Crockett made the point that Council officers do take EDF extremely seriously and there was an officer whose job it was to work with the top 25 companies in the city very closely. They had also been in extensive talks with EDF about their premises.

10. ANY OTHER BUSINESS

5.1 There was no other business.

The meeting concluded at 12.15pm

Signed

Chair

Dated this

day of