

BRIGHTON & HOVE CITY COUNCIL

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

10.00am 13 MAY 2009

COMMITTEE ROOM 1, HOVE TOWN HALL

DRAFT 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 and Karen Amsden, Scrutiny Officer.

PART ONE

11. PROCEDURAL BUSINESS

11a Declarations of Interest

11.1 There were none

11b Exclusion of press and public

11.2 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.

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

12. MINUTES OF THE LAST MEETING

12.1 The minutes were agreed.

13. CHAIRMAN'S COMMUNICATIONS

13. There were none.

14. EVIDENCE FROM WITNESSES

14a Chairman's introduction

Cllr Randall opened the session by describing the first session as inspirational. The second session covered nuts and bolts issues and specific things that the council could do and he anticipated that this session would be the same.

14b Pooran Desai, Sustainability director of BioRegional Quintain Ltd

Mr Desai explained that BioRegional Quintain is part owned by a charity and has an enterprised approach to sustainability. They employed 50 people in across the associated organisations, and are involved in activities including forestry, recycling and property development. Companies they have worked with include Tesco and B&Q.

The charity arm was focussed on creating a sustainable future and called 'one planet living'. This was because if everyone consumed as much as the average person in the UK currently, then we would need 3 planets. As Greenpeace have stated

'If you are not terrified, you do not understand'.

It was necessary to come out of the recession, clean and green. In the UK only 10% of the stimulus packages are directed towards green industries, compared to 80% in Korea. Regardless of environmental drivers, renewable energy was needed as oil prices reached a peak last year.

Mr Desai believed that everything needed to be re-invented in a green way. For example the materials used in construction, such as the greenest concrete being used by One Brighton. Another example was in renewable energy, where they were working with SeaRoc on offshore wind farm proposals. The largest wind farm in the work has just been agreed, which would bring significant investment into the Thames Gateway.

His organisation has engaged Green Mop - a Brighton and Hove (B&H) business - to clean their flats in a green way, which included travelling on bikes and using environmentally sound cleaning products.

Mr Desai thought a lot of places were assessing how to become a home to a green cluster. However, it was not just a case of wanting to do it. Any location needed to offer a good lifestyle and intellectual capital, as well as the will and appropriate policies. He felt that Brighton and Hove (for which a huge opportunity existed) and Cambridge (who were pushing ahead) were the only places in the UK that could meet these requirements. Therefore Brighton and Hove (B&H) could be a key cluster due to its academic and lifestyle opportunities and there would be a massive growth of this sector in the next 20 years.

He believed that you need fully rounded policies to achieve a sustainable lifestyle. He was working with a community group in London Road (in B&H) to come up with an alternative to a new Tesco and its resulting parking spaces. Instead you could have a 'One Planet' type quarter there – a green life style place - which housed the new industries of the future.

Cllr Randall – do you think that the Thames Gateway experience could be replicated in Brighton? Could you also tell us more about SeaRoc and the implications for Brighton?

SeaRoc are a leading marine engineering company. The Crown Estates are releasing areas of sea. They are linking up with SeaRoc and a German company to develop a project that could produce 1 gigawatt of power which could be enough for East and West Sussex. Forty percent of the UK's electricity needs could be met by wind, and along with tidal, and be the energy of the future. Therefore coastal locations were very important.

A lot of technological developments are needed for wind turbines including engineering and design. Mr Desai suspects that B&H might not be the right place for manufacturing turbines, but there is potential for Southampton and Shoreham Harbour. He suggested that the Panel should talk to SeaRoc about the jobs potential. He feels that a lot of computer based jobs could be situated in B&H. One example is the greener concrete developed for One Brighton, that could then be used to construct wind farms. Similarly, knowledge based jobs could be sited in B&H. He believes that higher paid engineers and creative workers would prefer to be based in B&H, rather than Southampton.

Thurstan Crockett then told the Panel that SeaRoc had grown in five years from 5 to (30/35) employees. They have become a world leader in marine renewables. Although their location in B&H was by accident, people like to live here and would not now move from the City. The Council had recently helped them to find larger offices.

Mr Desai asked the panel if B&H could position itself as the centre of marine sustainability. The Brighton brand could be a good attractor.

Cllr Randall – what one thing would you ask Brighton and Hove City Council (BHCC) to do?

There is the opportunity to create a vision for the future of B&H – which entails deciding what the City would be in 2050 and aligning all its policies. This would not just involve the green economic future, but include areas such as transport and improving the quality of life to attract the brightest brains. The City has to become what it wants to be, and

'dress for the person you want to be, not what you are'.

The City would have to behave as though it was the centre for renewables. He suggested that B&H assess where they wanted to be both in 2020 and 2050.

Cllr Davis – it is very important that we address how we can attract big projects. What do you think we should be doing now to encourage growth?

Now is the time to prepare. While things are difficult in the economy, businesses would choose to locate in B&H, One example is New England House (NEH) which has spawned businesses. It is the vision that attracts people and that is what works. To create a green cluster you need:

- Low cost incubator units
- Link to a quarter, where this was a geographical concentration - a lot can happen through informal links
- Light industrial units as part of a mixed use development, situated in town where people live and work, rather than an out of town industrial park

The conditions, as outlined above, then create a vibe. London Road could be a natural area for such a hub, with a mixture of green businesses and green living. An environmentally sound makeover could be given to NEH, involving local business and green lifestyles. This could include car clubs and retro fittings on the buildings.

Cllr Harmer-Strange – Other than Cambridge, do we have any competitors?

- Cambridge – due to the Universities
- Cardiff – as the Welsh Assembly has adopted stretching targets e.g. zero carbon homes and biomass targets. There is a lot of European funding for green technology directed to these areas.
- London and the Thames Gateway. However, this is not a natural cluster as it would be hard to sell a lifestyle in parts of North Kent

It is often forgotten that you have to offer a high quality of life to create a cluster. No other city had the same opportunity as B&H, but it needs real commitment.

Cllr Randall – You are working on a large scheme in Middlesbrough. Is it a mixed development?

It contains housing, businesses, hotels and is becoming a centre for hydrogen technologies. It is becoming a regional centre, rather than national, as it is not a lifestyle attractor. They would only undertake mixed developments, as this meant:

- Efficient use of energy
- More efficient use of services e.g. car clubs
- Reduced crime due to natural policing

Cllr Harmer-Strange – what were the differences between wind and marine technologies. Which will be the biggest?

Wind will be massive, then tidal - which will be bigger than waves because it is more predictable. Wind is going ahead now, but tidal technologies need more development and there were more ecological issues. In summary:

- Wind – now in companies like SeaRoc
- Tidal – worth starting now and could be ready in 5-10 years time
- Algae (for biofuels) again could be ready in 5-10 years time

Thurstan Crockett then commented about the recent wind turbine plant that had shut down in the Isle of Wight, citing planning applications as the biggest problem. He felt that it was a shame that the company had not been able to hold out.

14c. David Porter, Environmental Enterprise Manager, Envirobusiness

Mr Porter told the Panel that he began working in this area with SETsquared, a business acceleration partnership between universities. EnviroBusiness was a not for profit company set up by SEEDA three years ago.

The intention was to use sector consortia, to push forward strategic industries that SEEDA think are interesting and important to the region e.g. aerospace and digital media.

EnviroBusiness was the sector consortia for the environment, and one of its aims had been to create a network of early stage companies e.g. water, waste, energy and environmental monitoring. There was now a network of 700 companies, who were often at an early stage and either looking to prove that their product worked, increase sales or sell overseas. This was initially a two year project, which had been extended to 2011, with a focus on global competitiveness.

EnviroBusiness were partially co-ordinating and delivering a £2.4m programme, which had six streams:

1. *market intelligence provision*: for organisations who moved into the sector and did not know information such as market value chains. For industries, such as manufacturing wind turbines, there are a lot of new skills that need to be developed, or built up, from existing knowledge.
2. *international sales*: it was a big step for organisations who are just selling in the UK, to then enter the global market. This is sub-contracted to PIRA Consulting, who has used its world wide network to make contacts.
3. *business support*: there were a lot of schemes out there that could help businesses. However organisations did not know which were appropriate and how to access them. He suggested that this was an area where BHCC could offer support.
4. *creating demand*: his experience was gained from past work with the Thames Gateway project to develop a sustainable industrial park. They had to address issues such as what renewable power do they use? Who would deliver this? These decisions would create demand. Local authorities had a large role in this, from reducing their own carbon footprint to identifying projects such as insulating homes.
5. *international innovation*: this involved helping organisations to link with overseas partners.
6. *development of wind and marine renewable supply chain*: Denmark had been successful in this area because it had good policies and was a windy country. The shipping expertise of areas such as Southampton, Newhaven and Shoreham Harbour could be good for this region. The United Kingdom had a lot of offshore skills and knowledge and could make the South Coast, for example, a global winner. This would help the development of supply chains. The focus of EnviroBusiness was on implementation, rather than policy.

The proposed South East Environmental Innovation Network was aimed at bringing universities, Small and Medium enterprises (SMEs) and large companies together. One example was Ricardo who recognised that they could enter the renewable energy market, e.g. wind turbines, but recognised that they could not do this alone and wanted to interface with universities and SMEs with relevant expertise. A lot of other companies could move into environmental work and this Network could help them secure European Union funding. The bid for funding this Network was likely to be completed by June.

Cllr Randall – It is vital to talk about existing businesses who want to switch to environmental industries e.g. from manufacturing cars. What is the potential for change and what are you doing with existing organisations?

Market research has found that the growth of renewable energy will be in double figures in the next ten years. The growth of the waste industry will not be as significant, except anaerobic digestion. Offshore wind is going to be the big thing for the next ten years and there will be real growth opportunities.

Action: Karen Amsden/Julia Riches have obtained the breakdown of figures David Porter offered to provide about the growth opportunities of renewable energies.

Each company has different needs from obtaining funding to selling overseas. Therefore you have to pick winners and some will never work, either due to the business idea or the people running the company. The idea is to pick the top 500 companies and work with them to realise what they need and create packages for them (using the £2.4m funding). For example they had met with a company who wants to convert petrol cars to electric, by stripping out their insides. There were likely to be significant engineering issues, so they needed to work with a university rather than going straight to the market. In the process they may find out that it was not a good idea.

Cllr Randall – is enough being done to inform existing organisations about the potential of switching to environmental industries?

We are working with the Engineers Federation. One could say that in 50 years all companies will need to produce environmentally sustainable products, rather than there being an environmental industries section. A key part of environmental solutions will be I.T. related and B&H has a very strong digital sector.

Cllr Harmer-Strange – do you work with Business Link?

We do work with a sustainable business advisor in Business Link and closely with Business Link Kent. The aim is to have a single point of contact. EnviroBusiness also wish to work with the Innovation and Growth Teams (IGTs), including Nigel Biggs who is running the Thames Gateway IGT.

Cllr Harmer-Strange – do you share the same vision as Pooran Desai?

Yes, there are great transport links to London. A lot of expertise is sucked into London, which could be redeployed into renewable industries in Brighton. For example, those who are currently working in engineering and finance.

There is a coastal strip in East Sussex that has already created a green cluster, from Hastings to Southampton. It would be possible to have a joined up initiative, but the transport links are poor. Case studies are a great way of driving clusters. For example both Seattle, with the success of Microsoft, as well as Silicon Valley. Here SeaRoc could be used by BHCC as a tangible example of success. The digital media cluster came about partially due to the Universities in B&H.

Thurstan Crockett – how many of your top 500 companies are here?

We have identified over 400 high priority organisations (from 700). Contact has been made with 50 of them and we will be holding a large event in June for another 50 companies. This is the start of the programme and we are not aware of all the activity that is going on. When talking to Jim Christy, we have realised that we have not heard of half the organisations who are working with the East Sussex Enterprise Hub.

Thurstan Crockett – In relation to the Network, what can BHCC do to maximise the opportunities?

The Council is sitting at the end of a supply chain and should define what it wants to happen in its city. It could then go to the Network and ask for environmental organisations to deliver cutting edge technologies and solutions. This could be a key stepping stone in enabling businesses to demonstrate their products and provide case studies. One example is fitting a single street with solar panels. Then when something worked, it could be rolled out across the city. Would it be possible to include BHCC in the bid for the Network?

Action: BHCC to respond to the request from David Porter for support from BHCC in their bid to establish the South East Environmental Innovation Network

Cllr Davis – the idea of picking winners is tricky, as we need to be seen to be fair. Although case studies are OK.

Cllr Harmer-Strange – who knows where all the funding is for this? Where is the centre of excellence of funding knowledge?

Finance South East has produced a list of funding opportunities for SMEs. EnviroBusiness were also contracted to produce a directory of funding opportunities for environmental industries.

Jim Christy – it is also about knowing how to apply for funding. Expert help is needed because there are so many different agencies, rules and procedures.

The Chairman then thanked David Porter for having highlighted the regional aspect of this issue and the opportunities of the coastal strip.

14.d Jim Christy, Director, East Sussex Enterprise Hub

Mr Christy explained that the Hub had been set up by SEEDA and covered B&H and East Sussex. There were 20 Hubs aimed at filling the gaps in helping new technologies get to market, including making links with universities and applying for patents. In 2005 Sea Space applied to have an Enterprise Hub in Hastings, but SEEDA were reluctant as they felt there was insufficient enterprise in the coastal strip. The Hub now had 67 portfolio clients with national and international growth potential. They also had a network of 850 members who come to them for general advice and are referred to organisations such as Envirowise, Business Link and the Universities.

He used the following examples of organisations who have been helped by the Hub:

- EVRS - have designed a new method of recycling organic waste which turns it into cellulose. Following a meeting arranged by the Hub, an investor has decided to put £600,000 into this project.
- South East Health - used IT to carry out remote telehealth monitoring, which was an increasingly important area of their business. This had environmental benefits such as reduced car use and care in the home rather than increased demand on hospitals.
- Tiger Enterprise Ltd - a Brighton based organisation which collected re-usable materials from building sites. Their Managing Director, Daniel Hill, should be seen as a role model. This company struggled for funding and could not find a good site to relocate to. The Hub helped with business planning, marketing, sourcing the right contacts and helped them secure funding. They had now won a contact across the South East.
- Dataslide - had developed an oscillating replacement to the hard drive, to greatly improve the storage capacity and speed. Although this is a step change technology with international potential, they have found it very difficult to persuade others of the massive potential of the project, although if the project was to succeed it would result in a great number of highly qualified jobs. The business was based in Hastings and had a business facility in Newhaven, but could be situated anywhere along the coast or indeed across the UK/Europe.
- Solar UK - employed 33 people who had dismantled a building facility in Coventry and have been reconstructing a 17 sided environmentally advanced building in Battle. This company was expected to grow to about 200 employees in the next few years.
- Enviro21 - a project taken on by Sea Space to build a linked Environmental and Innovation Campus. It would house 7 different business units with the latest environmental technologies incorporated, at approximately 10,000 sq ft each. It would be a mixture of office and manufacturing space and offer an innovation exchange to showcase enviro technologies alongside conference, restaurant and other facilities. A potential bid was being discussed with EnviroBusiness. Three of the buildings would be ready this year and the Innovation Exchange by the close of 2009.

Mr Christy then suggested that the Panel may wish to visit the Innovation Park.

Action: Karen Amsden/Julia Riches to find out if the Panel Members would be able to make a site visit to Enviro21 Innovation Park

The Link Road for Hastings had been approved which would release a significant level of land and will increase the number of innovation parks. Mr Christy suggested that B&H should collaborate with Eastbourne and Hastings. There should be coastal collaboration, not competition. Once the first three environmental business units were occupied, Sea Space would look at the second stage of the development.

The recently established Environment Advisory Group had produced a list of approximately 140 businesses in East Sussex (50 of them in B&H). The Hub had recently held an event, attended by over 100 people, and Mr Christy had been surprised by how lacking in knowledge businesses were about the different benefits of sustainable energy.

David Porter – wanted to highlight the lack of skills for the installation of systems.

He was told that this issue had been raised in other panel meetings.

Cllr Randall – thank you for reinforcing the following messages:

- *Green businesses need the same business advice and support as other businesses*
- *The need for coastal collaboration*

Cllr Davis – what % of the businesses you support are environmental industries?

Of the 70 businesses in our portfolio, 12 are environmental companies and the number is beginning to rise each month.

Paula Murray – Do the 140 businesses, that you recently identified, exist as a network?

The businesses have been asked if they want to sign up. They have been invited to sit on a smaller Advisory Group which has developed an Action Plan. The intention is to put all the companies on a database, to enable people to access information about them and to help with sourcing funding for new technology, R&D and University collaboration.

Cllr Harmer-Strange – Is there a critical mass for a Hub?

Approximately 40 businesses are the target, although our Hub has almost twice the amount.

Paula Murray then told the Panel that B&H has the HUB100, but did not know how many of the companies were in the environmental sector. Out of the 9,000 companies in B&H, 1,200 are digital.

Mr Christy believed that B&H was strong in a few areas of enterprise and quite constrained by its geography and the space available, therefore the digital sector should be used to enhance the environmental sector.

Thurstan Crockett highlighted the need to look at how businesses, who would not consider themselves as environmental industries, contribute to the low carbon economy. Examples included the digital and smart monitoring industries.

14. e. Jim Watson, Director of the Sussex Energy Group at Sussex University

Mr Watson explained that this was a social science Group which advised government and organisations on policy issues such as fuel poverty. The Centre was staffed by 18 people and 12 PhD students. It was partly funded by the Economic and Social Research Council (ESRC) and industry. The Group formed part of the Tyndall Centre for Climate Change Research. The University of Sussex was historically strong at energy innovation.

While a lot of technologies were being developed, policies were needed to construct markets. Such policies needed to include incentives and regulation, alongside the stimulation of customer demand. Germany and Japan were world leaders because they had led the way in regulation.

Although the Climate Change Act of 2008 had made the UK the first country to pass such legislation, governmental policy was quite vague on low carbon industrial strategy. There was significant discussion in local authorities regarding Low Carbon Zones, which was an opportunity that B&H could build on. Other opportunities for local authorities to act as pilots included:

- The recent announcement on electric vehicles Electric Vehicles - especially due to Elektromotive and Ricardo being locally based.
- Community Energy Saving Programme (CESP) which would be area based and offer a 'whole house' approach to energy efficiency.

Both Woking and Kirklees have used innovative funding and projects to tackle this issue. Mr Watson felt that there was a role for local authorities as a key actor. The Government had an aversion to picking winners and having an industrial policy, due to the experience of Concorde. As a result, it was averse to backing specific environmental technologies. Research had shown that Sweden, Japan and Denmark had achieved success by setting some priorities and improving the technologies. This aversion was breaking down. Some in the Department of Energy and Climate Change had indicated that they were more comfortable about choosing sectors, such as offshore wind, but not a particular company.

Mr Watson emphasised the importance of experimentation and local authorities could often play a key role in innovative technologies as well as schemes/business models such as car clubs. He believed that the UK had missed the boat on wind – and solar PV, despite the presence of installation companies such as Southern Solar, and was now trying to catch up with countries such as Germany. He did not expect nuclear power to bring significant industrial benefits to the UK.

Brighton and Hove could lead by example, in relation to buildings or areas it had some leverage over. These demonstrations could be used to attract businesses in.

Cllr Davis – Do you mean visible examples?

Tangible programmes are needed, for example when Leicester installed solar technology in a few streets.

Cllr Randall then observed that you needed champions, such as Allan Jones who was a key figure in Woking. Mr Watson added that he realised when he visited Woking, the Chief Executive was also on the side of Allan Jones. Creative financial arrangements were also needed to get around local authority and central government regulations. Therefore it was not surprising that there were not 20 Wokings.

Cllr Randall – it is very important to encourage innovation, what specific things could BHCC do?

It should try and be a pilot area for initiatives such as electrical cars – e.g. by bidding for funding under the recently announced government demonstration scheme.

Thurstan Crockett then announced that BHCC was at the point of signing off a waiver to procure electrical car charging points for the City. They had also put in an expression of interest in the CESP pilot and are in discussion with a major company. He expressed his concern that the risk averse nature of BHCC has prevented it from supporting companies such as Elektromotive and ERVS. It would be better if there was a culture of experimentation in procurement.

Mr Watson believed that national government was also risk averse, but spending public money means that they have to be careful. However, if they support a portfolio of projects, the problems are not so great; if one failed that there was not such a great effect. The private sector seems to deal with this kind of risk more comfortably.

David Porter asked the Panel if BHCC was applying for European Union (EU) funding to share this risk. He explained that you could insulate all the homes in Brighton and receive 50% funding from the EU. This would reduce the cost and the application process could identify risks.

Action: Karen Amsden/Julia Riches to contact David Porter to obtain information about the EU funding that he referred to above.

Cllr Harmer-Strange – how far is the UK behind countries such as Japan and the US?

We are a long way behind. But in areas, such as manufacturing, it would be possible to catch up. It is good that central government is getting bolder about supporting this sector and taking risks. The oil and gas industries could be turned into a renewable energy sector. However many of these companies intend to move to another country, and continue to exploit oil and gas resources, rather than change to renewable energies.

Cllr Harmer-Strange – Japan was not a pioneer in environmental industries, but then jumped in and stole the best ideas.

Companies would only locate to a region, or country, if there is a stable market for their product.

Mr Christy told the Panel that the new IGTs would target the top 250 growth businesses in each of the 8 areas across the South East. These 250 companies would be chosen on the basis of growth potential, turnover and innovation. It would not just be large organisations. There would be a budget of approximately £800,000 per year for running the programme, alongside key partner contributions. East Sussex and Brighton IGT is focussing on key sectors such as environmental, digital technology, advanced engineering and health related sectors such as tele-health. This should attract funding from public sector organisations as these are key sector priority industries.

Mr Watson informed the Panel that he had been talking to Graham Tubb of SEEDA about the government's idea of regional clusters of power plants with carbon capture and storage.

Jim Christy – what does the Panel think that BHCC should do to support environmental industries?

Cllr Randall replied that it was the largest employer in the City and has a large budget, so should be an exemplar. The Council should be doing work such as looking at its carbon footprint. There was a need to be bold, as the prize is so important. He suggested that everyone should look at the 'Story of Stuff' on the web. He believed that Woking and Kirklees have shown what can be done. Another example was Helsinki, which has made every shop in a precinct disability accessible in order to show that it can be done. Mr Christy added that improvements to Broadband could be important in this field.

15. ANY OTHER BUSINESS

CLlr Davis drew the attention of the Panel to an article about Smart Energy Meters.

The meeting concluded at 12.30pm

Signed

Chair

Dated this

day of