Brighton & Hove City Council

A report of the Culture, Tourism and Enterprise Overview and Scrutiny Committee Ad Hoc Panel

October 2009

ENVIRONMENTAL INDUSTRIES INQUIRY

Capturing the potential and economic benefits for Brighton & Hove

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1. Chairman's Introduction

The development of environmental industries is seen as one of the key drivers for ending the world recession. In the UK, all the main political parties recognise the economic potential of developing, designing and manufacturing the wind turbines, solar panels, insulation material and other hardware needed to tackle climate change, support waste management and recycling, reclaim contaminated land, deal with all forms of pollution and help Brighton & Hove become a low carbon city. At the same time, they argue, thousands of 'green collar' jobs could be created.

Brighton & Hove is already home to a growing number of companies involved in this second industrial revolution. However, believing there is huge potential for growth in environmental industries in the city, the council voted unanimously to set up an all-party Inquiry into their future development. This report is the fruit of its labours.

During the past six months, the Panel has taken evidence from 25 witnesses representing 21 organisations, among them the city council, both the city's universities, the Brighton & Hove Economic Partnership, BioRegional, the GMB trade union, the South East England Development Agency, EDF, the City College, local businesses and Transition Brighton & Hove.

The witnesses' belief that Brighton & Hove can be a major centre for the development of environmental industries was overwhelming, and their experience and expertise has been critical to producing this report. Underpinning all the recommendations is the need for partnership working, sometimes beyond our city boundaries, which was advocated by everybody who gave evidence. Indeed, one early reward from the Inquiry's work has been bringing some of them closer together.

The need for the council to support environmental industries through its policies and procurement programmes is another central theme. It was also agreed that a network is needed to support this growing sector and that the council should appoint an environmental industries officer to support and promote new and growing businesses and to help retain successful companies in the city as they grow

Another critical issue raised by many witnesses is the need for work spaces to accommodate companies of all sizes – from fledging organisations to established and expanding businesses. Providing training to fill skills gaps is another area that must be addressed.

There is, of course, a precedent for believing that environmental industries will be a Brighton & Hove success story. The city has proved its willingness to embrace and develop new ideas and technologies in the creative industry sector and, in particular, in the digital industries, where it is a national and international centre. There is every reason to believe it can do it again with environmental industries.

My thanks go to all those expert witnesses who, in giving evidence, gave the city a free and very valuable consultancy. I am also grateful to Councillor Melanie Davis and Councillor Steve Harmer-Strange for their work as Inquiry Panel members and to the many Brighton & Hove council officers who have supported us. In particular, my thanks go to Karen Amsden and Julia Riches from the Scrutiny team, who provided research and advice.



Councillor Bill Randall

2. Executive Summary and list of Recommendations

This section provides a summary of the report and then lists the full set of recommendations arising from the Inquiry.

A. Executive Summary

What are environmental industries?

The Inquiry used as a definition:

"…businesses operating in the broad disciplines of energy efficiency, recycling and waste, renewable energy, sustainable construction and maintenance, consultancy and other services".

The key focus of the report

The Terms of Reference for the Inquiry emphasised the need to:

"…explore the growth potential of environmental industries in Brighton & Hove. It will consider the economic, environmental and employment benefits to the city…"

A comprehensive report

The report covers the full range of policy and political developments in this emerging sector. It does justice to the quality and quantity of evidence, places the evidence in context and provides an update on developments in this sector, for example the successful bid for an Environmental Innovation Network.

Our key findings

- This growing sector provides an important enterprise and employment opportunity for the city. There are a significant number of potential major projects in the pipeline, including a wind farm.
- Brighton & Hove has many of the key attributes needed to attract environmental industries. These include the universities, the range of education and employment opportunities and the enterprise culture highlighted in the recent HSBC report on 'super cities'.
- The council can play an important role in developing this sector.
- There are opportunities for the council to work with other partners and localities to maximise the potential of this sector.
- There is a need to support this sector as it grows. This could include a network, facilitating clusters and helping to meet the need for suitable office accommodation.

Conclusion

This sector represents an important enterprise opportunity for the city. The council needs to work closely with key partners to develop and support a thriving environmental industries sector in this city.

Because of the work being done by the universities and the private sector, environmental industries seem set to grow in Brighton & Hove. The council recognises that it must seize the opportunity to become involved in the development of the sector, in order to influence it from the centre rather than the periphery. This report sets out some of the key ways it can do so.

The Panel recognises that other local authorities are preparing to maximise the chances offered by this sector and are developing the infrastructure to service these industries. So if our city fails to grasp this opportunity, then other locations will benefit.

Our recommendations

The Panel has developed 7 headline recommendations and 14 supporting recommendations. These aim to achieve the following outcomes:

- Making environmental industries a council priority
- The council leading by example to encourage this sector
- Working with our partners to maximise the potential of these industries
- Working with the city's universities
- Establishing an environmental industries network
- Growing the sector to create local jobs and training
- Providing funding advice for these industries
- Communicating the importance of this sector
- Monitoring the progress of this sector.

B. Recommendations

Headline Recommendations

1. The Panel believes the council should appoint a lead officer for environmental industries to be a key point of contact for those in this sector seeking information and support. (see p63)

2. The Panel welcomes the Business Retention and Inward Investment Strategy and Action Plan, and its commitment to the environmental industries. The Panel believes all other relevant strategies for the city should be refreshed to reflect the importance of environmental industries. (see p27)

3. The Panel believes the council should explore how more affordable work and office space could be made available in the city. This is particularly important to retain successful and growing companies who might otherwise leave Brighton & Hove. Clusters of workspaces are crucial to encourage the interchange of ideas. (see p57)

4. The Panel recommends the council plays an active role in supporting the new regional Environmental Innovation Network, which will be led by EnviroBusiness with key support from the University of Brighton and funded by South East Development Agency (SEEDA) and European Regional Development Fund (ERDF) S.E. Competitiveness Fund. The need for such a network was stressed by all those who gave evidence to the Panel. The network's regional focus reflects the general view that Brighton & Hove and other local authorities and organisations must work across a regional and sub-regional front to promote and develop environmental industries. (see p58)

5. The Panel welcomes the council's commitment to creating apprenticeships. It recommends that future bids for funding for apprenticeships take account of the environmental industries. It also welcomes the city's success in gaining Future Jobs Funding to create 350 jobs. Led by the council, the programme will create 100 recycling and 'green collar' jobs. The emerging environmental industries are highlighted as a potential area for the programme. (see p52)

6. The Panel was pleased to be able to forge relationships through its meetings, among them the new dialogue between City College and Kingston College. The Panel recommends that the council encourages inter-college partnering, where appropriate, to address the skills gaps in the environmental industries and in the retrofitting sector of the construction industry to meet demand for future employment. This will support local job creation across the employment spectrum from graduates to those leaving school with few qualifications. (see p 39)

7. The Panel recommends the council uses its procurement policy to promote the growth and development of environmental industries and to encourage innovative and environmentally conscious companies to tender for work. (see p74)

Supporting Recommendations

8. The Panel believes it is essential to produce an up to date directory of local and regional environmental industries. It recommends the council works with its partners to achieve this. The council should also update its own directories to take account of this, in conjunction with partners. (see p21)

9. The Panel believes the council's representative on the Economic Partnership should be a champion for this sector and work with and encourage our partners to implement the recommendations of this Inquiry and other initiatives. (see p26)

10. The Panel recommends the council ensures it's planning policies and practices, including the emerging Local Development Framework, support the growth and development of environmental industries. (see p27)

11. The Panel recommends that the council further strengthens its excellent relationships with the city's two universities and publicises their work. The lead officer for environmental industries (proposed in Recommendation 1) could be a key point of contact for the universities. (see p34)

12. The Panel believes an innovation centre should be established in collaboration with the universities and environmental industries. The aim would be help develop new technologies in the sector and support emerging and expanding companies. (see p43)

13. The Panel believes the council should be represented on the Environmental Advisory Group established by the East Sussex Enterprise Hub. This would facilitate coastal collaboration and enable the council to gather information about local innovation. (see p47)

14. The Panel recommends the council works with local organisations and other local authorities, regional and sub-regional bodies to help the development of environmental industries. Building on existing regional initiatives, it could explore, for example, the possibility of collaborating with neighbouring authorities that could provide manufacturing space. (see p48)

15. The Panel believes social enterprises have a significant role to play in developing environmental industries in Brighton & Hove. It recommends that the council and other organisations do all they can to support the social enterprise sector in this area. (see p49)

16. The Panel welcomes energy-saving and carbon reduction initiatives, such as the Community Energy Saving Programme and the Great British Refurb Campaign, and recommends the council investigates the full range of funding opportunities and schemes for supporting low carbon investment and environmental schemes in the city to create local jobs. (see p54)

17. The Panel recommends the council either undertakes, or contributes to, an assessment of how to help graduates gain employment in environmental industries, or contribute their knowledge to the council. (see p36)

18. The Panel believes the council should offer itself as a pilot authority when opportunities arise to support this sector. It should encourage its partners to do the same, to attract and assist innovative companies and products. (see p60)

19. The Panel believes that the council should work with its partners to increase the profile of the sector in the city. This could include: publicising existing organisations and projects, showcasing the council's own work, using companies as 'showrooms' and demonstration projects and organising events for the environmental industries. (see p62)

20. Many small and medium sized businesses find it very difficult to negotiate the funding labyrinth. The Panel recommends the council undertakes, or identifies a partner to carry out, an exercise to map the funding available for environmental industries. This information could then be made accessible to the sector. (see p72)

21. The Panel recommends that in 12 months time the council's Culture, Tourism & Enterprise Overview and Scrutiny Committee (CTEOSC) is provided with a report on the implementation of the Inquiry's recommendations. Thereafter, an annual update on progress would be given to CTEOSC. (see p75)

3. How this Panel was set up

The Panel was drawn from the Culture, Tourism and Enterprise Overview and Scrutiny Committee (CTEOSC) and consisted of Councillor Bill Randall (Chairman), Councillor Melanie Davis and Councillor Steve Harmer-Strange.

The Panel agreed its terms of reference as:

"…*to explore the growth potential of environmental industries in Brighton & Hove. It will consider the economic, environmental and employment benefits to the city and what actions should be prioritised by the council and its key partners to support high growth potential existing businesses in the sector, diversification of others into the sector's work, and attract inward investors."*

The Panel wish to thank all those who submitted evidence to them. Members were most impressed by the knowledge and expertise that was offered to them during the course of their Inquiry. The Panel has tried to take into account all the views expressed when making their recommendations. The recommendations do, however, remain those of the Panel.

Further information, on the setting up of the Panel and the witnesses involved, is attached to this report in Appendices 1 and 2.

Volume 2 of this report contains the written evidence submitted to the Panel and the minutes of the public meetings held between March and June 2009.

Witnesses who gave evidence (in order of appearance)

Paul Dickinson	CEO	**Carbon Disclosure Project**
Jae Mather	Director of Sustainability	**Carbon Free Group**
Nick Hutchinson	Director	**Ecosys**
Tony Mernagh	Director	**Brighton & Hove Business Forum**
Councillor Ted Kemble	Cabinet Member for Enterprise, Employment and Major Projects	
Zoe Osmond	Business Development Manager	**University of Brighton**
Professor Jim Lynch	Distinguished Professor of Life Sciences	**University of Surrey and Senior Advisor for SEEDA**
Gary Smith	National Secretary	**GMB Union**
Rob Macey	Regional Organiser	**GMB Union**
Mike Herd	Executive Director	**Sussex Innovation Centre**, **University of Sussex**
Alan Harris	Centre Manager	**Kingston College**
Sharon Greenaway	Director of Business Enterprise	**Kingston College**
Pooran Desai	Sustainability Director	**BioRegional**
David Porter	Environmental Enterprise Manager	**EnviroBusiness**
Jim Christy	Director	**East Sussex Enterprise Hub**
Dr Jim Watson	Director of the Sussex Energy Group	**University of Sussex**
Graham Tubb	Head of Energy Policy	**SEEDA**
Christine D'Cruz	Head of Business Development (Residential and SME markets),	**EDF Energy**
Maria Antoniou	Development Manager	**Friends Centre**
Martin Grimshaw		**Transition Brighton & Hove**
John Kapp		**Transition Brighton & Hove**
Greg Simmons	Technical Director	**Elektromotive**
Vernice Halligan	Head of Employer Engagement	**City College Brighton & Hove**

Michael Buckman	Curriculum Manager	**City College Brighton & Hove**
Steve Charter	Director	**SC2 Sustainability Consultancy**

4. The importance of environmental industries

This section places the evidence provided to the Panel in context. It explains what environmental industries are and the contribution they can make to tackling climate change. The importance of this sector to the economy is then considered - internationally, nationally, regionally and in Brighton & Hove (B&H).

4.1 What are environmental industries?

For this Inquiry, the Panel agreed the following definition of environmental industries:

" …businesses operating in the broad disciplines of energy efficiency, recycling and waste, renewable energy, sustainable construction and maintenance, consultancy and other services (furniture, printing, cleaning food, travel, design etc)."

The industry is very much an emerging sector and one that was not properly recognised five years ago. Therefore the Panel decided to use a broad definition of the sector to ensure they did not limit the scope of their Inquiry.

A similar approach is taken by the UK Forum for Environmental Industries (UKFEI) which believes:

"…a broad spectrum of business types make up the environmental technologies and services sector."[1]

They include the following industries:

- water and waste water treatment
- transport pollution control
- noise and vibration control
- contaminated land remediation
- energy management
- environmental consultancy
- landscape industries
- marine pollution control
- waste management and recycling
- air pollution control
- environmental monitoring
- air pollution control
- cleaner technologies and processes[2]

The sector contains organisations of varying sizes, ranging from large companies to micro businesses.

[1] UKFEI website http://www.ukfei.co.uk/
[2] ibid

4.2 Environmental industries and climate change

The highly influential *Stern Review: The Economics of Climate Change* concluded that:

"The scientific evidence is now overwhelming: climate change presents very serious global risks, and it demands an urgent global response."[3]

Paul Dickinson, the Chief Executive of the Carbon Disclosure Project, told the Panel of his concern that:

"*…it is a deeply held view by the public and general technical people that there is nothing to worry about. However … there is the potential for there to be such a significant change to the climate in our lifetime that it could lead to the loss of 80% of the population."*[4]

The Climate Change Act 2008 saw the UK become the first country to adopt a legally binding target to reduce carbon emissions - at least 26% by 2020 and 80% by 2050. One of the key aims underpinning the Act was to:

"…*improve carbon management and help the transition towards a low carbon economy in the UK."*[5]

The recently produced White Paper, the *UK Low Carbon Transition Plan,* outlined a comprehensive plan to deliver emission cuts of 18% on 2008 levels by 2020. One of the key aims was to:

"… make the UK a centre of green industry by supporting the development and use of clean technologies…"[6]

4.3 What environmental industries can contribute to the economy

The *Stern Review* emphasised how tackling climate change could promote economic growth and development:

"Action on climate change will … create significant business opportunities, as new markets are created in low-carbon energy technologies and other low-carbon goods and services. These markets could grow to be worth hundreds of billions of dollars each year, and employment in these sectors will expand accordingly."[7]

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[3] Stern review: 'The Economics of Climate Change', 2006
[4] Paul Dickinson, Carbon Disclosure Project, evidence 31st March 2009
[5] http://www.defra.gov.uk/environment/climatechange/uk/legislation/provisions.htm
[6] http://interactive.bis.gov.uk/lowcarbon/
[7] Stern review: 'The Economics of Climate Change', 2006 http://www.hm-treasury.gov.uk/d/CLOSED_SHORT_executive_summary.pdf

The *Stern Review* was followed by a significant number of international and national research reports and policy announcements; including reports by the UN, the Obama Administration and the main political parties in the UK.

The *Low Carbon Industrial Strategy*, recently published in parallel with the *Transition Plan*, agreed that:

"..*supplying the demands of the low carbon economy offers a significant potential contribution to economic growth and job creation in Britain, not only as part of the short term economic recovery, but also through sustainable growth over decades to come."*[8]

Internationally

The current global market for environmental goods and services is thought to be worth more than $1,300bn and could double by 2020.[9] The Panel heard that figures from the Organisation for Economic Co-operation and Development (OECD) put the value of the global environmental services sector even higher at $1.2 trillion, although this was later re-evaluated as $3trillion.[10] This would make it roughly the same size as the pharmaceutical market, although the spend on research and development (R&D) is significantly lower at around 10% of that of the pharmaceuticals.[11]

Europe and environmental industries

A recent study on the impact of renewable energy policy on economic growth and employment in the European Union reported that in 2005 the renewable energy sector employed 1.4 million people with a gross value added of €58bn. However, the significance of the sector varies strongly among Member States.

This report also calculated that:

"Achieving the 2020 RES [renewable energy sector] target will deliver [up to] 2.8 million jobs in the RES sector."[12]

The Energy Commissioner Andris Piebalgs said:

"This shows that benefits of renewables in terms of security of supply and fighting climate change can go hand-in-hand with economic benefits."[13]

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[8] www.hmg.gov.uk/lowcarbon. Department for Bus, Ent and Reg Ref and Dof E and CC
[9] 'Creating Green Jobs: developing local low carbon economies', LGA (2009)
[10] Professor Jim Lynch, University of Surrey & SEEDA, evidence 23rd April 2009. Later figure from Adrian Wilkes, Director of the Environmental Industries Commission.
[11] ibid
[12] 'The impact of renewable energy policy on economic growth and employment in the European Union', Employ-Res research project, (April 2009) http://ec.europa.eu/energy/renewables/studies/doc/renewables/2009_employ_res_summary.pdf
[13] http://www.euractiv.com/en/energy/eu-business-case-renewables/article-182792

The report also highlighted the need for stronger policies to reap the maximum economic benefits from renewable energy. While more innovative technologies such as photovoltaic, offshore wind, solar thermal electricity and second-generation biofuels require more financial support in the short term, they are key to achieving the EU's 2020 target. This, in turn, will help maintain the EU's current competitive position in the global market and increase employment and GDP in the midterm.[14]

Nationally

The growing economic importance of the environmental sector in the UK has been the focus of an increasing number of key national policy documents.

For example, one of the key objectives of the *Heat and Energy Saving Strategy* (2009) is:

"… to take advantage of the economic opportunities presented by the shift to a low carbon economy in the UK and in the rest of the world, helping us during the current economic downturn and over the long term."[15]

The key proposal is for:

"All homes to have received by 2030 a 'whole house' package including all cost-effective energy saving measures, plus renewable heat and electricity measures as appropriate. All lofts and cavity walls will be insulated where practical by 2015."[16]

The aim of this Strategy is to:

" …reduce annual emissions by up to 44 million tonnes of $C0_2$ in 2020 the equivalent of a 30% reduction in emissions from households compared to 2006."[17]

The recent White Paper on *UK Low Carbon Transition* declares its aim to:

"…build the UK's position as a global centre of green manufacturing in low carbon sectors such as offshore wind, marine energy, low carbon construction and ultra-low carbon vehicles."[18]

[14] 'The impact of renewable energy policy on economic growth and employment in the European Union', Employ-Res research project, April 2009 http://ec.europa.eu/energy/renewables/studies/doc/renewables/2009_employ_res_summary.pdf
[15] DECC website, Heat and Energy Saving Strategy, Executive Summary http://hes.decc.gov.uk/consultation/consultation_summary
[16] ibid
[17] ibid
[18] 'The UK Low Carbon Transition Plan' (2009) http://www.decc.gov.uk/en/content/cms/publications/lc_trans_plan/lc_trans_plan.aspx

The UK Low Carbon Industrial Strategy, produced in tandem with the White Paper, has calculated that:

''The UK low carbon environmental goods and services (LCEGS) market is worth £106 billion and employs 880,000 people directly or through the supply chain. It is estimated that over 1 million people will be employed in the LCEGS sector by the middle of the next decade."[19]

According to this Strategy, what makes the expansion of the sector so important is that:

"'These are skilled jobs with the average market value per employee well above the national average. The UK LECGS sector is one of the few areas of the economy expected to maintain positive growth rates through the downturn and is expected to grow by over 4% per annum up to 2014/15."[20]

Regionally

The South East England Development Agency (SEEDA), in its *Regional Economic Strategy for the South East 2006-2016*, stated that one of its key objectives was to:

"…achieve sustainable prosperity."[21]

Mr Graham Tubb, the Head of Energy Policy at SEEDA told the Panel that environmental industries were becoming increasingly mainstreamed, and formed a key area of his organisation's work. It had been identified as a:

"'…transformational opportunity for the region."[22]

A recent report looked at the sales of low carbon and environmental goods and services in the UK in 2007/8. It valued the sector at almost £13bn in the South East (or 12.09% of UK total). In this region there were 6,642 companies employing over 113,000 people (or 13.38% of the total number of people employed in UK in LECGS). In addition, 15% of the UK exports from this sector came from the South East.[23]

SEEDA had also calculated that by 2016, the region's share of this market would be around £26bn.[24]

[19] The UK Low Carbon Industrial Strategy (2009) http://www.berr.gov.uk/files/file52226.pdf
[20] ibid
[21] http://www.seeda.co.uk/RES_for_the_South_East_2006-2016/docs/RES2006-16-Summary.pdf
[22] Graham Tubb, SEEDA, evidence 10th June 2009
[23] 'Low Carbon and Environmental Services: an Industrial Analysis' http://www.berr.gov.uk/files/file50253.pdf
[24] Graham Tubb, evidence 10th June 2009

The Panel heard that there are a number of potential environmental industry growth areas in this region, including the use and sale of electric vehicles, tidal power and wind power.[25]

The Low Carbon Industrial Strategy includes a policy to create 'Low Carbon Economic Areas' which could benefit this region. The aim is to:

"…accelerate low carbon economic activity in areas where Britain's existing geographical and industrial assets give a locality clear strengths."[26]

The first of these Areas will be located in the South West of England and focus on the development of marine energy demonstration, servicing and manufacturing. The methods used to develop opportunities in this area will include:

"…investment in world class academic and research strengths; the creation of a network of science parks and business to generate growing momentum in the wave and tidal power sector; new port infrastructure … and the creation of an industry forum based in the region."[27]

The Panel heard that Brighton & Hove already possesses these academic and research strengths. The ways of assisting this sector which are outlined in the *Industrial Strategy*, such as the creation of an industry forum, were also suggested by a range of witnesses to this Inquiry as potential methods of stimulating the sector in the city.

The *Industrial Strategy* went on to announce that:

"Over the next six months, central government will work with national, regional and local partners to develop further Low Carbon Economic Areas, examining where key opportunities exist, where there are local and regional advantages and where local partners are strategically aligned and focussed on delivery. Sectors where we will particularly look to develop such areas will include offshore wind, marine energy generation, the nuclear energy supply chain, carbon capture and storage, and ultra-low carbon vehicles."[28]

[25] For example, evidence from Elektromotive and Pooran Desai
[26] 'The UK Low Carbon Industrial Strategy' (2009) http://www.berr.gov.uk/files/file52226.pdf
[27] ibid
[28] ibid

5. Environmental industries - an opportunity for the city

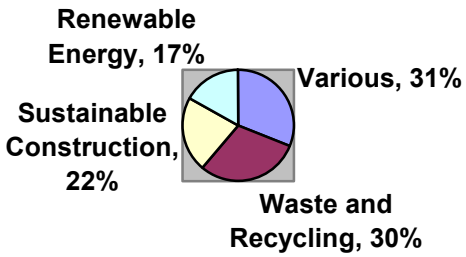
One of the aims of the Inquiry was to gain a fuller understanding of the environmental industries in the city and the support they may need. This section therefore contains:

- a brief analysis of environmental industries in Brighton & Hove
- an examination of the current policies of the council which support this sector

5.1 Environmental industries in Brighton & Hove

In 2007 a Sustainable Eco-Enterprise (SEE) Directory for East Sussex was produced by Ecosys, a local environmental consultancy. The pie chart below shows how the 185 SEE businesses they identified in the region, broke down into four categories:

Breakdown of SEE businesses in East Sussex



This Directory included 67 SEE businesses in Brighton & Hove, which represented 36% of the SEE businesses in East Sussex. [29]

Ecosys who provided a detailed data written submission to the Panel are seeking funding to produce an updated version of the SEE Directory for East Sussex. The Panel supports the development of an up to date directory of environmental industries to:

- enable potential consumers to contact environmental industries
- provide data to chart the growth of this sector
- map the number and location of these business
- enable networking

This directory could be produced on-line, which would enable it to be regularly updated.

[29] Written evidence from Ecosys to the Inquiry, March 2009

Recommendation: *The Panel believes that it is essential to produce an up to date directory of local and regional environmental industries. It recommends the council works with its partners to achieve this.*

Recent figures regarding the environmental industries sector come from the *Business Retention and Inward Investment (BRII) Strategy* commissioned by the council. The BRII reports that Brighton & Hove has:

"…around 75 businesses that fall within the definition of environmental technologies at the current time, as recorded by the City Council." [30]

Although no specific clusters of activity were identified in the BRII, key sub-sectors (based on number of firms) in Brighton & Hove included:

- Commercial Waste Disposal (20 businesses)
- Environmental Consultants (17 businesses)
- Domestic Waste Disposal (11 businesses)
- Energy Saving Consultants (7 businesses)[31]

Local companies in this sector include:

- Elektromotive – a 'leading provider of technology and engineering solutions for electric vehicle recharging stations'[32]
- Low Carbon Trust – a not-for-profit organisation that sets up, manages and promotes environmental projects[33]
- Magpie Recycling - a co-operative that also offers consultancy services, collection vehicle manufacture and a furniture project[34]
- Ultra Green, a renewable and clean tech company with a range of technologies that maximise energy efficiency[35]

The Panel heard evidence from some of locally based environmental industries, including Elektromotive and the Low Carbon Trust. While the majority of these organisations in Brighton & Hove are small and medium sized enterprises (SMEs), the city is also home to offices of EDF Energy. The larger companies in this sector have budgets for research & development. An example of how these can be used, is the work based Masters degree course being run at the University of Brighton for Southern Water.[36]

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[30] Business Retention & Inward Investment Strategy and Implementation Plan, Final Report (March 2009 http://www.brighton-hove.gov.uk/downloads/bhcc/economicdevelopment/BRIIFinalReport.pdf
[31] ibid
[32] Elektromotive website http://www.elektromotive.com/html/about.php
[33] Low Carbon Trust website http://www.lowcarbon.co.uk/
[34] Magpie Recycling website http://www.magpie.coop/about.php
[35] Ultra Green website is www.ultragreengroup.com
[36] Zoe Osmond, University of Brighton, evidence 23rd April 2009

The witnesses to the Panel emphasised the potential to encourage more industries to the city and create a thriving environmental business sector here. Innovative suggestions included Paul Dickinson, of the Carbon Disclosure Project, emphasising the importance of creating environmental jobs to protect our children and selling Brighton & Hove as:

"… the children's city."[37]

The Panel supported the gathering of additional information about this sector in Brighton & Hove which could be used to judge its future needs.

[37] Paul Dickinson, Carbon Disclosure Project, evidence 31st March 2009

5.2 Council Plans and Strategies

This section describes the key relevant council plans and strategies which have come to our attention during this Inquiry.

In addition, there are a number of other strategies drawn up by partner organisations. Although they are relevant to the issues raised in this Inquiry, there is not the space to include them in the report. For example, the NHS has recently published a consultation document *Saving Carbon, Improving Health*, a draft carbon reduction strategy for the NHS in England. The consultation closes on 30 September 2009.[38]

How the council already encourages environmental industries

The Core Strategy

This is the planning document which provides the overall strategic vision for the future of Brighton & Hove through to 2026. It sets out how the council will:

- respond to local priorities
- meet the challenges of the future
- identify the broad locations, scale and types of development needed together with the supporting infrastructure

It addresses important city-wide matters such as delivering more sustainable development and neighbourhoods and sets out the council's strategic approach to housing, the economy, shopping and transport. The *Core Strategy* explains that it must ensure that:

"… new development is delivered in a way which reduces the city's ecological footprint, contributes towards meeting the city's targets for reduction in carbon emissions and is resilient to the predicted local effects of climate change. It also means ensuring that all major new development in the city supports the regeneration of the city and contributes to the creation of high quality, sustainable communities and provides for the demands that it generates, supported by appropriate physical and social infrastructure."[39]

[38] This strategy aims to achieve two objectives, which are to: *"…support organisations, people and partners through the creation of a systematic and measurable approach to carbon reduction for the NHS; and position NHS organisations as leaders in the public sector, encouraging and challenging others, in a united front against climate change."* http://www.sdu.nhs.uk/page.php?page_id=94

[39] http://www.brighton-hove.gov.uk/downloads/bhcc/ldf/Core_Strategy_Revised_Preferred_Options_June_08.pdf

A consultation paper: *A Core Strategy - proposed amendments* was published on 29 June 2009 (with a deadline for responses by 10 August 2009). The result of this process will be available in November 2009.

The Core Strategy will reflect the priorities set out in the Sustainable Community Strategy, and will help to deliver them.

The Sustainable Community Strategy

The Brighton & Hove Local Strategic Partnership (LSP) is responsible for preparing and implementing the Sustainable Community Strategy. The strategy sets out:

"… a long-term plan to improve the economic, social and environmental well-being of Brighton & Hove, now and into the future."[40]

It provides a framework for action for the partners involved in the LSP who are responsible for the strategy's development and implementation.

There are eight priority themes identified within this Strategy:

- promoting enterprise and learning
- reducing crime and improving safety
- improving health and well-being
- strengthening communities and involving people
- improving housing and affordability
- promoting resource efficiency and enhancing the environment
- promoting sustainable transport
- providing quality services

The draft Strategy notes that:

"…there is a unique opportunity for Brighton & Hove to pioneer the development of a Low Carbon Economy, which is essential if it is to achieve the medium and long term CO_2 cuts it is committed to. This can be achieved through exploiting our strengths in decarbonised industries... exploiting the growth potential of sustainable/environmental industries in the city; ensuring sustainable resource management by Brighton & Hove businesses and by building on widespread interest and commitment in business and wider communities."[41]

The Strategy was first published in 2003. During 2009, the LSP has been updating the strategy. A consultation period for the first draft is running until the 5th October 2009 and the Overview and Scrutiny Commission will hold a workshop on the draft plan in October 2009.

[40] 2009 1st Draft – Creating the City of Opportunities – A sustainable community strategy for the City of Brighton & Hove
[41] ibid

The Corporate Plan

The *Corporate Plan* for the council (2008-11) states that one of the key priorities is to:

"Protect the environment while growing the economy."[42]

The Plan notes that:

"Changing population patterns mean the city will need to create eight thousand new jobs over the next ten years just to maintain its current employment rate." [43]

This Plan also states the council's commitment to:

"…reduce the city's carbon footprint, and play a full part in tackling the international challenge of climate change."[44]

Economic strategy

The *Brighton & Hove Economic Strategy (2008-2016)* contains an action point to:

"Provide support and raise awareness of the environmentally focused businesses operating within the city in particular those that are engaged in environmental technology. Capture and grow this intellectual cluster of ethical/environmental businesses".[45]

This strategy was discussed at a full meeting of the Culture, Tourism and Enterprise Overview and Scrutiny Committee (CTEOSC) on 2nd April 2009.[46]

The *Economic Strategy* is key to the success of the city, so it will be vitally important to link the findings of this Panel to the work of the Economic Partnership.

Understandably, the Economic Partnership has not focused its attention on environmental industries until now. However, as this sector increases in size and importance to the city, the Panel felt that it would be an area worth highlighting and focusing attention on. A named person to champion the environmental industries and to work on their behalf could be advantageous to the sector.

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[42] http://wave.brighton-hove.gov.uk/LGCSDocumentLibrary/Management/Strategic%20planning/Corporate%20initiatives/Corporate%20Plan%202008-2011.pdf
[43] ibid
[44] ibid
[45] Brighton and Hove Economic Strategy, 'Raising our Game' (2008-2016) http://www.brightonbusiness.co.uk/secure/assets/ni20081207.377912_493d04f0a29.pdf
[46] See minutes from CTEOSC on 02.04.09 http://present.brighton-hove.gov.uk/Published/C00000137/M00001376/$$$Minutes.doc.pdf

Recommendation: *The Panel believes the council's representative on the Economic Partnership should be a champion for this sector and work with, and encourage, our partners to implement the recommendations of this Inquiry and other initiatives.*

Employment and enterprise strategies

The *City and Employment Skills Plan* (CESP) also highlights the need to create 8,000 additional jobs in the city to maintain the current employment rate or 16,000 further jobs, if the city was to reach the national aspiration of an 80% employment rate.[47]

The city also has a *Social Enterprise Strategy*[48] which defines social enterprise as:

"…a route to sustainable economic prosperity whilst meeting social needs and protecting the environment."[49]

The central proposition of the strategy is the formation of a facilitated membership network. The potential for establishing a network for the environmental industries, is considered in Section 6.3 of this report.

Business retention and inward investment

The council's draft final report of the *Business Retention and Inward Investment Strategy (BRII)* included a section on *'Environment Technologies and their Potential for Brighton & Hove'* because:

"…it is recognised that Brighton & Hove has specific opportunities to promote environmental technologies as a key occupier/business sector."[50]

The opportunities for this sector were identified on the basis of three key 'hooks':

- the sustainable cities index (Brighton & Hove was rated the number 2 city in 2008)
- research specialisms connected to both the universities
- existing and pipeline projects[51]

[47] 'City and Employment Skills Plan 2007/8-2010/11' http://www.brighton-hove.gov.uk/downloads/bhcc/economicdevelopment/CESP.pdf
[48] Local examples include Brighton and Hove Wood Recycling Project, PR company Green Rocket and Care Co-ops.
[49] 'Brighton and Hove Social Enterprise Strategy' (2008) http://www.bhbcp.org.uk/uploaded_files/news/Brighton_and_Hove_Social_Enterprise_Strategy_2008.pdf.
[50] 'Business Retention & Inward Investment Strategy and Implementation Plan', Commissioned by Brighton & Hove City Council, Final Report (March 2009) http://www.brighton-hove.gov.uk/downloads/bhcc/economicdevelopment/BRIIFinalReport.pdf
[51] ibid

The Panel, and other members of CTEOSC, have already commented on the *BRII* during a Scrutiny workshop on 15th January 2009. At a full CTESOC meeting on 2nd April 2009 the members were told that their concerns raised at the workshop had been addressed, by including environmental industries in the strategy as a '*potential sector*'.[52]

The Panel were pleased to hear from Cllr Ted Kemble, the Cabinet Member for Enterprise, Employment and Major Projects that he welcomed the Inquiry and looked forward to its recommendations.[53]

While it is recognised that the potential of environmental industries does feature in key polices and strategies, the Panel hopes that this report's recommendations are used to refresh local and regional strategies in a co-ordinated manner.

> ***Recommendation**: The Panel welcomes the Business Retention and Inward Investment (BRII) Strategy and Action Plan, and its commitment to the environmental industries. The Panel believes that all other relevant strategies for the city should be refreshed to reflect the importance of environmental industries.*

Planning

Planning policies and guidelines are crucial to the success of the city. As such, the Panel felt that any assistance which could be given to facilitate the growth of environmental industries would be welcomed.

> ***Recommendation:** The Panel recommends that the council ensures its planning policies, including the Local Development Framework, and its practices work to help find planning solutions to assist environmental industries: for example, enabling the co-location of such organisations where appropriate.*

[52] Minutes of CTEOSC meeting on 02/04/09 http://present.brighton-hove.gov.uk/Published/C00000137/M00001376/$$$Minutes.doc.pdf
[53] Ted Kemble, evidence 23rd April 2009

5.3 Environmental industries and economic recovery

A recent Argus headline, publicising a State of the City event to be held on 23rd June 2009, claimed that:

"Green industry is key to city's fast recovery." [54]

A local business representative when publicising this event, spoke of how the city could buck the trend of the recession:

"The big … hope is the environmental industries, such as low-carbon transport and renewable energy."[55]

Witnesses to the Panel were also keen to highlight the potential for creating jobs in this sector. However their views varied on the number and the nature of these possible jobs.

Could manufacturing for environmental industries happen here?

The Panel heard that there were three stages in how these industries grow, and that the business sector felt that each stage varied in its potential for Brighton & Hove to become involved:

- Research and development (R&D), both to develop the product and ongoing R&D to improve it *(it was suggested this could be a significant role for Brighton & Hove due to our knowledge based economy)*
- Construction *(Brighton & Hove are felt to be unlikely to have a role in this as it will probably be done in the Far East, unless it is highly technical construction)*
- Installing and maintaining *(where Brighton & Hove could have a big role)*[56]

When the issue of the potential for manufacturing in Brighton & Hove was raised, the Panel was told that:

"…the space is not here and can only be gained by collaborating with nearby towns."[57]

It was suggested that representatives from East and West Sussex needed to be invited to work with Brighton & Hove, both to enhance relationships and improve perceptions of the city. This kind of work could be encouraged in Adur and Newhaven which still have a manufacturing capacity, although mainly in low technology manufacturing.[58] The issue of the potential for coastal collaboration is discussed again further in this report.

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[54] The Argus, June 23rd, 2009
[55] ibid
[56] Tony Mernagh, Director Brighton and Hove Business Forum, evidence 31st March 2009
[57] Ibid
[58] ibid

Nick Hutchinson, the Director of Ecosys, agreed that Brighton & Hove was unlikely to be a big part of manufacturing and felt that the city needed to:

"…skill up for installation and maintenance. For example there are high level boiler functions and people do not know how to use them."[59]

Paul Dickinson believed that Brighton & Hove should not try to get involved in manufacturing. He highlighted the importance of the North Laines, in relation to retailing: the money earned here stays here.[60]

Pooran Desai, from BioRegional, told the Panel that whilst Brighton & Hove may not be the right place for manufacturing wind turbines, there is potential for undertaking this in Southampton and Shoreham Harbour. He felt that a lot of computer based jobs could be situated in Brighton & Hove. One example is the greener concrete developed for One Brighton, which could be used to construct wind farms. He believed that knowledge-based jobs could be sited in the city, as higher paid engineers and creative workers might prefer to be based in Brighton rather than Southampton.[61]

Supporting small and medium enterprises (SMEs)

Many of the environmental industries currently in the city are micro or small businesses and the issue of providing support to them was raised by the witnesses. Transition Brighton & Hove described their work with The Werks and Brighton Media Centre to identify spaces for small start ups to happen. They told the Panel about the need to offer:

"*…greater support to SMEs."*[62]

Jae Mather, of the Carbon Free Group, informed the Panel that if the council want to take a lead in this sector, it must support SMEs in the sector and buy their products.[63]

There is a widespread recognition of the role of SMEs in the economy, and the challenging issues they face. Central Government has recently announced it is putting together a package of support to help SMEs, who are particularly vulnerable during the economic downturn.[64]

[59] Nick Hutchinson, Ecosys, evidence 31st March 2009
[60] Paul Dickinson, evidence 31st March 2009
[61] Pooran Desai, BioRegional, evidence 13th May 2009
[62] Martin Grimshaw, Transition Brighton & Hove, evidence 10th June 2009
[63] Jae Mather, Carbon Free Group, evidence 31st March 2009
[64] http://www.dius.gov.uk/about_us/what_we_do/business_gateway/help_for_smes

6. Maximising the opportunities offered by environmental industries

6.1 The potential of Brighton & Hove

The Panel heard a significant amount of evidence regarding the positive attributes that Brighton & Hove can offer to this sector. According to Nick Hutchinson, from Ecosys[65], these include:

- a clear cluster of businesses
- a lot of good practice
- significant developments in the pipeline e.g. offshore wind farms
- a very good resource efficiency programme in the area
- significant active networking
- very good public transport systems
- strong council support
- an engaged public[66]

Other witnesses described the proximity to Gatwick and London, and the 'cultural offer' of the city as important.

The report will now consider the main attributes of Brighton & Hove grouped under the following headings:

- the reputation of Brighton & Hove as a sustainable city
- Brighton & Hove as a 'super city'
- the city's cultural offer
- a centre of knowledge
- an incubator of environmental industries
- a city able to benefit from collaborating with other areas.

A. Reputation as a sustainable city

The Sustainable Cities Index for 2008 assessed 20 cities, using a basket of indicators relating to:

- environmental impact e.g. air quality
- quality of life e.g. life expectancy
- future proofing e.g. local authority commitments on climate change

The report concluded:

"It was very close at the top, with Bristol just snatching the top spot from Brighton & Hove. With third-placed Plymouth, these are the cities which continue to outperform the rest of the group."[67]

[65] Ecosys is a small Brighton based consultancy that focuses on resource efficiency and supporting SMEs
[66] Nick Hutchinson, evidence 31st March 2009

One of the indicators in which Brighton & Hove scored well (5th highest) was the number of green businesses per capita.[68]

However, a report by the World Wildlife Fund on the ecological footprint of British City Residents ranked Brighton & Hove as having the fourth highest out of 60 cities. It was assessed as needing 3.47 planets to support its rate of consumption.[69]

B. One of the 5 'super cities'

HSBC recently published a report it had commissioned on the changing face of business in Britain. Its purpose was to map the:

"…new entrepreneurial landscapes."[70]

Renewable energies were identified as one of the eight key emerging industries. The report also predicted the rise of five 'super cities', one of them being Brighton & Hove:

"Our super cities promise to change the traditional national and regional power bases in the UK because of their proximity to the one thing that does not depend on natural resources: knowledge.

But this is knowledge in the 21st century – a notion driven by science, technology, culture, creativity, behavioural economics and, more importantly, an open-source approach to innovation that is turning creative towns, such as Brighton, into alternative economic and innovation powerhouses."[71]

While this report did not predict that Brighton & Hove would become one of the hot spots for renewable energies, the qualities of the city which are highlighted above could be crucial in encouraging and developing environmental industries.

C. The city's cultural offer

The 'brand' of Brighton & Hove is important. Pooran Desai of BioRegional, told the Panel that he felt that the right culture, lifestyle and intellectual capital was as important as the desire and policies to encourage the sector. He believed that only Brighton & Hove and Cambridge currently have this wider 'offer' and there were huge opportunities to be at the forefront of driving a 'green cluster'.[72]

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[67] http://www.forumforthefuture.org/files/sustainable_cities_051108_links_final.pdf
[68] http://www.forumforthefuture.org/files/sustainable_cities_051108_links_final.pdf
[69] The Ecological Footprint of British city residents, WWF Report, (2007) http://www.wwf.org.uk/filelibrary/pdf/city_footprint2.pdf
[70] http://www.hsbc.co.uk/1/PA_1_5_S5/content/uk/pdfs/en/future_of_business.pdf 'The future of business: the changing face of business in 21st Century Britain', HSBC, (2009)
[71] ibid
[72] Pooran Desai, evidence 13th May 2009

Ultra Green, a Brighton-based renewable and clean tech company told the Inquiry that they have benefited from the city's:

…'high quality of life'.[73]

Brighton & Hove has a widely acknowledged vibrant arts and culture scene, including the Brighton Festival. There is also the award winning Jubilee Library and the One Brighton development. All these contribute to providing Brighton & Hove with a cultural infrastructure which could be used to encourage further inward investment.

[73] Visit to Ultra Green, 18th September 2009

D. A centre of knowledge

Evidence given to the Panel highlighted the significant contribution of the two universities, and a range of further education providers, to the potential of Brighton & Hove.

The city's universities

According to Professor Jim Lynch of SEEDA:

"The universities are powerhouses in the south east and Brighton & Hove is very well served by its universities." [74]

University of Brighton

The Panel heard that the University of Brighton was business-facing and had been very successful in attracting Higher Innovation Funding – of around £1.5m. There were projects worth around £30.5m underway at any one time, with an additional £1.5m in the pipeline. The University has up to 22,000 students (18,000 undergraduates and 4,000 postgraduates), with students across the environmental sector including geography, science and technology.

Zoe Osmond, Business Development Manager at the University, believed that most of these students wanted to stay in the area and if the council could encourage the growth of the environmental industries, they would form an important part of the workforce.[75]

The University's areas of environmental expertise included:

- sustainable organisations
- environmental management
- low carbon technologies
- community engagement

They work with a range of businesses, such as:

- Rye Biofuels (developing performance and quality standards)
- Minelco (developing synthetic minerals using CO_2 in manufacture)
- Churngold Remediation (commercialising a soil clean up technology)[76]

The University's Centre for Sustainability of the Built Environment has an international reputation, and good links with Europe and Australia. This was felt to be important, as other countries are so far ahead of us in this sector.[77]

[74] Professor Jim Lynch, evidence 23rd April 2009
[75] Zoe Osmond, evidence 23rd April 2009
[76] See supplementary evidence supplied by Zoe Osmond in Volume 2
[77] Tony Mernagh, evidence 31st March 2009

University of Sussex

The Panel heard from Dr Jim Watson, Director of the Sussex Energy Group, that the University of Sussex was historically strong on energy conservation.[78] The Sussex Energy Group (SEG) forms part of the Science and Technology Policy Research Unit (SPRU). The SPRU is:

"…a global leader in research, consultancy and teaching of science, technology and innovation policy and management …[it]… is one of the world's largest specialised centres of its kind, located in the Freeman Centre, a purpose built space."[79]

> ***Recommendation:*** *The Panel recommends that the council further strengthens its excellent relationships with the city's two universities and publicises their work. The Lead Officer for Environmental Industries (proposed in Recommendation 1) could be a key point of contact for the universities.*

[78] Dr Jim Watson, Sussex Energy Group, evidence 13th May 2009
[79] University of Sussex website http://www.sussex.ac.uk/spru/index.php

CASE STUDY 1

The Sussex Energy Group (SEG), Sussex University

The SEG is currently core funded by a £2.7m award from the Economic and Social Research Council (ESRC), under the Towards a Sustainable Energy Economy programme. This funding runs from April 2005 to March 2010.

The Group is also a partner in the Tyndall Centre for Climate Change Research and the UK Energy Research Centre. It receives additional funding from the European Commission, UK government departments, private sector organisations and Non-Governmental Organisations. The SEG team currently employs includes 18 researchers and 15 doctoral students, led by Dr Jim Watson.

SEG seeks to identify ways of achieving the transition to sustainable, low-carbon energy systems whilst addressing other important policy objectives such as energy security. It undertakes academically rigorous, inter-disciplinary research that engages directly with policy-makers and practitioners.

SEG's researchers have a variety of backgrounds and employ quantitative and qualitative research methods informed by economics, political science and sociology. The Group's particular strengths include:

- policy analysis
- the study of socio-technical transitions
- the social choice of technology.

All projects focus on contemporary challenges in energy and climate policy and are frequently undertaken in collaboration with researchers in other UK and international organisations.

The Group actively engages with policymakers and other stakeholders through consultancy projects, invited presentations, responses to consultations and other fora. Recent examples include:

- presentations to the Parliamentary and Scientific Committee
- discussions in August 2009 with Lord Stern about low carbon technology transfer to developing countries
- a briefing for Ed Miliband (UK Secretary of State for Climate Change) in July 2009 on the future of energy and the built environment in the UK

Retaining and employing graduates

Given the importance of both the universities to the city, one needs to consider how to increase the retention of graduates in Brighton & Hove by ensuring that there is a supply of appropriate jobs. This lack of such jobs has been highlighted in the BRII as a *'weakness'* of the city, in that there are:

"…significant proportions of overqualified residents working in lower grade employment."[80]

This has the knock-on effect of taking jobs away from other sectors of the workforce.

While the issue of an overqualified workforce is beyond the remit of the Inquiry, it does need to be addressed when developing industrial sectors in the city. If environmental industries are encouraged to start-up in Brighton & Hove, it is vital to ensure that a relevantly skilled workforce is here. The Panel appreciates the contribution of the universities in helping graduates gain jobs in the city and encourages the council to offer any support that it can.

Recommendation: The Panel recommends the council either undertakes, or contributes to, an assessment of how to help graduates gain employment in environmental industries, or contribute their knowledge to the council.

Equipping the workforce with the necessary skills

The *Low Carbon Industrial Strategy* emphasises that the Government needs to ease this country's transition to a low carbon economy by:

"Equipping the British workforce with the skills that will allow them to seize the opportunities [of this sector]…"[81]

The Panel heard from a range of further education establishments about the training they provided to equip people to work in the sector. The training provided by these, and other, Further Education establishments is important as Brighton & Hove will be able to attract inward investment based on its well-trained work force.

City College

The witnesses from City College described its role in addressing the skills gap. It runs full and part time courses from basic entry to foundation degrees (for the University of Brighton).

[80] BRII http://www.brighton-hove.gov.uk/downloads/bhcc/economicdevelopment/BRIIFinalReport.pdf
[81] 'The UK Low Carbon Industrial Strategy – Executive Summary' (2009) http://www.berr.gov.uk/files/file52226

Sustainability was central to the ethos of the College and a number of courses relate to environmental industries, including environmentally sensitive design. However, it recognised the need to do more to engage with green industries and employers.[82]

A key focus of the College is on delivering apprenticeships, an issue which is growing in importance as young people are continuing to lose their jobs. They are concerned that Government funding has been reduced for colleges and was no longer available for adult apprenticeships. The College explained that it had put a £100m bid into the Learning and Skills Council (LSC) for a new campus at Pelham Street in Brighton as well as a college to be attached to Falmer football stadium. If this project was approved, it would provide a state of the art technical centre for training in engineering and construction.

At the time of writing this report, City College had recently learnt that they had been unsuccessful in their bid to the LSC for funding. However, the Panel understands that they are currently exploring other options.

The College told the Panel they would like the council to 'buy local' in terms of skills and training and encourage others to do so as well. The College expressed its wish to work with EDF, the Friends Centre and other organisations to provide such courses.

[82] Vernice Halligan and Michael Buckman, City College, evidence 10th June 2009

CASE STUDY 2

The value of a network for environmental industries and making the most of a networking opportunity

Vernice Halligan, Head of Employer Engagement, Brighton & Hove City College.

Vernice contacted the Overview and Scrutiny Team on 7 July 2009 to tell them that:

"The Scrutiny Panel was an important catalyst and gave me an excellent opportunity to learn about developments from all types of organisations and sectors. It's clear to me that some form of cluster / networking forum would be very valuable to drive through and promote developments in the green economy in this area. A number of people at the Scrutiny Panels discussed skills gaps - our College has a major role to play in addressing these gaps and we want to be positioned to do so. It's not just about training young people and apprentices, it's also about re-skilling adults whether through qualifications or through short courses to meet new economic opportunities.

Since attending the Scrutiny Panel I have set up a team within the college to focus on developing opportunities, creating links and developing new training products in the microgeneration technology and sustainability fields.

We have booked a visit to Carshalton and Kingston College to view their Power Assessment Centre (17th July). We are meeting with the Friends Centre to discuss both parties' plans for curriculum development (waiting for date from Friends Centre). I have had a conference call with EDF Energy to assess possible opportunities for the College in terms of developing a portfolio of training solutions to meet the growing developments and skills gaps in the microgeneration technology arena. We have booked a meeting with Brighton & Hove City Council in early September to discuss future economic developments and the College's role in the city as the leading skills provider. This will also include a discussion about the College's own sustainability plans. We are in the process of contacting various other organisations who attended the Scrutiny Panels." [83]

[83] Email from Vernice Halligan, dated 07.07.09

Recommendation: The Panel was pleased to be able to forge relationships through our Panel meetings, among them the new dialogue between City College and Kingston College. The Panel recommends that the council encourages inter-college partnering, where appropriate, to address the skills gaps in the environmental industries and in the retrofitting sector of the construction industry to meet demand for future employment. This will support local job creation across the employment spectrum from graduates to those leaving school with few qualifications.

Friends Centre

The Friends Centre is an independent Adult Education Centre that provides skills for life, such as literacy and numeracy, alongside services for job seekers. The Centre is in the process of expanding its number of courses and class rooms.

The Panel heard that the Centre was developing its skills training. It is in discussions with BioRegional and City College about the possibility of collaborating to run technical and professional courses, alongside those for people entering employment. It was suggested that three key areas of the Centre's training could assist environmental industries:

- developing the capacity to retrofit homes and provide training and re-skilling
- in recognition of the significant capacity for growing local foods and materials, developing courses to show how to market goods and to help partner individuals with others. Also skills in recycling and redeveloping materials
- a smaller area of provision would be to provide training and language courses for non-English speakers who could potentially work in jobs servicing the offshore wind industry (e.g. catering and loading)[84]

The Friends Centre currently provides training to 1,500 people a year, but they are moving into new premises which could double this figure.[85]

Kingston College

Kingston College and Carshalton College told the Panel that they have set up a new training centre. The Power Assessment Centre is based at Carshalton, in state of the art premises, and opened in September 2008.

The focus of the Centre is training and installation. It is now looking on from gas and electricity to include renewable energy. Since September 2008, the Centre had trained in excess of 500 adults. Rising unemployment is causing people to changing careers, so there is now more funding for Further Education (FE) colleges for both up-skilling and re-skilling.

The areas they offer training in include plumbing, gas and electricity, solar and hot water. The Centre was, for example, a training provider for Worcester, Bosch and Thames Water. Much of their work focuses on up-skilling people. A new course was starting for 25 new gas engineers for British Gas. People can be retrained to carry out this work, and existing engineers need to be up-trained every 5 years.[86]

[84] Maria Antoniou, Friends Centre, evidence 10th June 2009
[85] ibid
[86] Alan Harris and Sharon Greenaway, Kingston College, evidence 23rd April 2009

The witnesses from Kingston College expressed an interest in working in other localities, in a partnership role, to offer this kind of training. As noted in Case Study 2 on page 38, the Panel meetings had prompted City College to arrange to visit the Power Assessment Centre. Potentially, this could lead to a partnership being developed to provide skills and training which could be crucial to the growth of environmental industries in Brighton & Hove.

Section 6.2 of this report considers a number of the Government's initiatives and the training and job opportunities that may follow.[87]

[87] See section 6.2 Job opportunities and training

E. Business incubation

The Panel heard how successful business sectors have grown out of incubation units. The support offered to entrepreneurs, through access to tailored services and expertise, has helped a significant number of micro businesses to flourish.

Sussex Innovation Centre

Professor Jim Lynch, a senior advisor for SEEDA, described the Sussex Innovation Centre (SInC) as a well established technology incubator. It was set up by both the universities, the council, East Sussex County Council and EDF Energy. The Centre takes technology and knowledge based companies, usually start-ups, and helps them to establish themselves and improve their business. They were different from other incubator projects, because of their significantly larger in-house team. The Centre offers practical support to help companies establish a sound financial basis. There is a strong focus on customers, which includes creating a network of potential customers.[88]

Mike Herd, the Executive Director of SInC, gave the Panel an example of how the Centre had helped Elektromotive, by making the introductions for them and helped these entrepreneurs to reach the next level in their business.[89]

In his experience, the type of market which the company was aiming for could shape the future of each organisation. Innovations that are nationally, or internationally, important are more likely to be licensed and bought out. As a result:

"If … [the organisation]… stays in private hands, it will stay in Brighton & Hove: it will only leave if there was a trade sale or flotation."[90]

While SInC had no sectoral focus, it had found there were similarities between the support needed for different innovation areas. Also, if there were a whole range of technologies available at the Centre it would be easier for companies to go 'market hopping'.

Mike Herd explained that round 10% (of a total of 85) companies working with the Centre were environmentally focussed. He felt that there were issues:

"…around how erratic this market was."[91]

For example, if Elektromotive had been reliant on charging points coming to this city:

"…they would have gone bankrupt."[92]

[88] Jim Lynch, SEEDA, evidence 23rd April 2009
[89] Mike Herd, SInC, evidence 23rd April 2009
[90] ibid
[91] ibid
[92] bid

Instead the market for their charging points has been developed and expanded in London, other areas of England and abroad. Christine D'Cruz told the Panel that EDF was working closely with Elektromotive to install electric bays in London and:

"By 2020, around 2% of the car parks (600,000) in the UK would be electric or plug-in hybrid vehicles."[93]

When discussing what the council could do to help SInC further, Mike Herd of SInC told the Panel that often local authority partners treated the Centre like a 'zoo' – an interesting place to tour, but they did not engage with the companies.[94]

This evidence shows the importance of incubation units in developing this sector. It also highlights the importance of the council and its partners seeking to procure the services and products of these incubated businesses, where possible. Council procurement is described further in Section 6.5 of this report.

Innovation Centre

The Panel understand that there has been some work undertaken to look at the feasibility of establishing an innovation centre in the city. Jim Christy of the East Sussex Enterprise Hub also informed the Panel about the progress of the Enviro21 Innovation Park in Hastings[95]. Given the importance of innovation centres and the potential to harness the skills of the universities, the Panel is keen to see further work done on assessing the potential for establishing an innovation centre in the city.

> ***Recommendation:*** *The Panel believes an innovation centre should be established in collaboration with the universities and environmental industries. The aim would be help develop new technologies in the sector and support emerging and expanding companies.*

[93] Christine D'Cruz, EDF, evidence 10th June 2009
[94] Mike Herd, evidence 23rd April 2009
[95] Jim Christy, evidence 10th June 2009

F. Working beyond the city

Evidence given to the Panel highlighted that some initiatives and policy areas could benefit from being addressed at a level above that of a single local authority area.

How SEEDA could assist environmental industries

The Panel heard that SEEDA may be able to help encourage this sector in the city, because it had:

"…long recognised the importance of environmental industries … [and following the Stern Report, they now recognised] …that climate change was now economic as well as environmental - it was the change agenda."[96]

Environmental industries had been identified by SEEDA, as both a:

"…high value added opportunity …. and transformational opportunity for the region."[97]

SEEDA had commissioned a study of the environmental economy in the region. Using a broad definition, it identified that approximately 230,000 people were working in this sector in 2000. The environmental economy was found to have contributed over £7.8bn Gross Value Added (GVA) to the region's economy. This was the equivalent to just over 6% of the total regional economy and so:

"…the Environmental Economy contributed more to regional GVA than any other sector except financial services and education and health." [98]

Graham Tubb, of SEEDA, drew the Panel's attention to the Government's *New Industry New Jobs* report which had identified:

"… a huge business opportunity as demand expands for low carbon goods and services and for greater energy and resource efficiency."[99]

To accompany this report, it was announced in April 2009 that £250 million would be invested nationally in low carbon business opportunities and innovation. This would include initiatives on low carbon vehicles, as well as the nuclear and renewable energy industries.

[96] Graham Tubb, evidence 10th June 2009
[97] ibid
[98] The Environmental Economy of South East England, SEEDA, (2002) http://www.seeda.co.uk/Publications/docs/Environmental_Economy/Exec_Summary.pdf
[99] New Industry, New Jobs, BERR, (2009) http://www.berr.gov.uk/files/file51023.pdf

The Panel then heard that SEEDA is currently establishing eight Innovation and Growth Teams (IGT) to:

"Unlock the potential in businesses with real global ambition through targeted support in order to drive economic growth in the South East."[100]

Environmental industries could receive support from the IGT teams. However, it is not clear how many of these industries will receive assistance. They are likely to be treated in the same way as other businesses, rather than receive specialist assistance.

EnviroBusiness

David Porter, the Environmental Enterprise Manager, described EnviroBusiness as a not-for-profit company set up by SEEDA three years ago.[101] The purpose was to use this type of company (termed as sector consortia), to push forward strategic industries that they think are interesting and important to the region e.g. aerospace and digital media.

EnviroBusiness was the sector consortia for the environment. One of its key aims had been to create a network of early stage companies, including those dealing with water, waste, energy and environmental monitoring.

This network now has 700 companies which are often at an early stage and either looking to prove that their product works, increase sales or sell overseas. This was initially a two year project (with a focus on global competitiveness) which has been extended to 2011.[102]

EnviroBusiness will lead a new regional Environmental Innovation Network, with key support from the University of Brighton, which is to be funded by SEEDA and the European Regional Development Funding (ERDF) S.E. Competitiveness Fund. This Network is described in greater detail in Section 6.3 of this report.

East Sussex Enterprise Hub

Jim Christy, the Director of the East Sussex Enterprise Hub, told the Panel that this Hub had been set up by SEEDA to cover Brighton & Hove and East Sussex. It was one of twenty Hubs which aimed to fill the gaps in helping new technologies get to market. Their remit included making links with universities and applying for patents.[103]

[100] Invitation to apply for grant funding, SEEDA, 2008
[101] David Porter, EnviroBusiness, evidence 13th May 2009
[102] Ibid
[103] Jim Christy, East Sussex Enterprise Hub, evidence 13th May 2009

CASE STUDY 3

The work of the East Sussex Enterprise Hub

According to Jim Christy[104], the Enterprise Hub Network is the lynchpin between entrepreneurial ideas and commercial success. It helps to create new, innovative and prosperous businesses that can contribute to the economic growth and development of the South East. The aim of the East Sussex Enterprise Hub is to help provide the creative and technology-driven environment necessary to encourage innovation and ideas.

"*If we succeed in our ambitions then we will see more businesses relocating to East Sussex and we will help accelerate a growth in the employment prospects for our vibrant region that encourages innovation, creativity and technological excellence. We want to encourage businesses to develop new ideas by helping them to develop their creative and knowledge-based talents. We can help provide the infrastructure required to support them, with access to help, advice as well as potential routes to obtain grants and funding to support their ideas. We also facilitate a network of like-minded companies and individuals who are motivated by working with like-minded peers*".[105]

The East Sussex Enterprise Hub now has 67 portfolio clients with national, and international, growth potential. It also has 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. Currently 12 of the businesses in their portfolio are environmental industries and the number is rising steadily.

The Panel heard that the Hub has undertaken a lot of good work in this area and offers a range of support to SMEs. They have recently established an Environmental Advisory Group to:

"…*collate their own Environmental Technology Cluster which will run off the Hub website."*[106]

A spreadsheet listing the companies they have identified in this sector can be found at http://www.eastsussexhub.co.uk/files/pdf/1246463293-Copy-of-1244198023-EnvironmentalCompanies.xls

In the early stages of this Inquiry, a Scrutiny Officer attended the initial meeting of the Advisory Group which was most informative. The Panel would like to see the council remain involved in the Advisory Group and nominate a relevant individual to attend the meetings.

[104] Jim Christy is the Director of East Sussex Enterprise Hub
[105] http://www.eastsussexhub.co.uk/what-is-an-enterprise-hub/how-can-we-help/
[106] Minutes of the meeting of the Environmental Advisory Group on 20th May 2009

Recommendation: *The Panel believes that the council should be represented on the Environmental Advisory Group established by East Sussex Enterprise Hub. This would facilitate coastal collaboration and enable the council to gather information about local innovation.*

Thames Gateway

Professor Jim Lynch of SEEDA, explained that the Thames Gateway had been identified as an area of great potential in relation to the environmental and sustainability sector. SEEDA, along with two Regional Development Agencies in the area (London and East of England), has joined with the Thames Gateway Corporation to develop an agency. As a result, two campuses are planned at Dartford and Dagenham. There was substantial government funding for the project and a massive opportunity for networking. Professor Lynch suggested that the universities' work could feed into the 'hub and spoke system' planned for the campus.[107]

Coastal collaboration

It was suggested to the Panel that both the region and the city could benefit from coastal collaboration (see also Section 5.3). Pooran Desai of BioRegional believed that Brighton & Hove could position itself as a centre for wind and tidal energy and that coastal locations were very important to these industries.[108]

David Porter of EnviroBusiness thought that there was a coastal strip in East Sussex which had already created a:

"…green cluster from Hastings to Southampton."[109]

He believed that this would make it possible to have a joined up initiative, despite the poor transport links along the south coast.

> ***Recommendation:*** *The Panel recommends that the council works with local organisations and other local authorities, regional and sub-regional funding bodies to help the development of environmental industries. Building on existing regional initiatives, it could explore, for example, the possibility of collaborating with neighbouring authorities that could provide manufacturing space.*

[107] Professor Jim Lynch, evidence 23rd April 2009
[108] Pooran Desai, evidence 13th May 2009
[109] David Porter, evidence 13th May 2009

F. Working with social enterprises

The Panel welcomes the recent publication of the council's social enterprise action plan[110] to build upon its strategy for this sector. Social enterprises already play an important role in the economic life of the city and could play a growing role in the development of environmental industries.

> ***Recommendation:*** *The Panel believes social enterprises have a significant role to play in developing environmental industries in Brighton & Hove. It recommends that the council and other organisations do all they can to support the sector.*

[110]'Social Enterprise Strategy and Equalities Impact Assessment' http://present.brighton-hove.gov.uk/Published/C00000153/M00002147/$$ADocPackPublic.pdf

6.2 Training and job opportunities

Workforce

The lack of a skilled workforce was often cited as a barrier for the industry. According to the survey by Kent Business Link and Ecosys, 21% of SEE companies saw this as a main challenge[111] although this did provide an opportunity to up-skill the population.[112]

SEEDA had undertaken an analysis which found that in the South East there was a skills shortage in this sector.[113] A sustainable skills construction academy was to be built at Dartford to provide the necessary skills base, which should be underway by mid-summer 2009. Professor Lynch believed that there was nothing to prevent the work done at the Institute in Dartford being transferred across the region.[114]

Given the quality of the city's higher and further education sector, and the increasing interface between business and universities, the potential for developing the workforce is there.

There are a range of national and local initiatives which could be used to create jobs and offer retraining in this sector. The initiatives described below are a few examples of the many schemes which are available locally and nationally.

Initiatives to provide training and job opportunities

The Panel firmly believes in the importance of considering the full spectrum of jobs that could be created, when looking at how to support and encourage environmental industries. For example, the installation of insulation, efficient boilers, and smart meters can generate jobs for installers and fitters.

The draft national *Heat and Energy Saving Strategy* includes a proposal that all homes receive (by 2030) a 'whole house' package including all cost-effective energy saving measures, and renewable heat and electricity measures as appropriate. An aim is that all lofts and cavity walls will be insulated "where practical" by 2015. As a result of this:

"…there will be approximately 34,000 jobs installing and maintaining whole-house packages."[115]

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[111] 'Potential for Developing Environmental Industries in Brighton & Hove', Ecosys written submission to the Scrutiny Panel, see Volume 2
[112] Nick Hutchinson, evidence 31st March 2009
[113] Professor Jim Lynch, evidence 23rd April 2009
[114] ibid
[115] DECC website, 'Heat and Energy Saving Strategy' (Executive Summary) http://hes.decc.gov.uk/consultation/consultation_summary

The above figure does not take into account the further jobs that could be created in the supply chain, such as the manufacture of insulating materials.

Local apprenticeship schemes

There are a wide range of apprenticeship schemes running locally, regionally and nationally. The Panel heard evidence from three Further Education colleges, who are providing skills and training relevant to environmental industries.[116] The use of apprenticeships is seen as a key way of offering work experience and potentially creating jobs. City College told the Inquiry that their dedicated team had placed 400 new apprentices this year:

"…they were starting to find young people losing their jobs now, so they were doing a lot around this."[117]

The College were concerned that central funding for colleges had been reduced and was no longer available for older apprentices. To help address this issue, the College emphasised the importance of the public sector taking on apprentices, and was working with the council to help them achieve this.[118]

The council is running an apprenticeship scheme and according to the council's City Employment Initiatives Manager:

"Last year in the council, we achieved 21 Apprenticeships, with 19 of the apprentices completing. This year since April, we have arranged 20 Apprenticeships, with another 5 out to advertisement. The target for the year is 30, so the council is likely to more than meet this."[119]

The council has recently heard that it has been successful with the Future Job Fund bid that will provide £2.3million to pay for core salary funding. This will include a number of apprenticeship options both internally and externally to the council for local residents aged 18 to 24 who are long term unemployed.

Jae Mather, of the Carbon Free Group, told the Panel that a number of registered social landlords are planning large renovation projects and offering apprenticeships, some of which are in East Sussex.[120]

National apprenticeships

In April 2009 the National Apprenticeship Service (NAS) was launched. It reports to both the Department for Innovation, Universities and Skills (DIUS) and the Department for Children, Schools and Families (DCSF). The NAS is tasked with bringing about a significant growth in the number of employers offering apprenticeships.

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[116] See earlier in Section 6.1.d
[117] Vernice Halligan and Michael Buckman, evidence 10th June 2009
[118] ibid
[119] Email from Joe Davenport, City Employment Initiatives Manager, 27th July 2009
[120] Jae Mather, evidence 31st March 2009

Recent research was able to report on the benefits of apprenticeships to businesses and individuals, which included:

- Over 9 out of 10 apprentices are in work or education on completing their Apprenticeship, which compares favourably with the national unemployment rate
- Of those apprentices currently unemployed, just under two thirds (63 per cent) believe their Apprenticeship will directly help them find work
- Apprentices' earning power has increased significantly and over three quarters (76 per cent) of apprentices believe that without their Apprenticeship they wouldn't be earning their current salary
- An overwhelming majority (89 per cent) of apprentices would recommend an Apprenticeship to other people in similar circumstances to themselves[121]

Recommendation: *The Panel welcomes the council's commitment to creating apprenticeships. It recommends that future bids for funding for apprenticeships take account of the environmental industries. It also welcomes the city's success in gaining Future Jobs Funding to create 350 jobs. Led by the council, the programme will create 100 recycling and 'green collar' jobs. The emerging environmental industries are highlighted as a potential area for the programme.*

Smart Metering

The Government recently announced that by 2020, all energy meters would be 'smart meters'. These meters allow utility companies to remotely record gas and electricity usage and enable customers to see how much energy they are using. This programme will require visits to over 25 million households to replace up to 50 million meters.[122] Christine D'Cruz of EDF Energy reported that this programme would require people to be employed to change the meters starting in two years time. In addition, the two-way communications systems would need more communications experts.[123]

Government initiatives

Among the many schemes available, two of the largest - the Warm Front Scheme and the Community Energy Saving Programme – were brought to the Panel's attention.

[121] Research by BMG in January 2009. Press release 27 April 2009. http://www.apprenticeships.org.uk/About-Us/National-Apprenticeship-Service.aspx
[122] A Consultation on Smart Metering for Electricity and Gas, DECC, (2009) http://www.decc.gov.uk/en/content/cms/caonsultations/smart_metering/smart_metering.aspx
[123] Christine D'Cruz, evidence 10th June 2009

Warm Front Scheme

This scheme provides a package of insulation and heating improvements up to the value of £3,500 (or £6,000 if oil central heating is recommended). It is a Government-funded initiative and the scheme is managed by eaga.[124]

The GMB told the Panel that, whilst there was some good work arising from the scheme, they had been critical of the Government over the project. In particular, the issue of how many apprenticeships had arisen from the scheme. They believed that the contractors they used were often not local, although it had been hoped that the scheme would create new jobs in the area.[125]

An example of the potential impact of this scheme came in a recent press release, which announced:

"… eaga is creating a green collar workforce across the Midlands – helping to cut carbon emissions and save household fuel bills."[126]

Community Energy Saving Programme (CESP)

On 11 September 2008, the Prime Minister announced the launch of the £1bn Home Energy Saving Programme. The aim was to help families permanently cut their energy bills. A key part of the announcement was the creation of a new £350m Community Energy Saving Programme (CESP).

This Programme will target households across Great Britain, in given geographical areas, to improve energy efficiency standards and permanently reduce fuel bills. It will be funded by a new obligation on energy suppliers and, for the first time, a duty on electricity generators. CESP will promote a 'whole house approach', and be delivered through the development of community-based partnerships involving Local Authorities (LAs) along with energy suppliers and electricity generators. It will be carried out on a house-by-house, street-by-street, basis and benefit around 90,000 homes.[127]

The council has responded to the consultation paper on CESP and are working closely with energy companies to take this forward. Christine D'Cruz of EDF Energy told the Panel that EDF were looking for four areas to start the programme and asking local authorities to approach them with requests for funding. She welcomed the idea of the first CESP being in Brighton & Hove.[128] The Panel understands that negotiations are underway and hopes that they prove successful.

Great British Refurb

[124] eaga is the company contracted by the Government to deliver the scheme.
[125] GMB, evidence 23 April 2009
[126] eaga press release, http://www.eaga.com/media_centre/press/july09/green-jobs-across-the-midlands.html
[127] DECC website, http://www.decc.gov.uk/en/content/cms/consultations/open/cesp/cesp.aspx
[128] Christine D'Cruz, evidence 10th June 2009

The Great British Refurb Campaign was launched in April by Kevin McCloud of Grand Designs. It is asking Government to make it enable people to live in low carbon housing.[129] The campaign has held a number of press events to raise awareness of the issues.

Recommendation: The Panel welcomes energy-saving and carbon reduction initiatives, such as the Community Energy Saving Programme and the Great British Refurb Campaign, and recommends the council investigates the full range of funding opportunities and schemes for supporting low carbon investment and environmental schemes in the city to create local jobs.

[129] http://www.greatbritishrefurb.co.uk/about-the-campaign

6.3 Supporting and encouraging environmental industries

Supporting this sector

Having established that Brighton & Hove possesses many of the key attributes to attract environmental industries, this section of the report will consider the best ways to facilitate the growth of the sector.

A significant number of witnesses emphasised the importance of a 'vehicle' for identifying, supporting and potentially locating environmental industries. It was suggested that this 'vehicle' could be:

A. a cluster – where a significant number of related industries are linked geographically
B. a network –which works with the companies in a particular sector to help them develop and grow

This section will now consider both in turn - although they are not mutually exclusive.

A. The case for clusters

A significant number of witnesses spoke of the benefits of establishing environmental industries clusters in the city. Zoe Osmond, of the University of Brighton, believed it would help them by providing both a single point of contact and:

"…one forum for creating awareness."[130]

Jae Mather of the Carbon Free Group felt that sustainable business support could be tailored towards the creation of clusters, including making office space and offering meeting rooms.[131] Graham Tubb from SEEDA believed that:

"Clustering was a way forward [for Brighton & Hove] in terms of centres of excellence."[132]

The Panel heard that:

"…the Wired Sussex model of support and inward investment is a good model to work from for other potential clusters."[133]

According to Pooran Desai of BioRegional, many localities were assessing how they could become home to a green cluster. However, he believed that

[130] Zoe Osmond, evidence 23rd April 2009
[131] Jae Mather, evidence 31st March 2009
[132] Graham Tubb, evidence 10th June 2009
[133] Tony Mernagh, evidence 31st March 2009

Brighton & Hove (for whom a huge opportunity existed) and Cambridge (who were pushing ahead) were the only places in the United Kingdom that could meet the requirements of this sector.[134]

Nick Hutchinson of Ecosys believed that there was already a cluster in Brighton & Hove. While not as coherent as the digital media sector, it did include:

- renewables (installers rather than manufacturing)
- sustainable construction and maintenance e.g. sustainable building design and architecture, conversions
- consultancy
- waste and recycling
- materials recovery
- education and training
- other services (including furniture, printing, cleaning, food, travel and design etc.)[135]

He felt that the businesses in this cluster were at different stages, with the majority at the R&D stage.

Mike Herd of SInC told the Panel of the importance of the psychological cluster:

"…to put messages across about buying decisions."[136]

He highlighted the potential for using companies as *'showrooms'*[137] to attract more companies here. This would give Brighton & Hove a reputation as a place to pilot projects relating to environmental industries. For example, EDF Energy who considered that there were sufficient such businesses in the city to justify setting up an innovation centre.[138]

Pooran Desai told the Panel that to create a green cluster you need:

- low cost incubator units
- links to a 'quarter' - where there 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[139]

He believed that the conditions outlined above can create a '*vibe*'.[140]

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[134] Pooran Desai, evidence 13th May 2009
[135] Nick Hutchinson, evidence 31st March 2009
[136] Mike Herd, evidence 23rd April 2009
[137] ibid
[138] ibid
[139] Pooran Desai, evidence 13th May 2009
[140] ibid

Pooran Desai then suggested that London Road could be a natural area for such a hub, encouraging a mixture of green businesses and green living. An environmentally sound makeover could be given to New England House (NEH), involving local business and green lifestyles. This could include car clubs and retro fittings on the buildings.[141]

Steve Charter, Director SC2 Sustainability Consultancy, told the Panel of his work on developing clusters. This included developing a proposal for a sustainable enterprise in Brighton. He believed that:

"…physical clustering made a big difference to virtual clustering – both are invaluable."[142]

> ***Recommendation:*** *The Panel believes the council should explore how more affordable work and office space could be made available in the city. This is particularly important to retain successful and growing companies who might otherwise leave Brighton & Hove. Clusters of workspaces are crucial to encourage the interchange of ideas.*

The above Recommendation (and Recommendation 1 regarding a Lead Officer – see p63) draw on the successful methods which have been used by the council to support and encourage the Creative Industries in the City over the last 8 years.

B. A network

When the Panel was scoping this Inquiry, the feasibility of establishing a network for environmental industries was identified as one of the issues to consider. This was due to the success of the 'Wired Sussex' network for creative industries.

[141] Pooran Desai, evidence 13th May 2009
[142] Steve Charter, SC2 Sustainability Consultancy, evidence 10th June 2009

CASE STUDY 4

South East Environmental Innovation Network

The University of Brighton and EnviroBusiness have submitted a successful bid for ERDF funding to set up a network. This will bring together 6 universities across the region with expertise in environmental technology and services and link them to businesses that are already working in, or planning to move into, environmental sectors.

The proposed South East Environmental Innovation Network is aimed at bringing universities, SMEs and large companies together via themed innovation events and managed partnering. Ricardo are supportive of the initiative: they recognised that they faced barriers to entering the renewable energy market, e.g. wind turbines and felt that it could not be done alone and wanted to interface with universities and other SMEs with relevant expertise.

According to David Porter:

"A lot of other companies could move into environmental sectors and this Network could help them secure European Union and UK funding for collaborative research and development."[143]

The Panel felt that the Environmental Innovation Network would offer a useful way for environmental industries to gain access to expertise and support.

Recommendation: *The Panel recommends the council plays an active role in supporting the new regional Environmental Innovation Network, which will be led by EnviroBusiness with key support from the University of Brighton and funded by South East Development Agency (SEEDA)/ European Regional Development Fund (ERDF) S.E. Competitiveness Fund. The need for such a network was stressed by all those who gave evidence to the Panel. The network's regional focus reflects the general view that Brighton and Hove and other local authorities and organisations must work across a regional and sub-regional front to promote and develop environmental industries.*

[143] David Porter, Evidence, 13th May 2009

How the council can lead behaviour change

Pooran Desai told the Panel that the key action the council could take is to create a vision for the future of Brighton & Hove. This would involve deciding what the city could be in 2050, and aligning all its policies to achieve this vision. It would not just cover 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."[144]

Brighton & Hove would have to behave as though it was the centre for renewables. He suggested that the council undertakes an assessment of where it wanted the city to be in both 2020 and 2050.[145]

According to Zoe Osmond, the council's key actions should include being:

"…a driver for initiatives such as green spaces and green transport and be recognised as a green city."[146]

The Panel also heard examples of where the council's leadership had succeeded in Brighton & Hove:

- the excellence of the bus service
- Jubilee Library
- One Brighton[147]

In many key areas, the needs and requirements of the environmental industries are the same as for any other sector. For example: office space, need for business support, workforce and help in identifying markets (the issue of resources is addressed in Section 6.4).

In other aspects, the environmental industries are unique. The sector is facing increasing demand, there is a large scope for development, it is a very broad market, and there are many opportunities for adapting existing skills to new markets.

Should environmental industries receive particular attention?

Several witnesses offered the Panel differing views on whether or not Brighton & Hove would benefit sufficiently from creating a 'centre of excellence' for the environmental industries.

[144] Pooran Desai, Evidence 13th May 2009
[145] ibid
[146] Zoe Osmond, Evidence 23rd April 2009
[147] Tony Mernagh, Evidence 31st March 2009

A business representative expressed his concern to the Panel that environmental industries should only be pursued if they are a good fit with the local economy.[148]

The GMB Union urged caution over the view that hundreds of jobs could be created. The Union emphasised the importance of the whole community having a buy-in across the environmental sector – there should be consideration given to how to create a wide range of jobs, not just graduate jobs.[149]

Pilot Schemes

The Panel heard that there could be significant benefits from publicising successful developments in the sector, to encourage potential investors and companies to come to the city.

Paul Dickinson suggested that some of the amazing stories in Brighton & Hove could be publicised to bring in more businesses.[150] The Panel felt this was an idea worth exploring.

> ***Recommendation:*** *The Panel believes the council should offer itself as a pilot authority when opportunities arise to support this sector. It should encourage its partners to do the same, to attract and assist innovative companies and products.*

[148] Tony Mernagh, evidence 31st March 2009
[149] Gary Smith and Rob Macey, evidence 23rd April 2009
[150] Paul Dickinson, evidence 31st March 2009

Branding Brighton & Hove for environmental industries

The Creative Industries

The success of the city in supporting, attracting and retaining the creative industries is well known. The sector accounts for 20% of businesses and around 10% of employment. Although not the largest employment sector, it is certainly the fastest growing and counted as a key employment sector.

Learning from Visitbrighton

Following wide consultation with partners, Visitbrighton, the council's Tourism arm launched a destination brand in 2006. A toolkit was produced which includes suggestions for language, images, and tone of voice as well as a logo. This kit is used by both Visitbrighton and tourism businesses throughout the city.

Those involved in developing the brand, told the council it was vital to ensure the new brand responded to the needs and awareness of visitors. Rather than reflecting what people who lived or worked here thought that visitors wanted to hear or see. Consequently, there was a lot of testing of ideas with actual visitors.[151]

A similar exercise could be set up by the council or its partners to brand Brighton & Hove as the place for environmental industries and provide information, news and promote successes.

Improving the interface between the council and environmental industries

The Panel heard that it could be hard for a developing company to work with the council. Elektromotive told the Panel of their difficulties two years ago, in persuading the council to provide them with 2 car parking spaces (out of 13,000 in the city). This had left them feeling at the time:

"'…there was no business to be done with the council."[152]

Fortunately, Elektromotive subsequently had a very constructive meeting with the council in June 2009 and they found a:

"…more cohesive approach with parameters to be set and goals to be achieved."[153]

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[151] The brand guidelines can be found here: http://www.visitbrighton.com/partners/marketing-and-sales/the-brighton-brand

[152] Greg Simmons, Elektromotive, evidence 10th June 2009

[153] ibid

The Panel asked Elektromotive what the council could do to assist environmental industries and was told:

- a nominated person/people in the council who can assist the company to find the right person to contact on a particular issue
- building on the help provided by SInC, which enables SMEs to call on administrative help and other services when things were busy
- assistance with networking[154]

Behaviour change

A number of witnesses testified to the importance of the council's role in changing behaviour. Pooran Desai suggested that the key to moving on was to create a 'buzz' and the council should communicate their excitement and openness to change.[155]

He told the Panel that 'One Planet Living' (a 'global initiative' of BioRegional) was called this because if everyone consumed as much as the average person in the UK did currently, we would need 3 planets. [156]

Public Awareness

A survey (undertaken by Business Link Kent and Ecosys) of SEE companies found that greater public awareness of the issue was viewed as an opportunity (by 34% of these organisations). An increase in promotions leading to enhanced public awareness was also highlighted as the main area of support requested by companies (52%).[157]

> ***Recommendation 20:*** *The Panel believes that the council should works with its partners to increase the profile of the sector. This could include: publicising existing organisations and projects in the city, using companies as 'showrooms', demonstration projects and organising events for environmental industries.*

The development of the creative industries in the city over the last 7 years has benefitted from a dedicated officer post functioning as a lead point of contact between the sector and the authority. Not only has this provided the sector with a focal point, but it has also acted as an advocate for the sector and

[154] Greg Simmons, evidence 10th June 2009
[155] Paul Dickinson, evidence 31st March 2009
[156] http://www.oneplanetliving.org/index.html
[157] Written evidence from Ecosys

provided both support and guidance, the development of the environmental industries sector would undoubtedly benefit from such support.

> ***Recommendation:*** *The Panel believes that the council should appoint a lead officer for the environmental industries to be a key point of contact for those in this sector seeking information and support.*

6.4 Creating demand and enabling environmental industries to grow in Brighton & Hove

A. Offering support

The *Low Carbon Industrial Strategy* recognises the need to provide support to innovative environmental industries:

"Companies commercialising innovative low carbon concepts will be central to the transition to a low carbon economy in Britain. While the range of innovations that will underlie … [this shift]… is ultimately very wide, the innovations that will drive sustainable economic growth will be those that develop a low carbon concept into a commercial product or service." [158]

To achieve this, the Government has developed a suite of polices including:

- increased financial support for the early stages of innovation
- closing the financing gap for growing low carbon companies by creating a UK Innovation Investment Fund
- greater co-ordination of public support for low carbon innovation so that businesses are better able to access this support[159]

B. Retaining industries as they expand

Mike Herd from SInC highlighted the trend that once environmental SMEs expand, they might move away from their original location. In his experience if a company stays in private hands, it will stay in Brighton & Hove; the organisation will only leave if there is a trade sale or flotation.[160]

Elektromotive was an example of a company where the work would all be done locally. A combined heat and power company in Lancing were undertaking work for Elektromotive, so the local area has kept the work. However there was a question over how long this would remain the case, depending on how the organisation expands. Elektromotive told the Panel they would remain in the UK, even as they moved towards manufacturing 10,000 vehicles. They were:

"…intending to stay local … At the moment, they can get to all their key suppliers within an hour which was crucial in providing the ability to respond quickly to problems."[161]

They have found that as a small company, when recruiting new staff, it is important to select the right person first time. The accessibility of Brighton &

[158] The UK Low Carbon Industrial Strategy – Executive Summary (2009) http://www.berr.gov.uk/files/file52226.
[159] ibid
[160] Mike Herd, SInC, evidence 23rd April 2009
[161] Greg Simmons, Elektromotive, evidence 10th June 2009

Hove means that one can attract applicants from around the region. Recruitment has become even easier with the recession.[162]

Understanding the challenges that the sector faces

In a survey undertaken in 2006/7 of over 100 Sustainable Eco-Enterprise (SEE) organisations, the main opportunities for them included:

- public sector contracts recognising the economic benefits of using green organisations (40%)
- economic benefits of SEE (39%)
- greater public awareness of the issue (34%)

The key challenges for them included:

- small size of SEEs and finding it difficult to grow (43%),
- fluctuations in public perception or prioritising e.g. due to the recession (40%)
- disreputable suppliers (28%)
- inconsistent government policies (26%)
- public procurement processes (26%).

The main areas of requested support were:

- promotions/increasing public awareness (52%)
- planner/regulator awareness (36%)
- professional/trade awareness (28%)
- general business advice (26%)[163]

C. Future environmental industries

Wind farms

According to Pooran Desai, generating energy from wind and wind power will become a massive industry.[164]

When asked about the potential for existing businesses to switch to environmental industries, David Porter of EnviroBusiness predicted that:

"…offshore wind is going to be the big thing for the next ten years and there will be real growth opportunities."[165]

Tony Mernagh told the Panel that wind was the only realistic option open to UK in the short term, although other regions such as Yorkshire are more

[162] Greg Simmons, evidence 10th June 2009
[163] Written evidence submitted by Ecosys, see Volume 2
[164] Pooran Desai, evidence 13th May 2009
[165] David Porter, evidence 13th May 2009

advanced in the field. He felt that investment in wind could be precarious, as the London Array experience has shown.[166]

Nuclear

Whilst the Panel did not look specifically at the nuclear industry, it was mentioned by several witnesses. Gary Smith of the GMB felt that jobs would be created in the environmental sector, but they would be jobs in the nuclear industry.[167] Christine D'Cruz of EDF Energy described the range of EDF Energy's work, which included building four new European Pressurized Reactors, with the first one due to be operational by 2017. She believed that:

"…this would provide considerable commercial opportunities for the supply chain and workers."[168]

Other Sectors

While Research and Development are likely to be key areas for the city in the future. There may also be opportunities within other industries such as electrical vehicle infrastructure, or solar industries that should be followed and capitalised upon.

Tidal/marine renewables

Pooran Desai told the Panel that he believed that tidal energy would be bigger than wave power, because it is more predictable. While wind power projects are progressing now, tidal technologies need more development and there were more ecological issues. He predicted that tidal technologies could be ready in 5-10 years time, alongside algae for biofuels.[169]

Other low carbon and resource efficiency measures

During the drafting of this report, the Panel became aware of Ultra Green, a renewable and clean tech company in the city that was developing a range of technologies that maximise energy efficiency. For example, they have developed a portable power plant to turn waste into clean energy. Although we had concluded our public evidence sessions, Ultra Green agreed with the key recommendations in this report, in particular the creation of a network, a named contact for the industry, and additional help to find environmentally friendly premises. (see case study 6)

[166] Tony Mernagh, evidence 31st March 2009
[167] Rob Macey, evidence 23rd April 2009
[168] Christine D'Cruz, evidence 10th June 2009
[169] Pooran Desai, evidence 13th May 2009

CASE STUDY 5

SeaRoc - a company which has grown significantly in size and is committed to remaining in the city

SeaRoc are a consultancy specialising in:

- Marine management
- Engineering
- Health and Safety
- Environment department (newly created)
- Data Management

The company has experienced rapid growth from just one person in 2002 to 70 people in 2009. Brighton & Hove was chosen as the location, due to:

- Ability to fly to Europe
- Proximity by train to London
- Good public transport in the city for employees

In June 2008, The Crown Estate announced proposals for the third round of offshore wind farm leasing. This round could lead to the creation of between 80,000-100,000 new jobs.

The competitive tendering process closed in March 2009 and SeaRoc have been acting as consultants to bidders in various round 3 sites around the UK. There was considerable interest and a healthy short list of strong bidders for each site, including Brighton & Hove, and there should be more definitive news before the end of this year.

Despite future plans to expand as the offshore wind sector grows in size, SeaRoc believe that they will remain in Brighton & Hove because:

'I love living here and think our people like living and working here'.
Peter Hodgetts, Chief Executive, SeaRoc

They believe that Brighton & Hove has been:

'…nothing but a positive experience.'
Peter Hodgetts, Chief Executive, SeaRoc

CASE STUDY 6

Ultra Green (www.ultragreengroup.com) - a growing company which has benefited from being located in Brighton

Ultra Green described themselves as

"*a Brighton-based renewable and clean tech energy company with a range of technologies that maximize energy efficiency. Ultra Green specializes in five key industry sectors: advanced energy, agriculture and biofuel, construction, oil management and waste management. In-house, Ultra Green boasts scientists, engineers and business strategists who are international pioneers in their field with many of them having worked in the energy industry for over thirty years. We have offices in New York and Rio de Janeiro and we are in the process of opening a manufacturing plant in Indiana, USA. Currently, Ultra Green has contracts under way in Brazil and the Philippines. As we expand our workforce in Brighton, we will be seeking larger and more environmentally friendly work premises in the city."*

When asked why they located their business in Brighton, the response was:

"*Ultra Green has grown from a research and development company into a burgeoning commercial business in part thanks to its location in Brighton. Ultra Green benefits from the cheaper business overheads in Brighton while taking advantage of the city's proximity and excellent connections to London and Gatwick International Airport, familiar haunts for many of Ultra Green's MDs. Ultra Green has benefited from the city's well-documented 'high quality of life' and cheaper living costs, which continue to attract and retain high-calibre individuals. Lastly, Brighton's increasing reputation as a creative hub and flagship 'supercity' complements Ultra Green's brand well. For these reasons, we aim to continue our growth and investment in the city*".

Specifically, Ultra Green stated that would help them to improve their business locally would be:

- A broad-ranging network of those working in the local environmental industry. The network would need to extend to local businesses seeking environmental solutions.
- A personal contact at the council for help navigating support systems, available funding, local/central government.
- Help looking for new environmentally friendly premises where we could showcase our technologies.

For more information contact Ultra Green at www.ultragreengroup.com

D. Key issues to address

The Panel heard that when deciding to locate to Brighton & Hove, there were a number of factors that a company would typically take into account. Their key considerations would be:

- the availability of the workforce
- the quality and availability of the physical workspace
- Affordable accommodation for the workforce
- standard of living or 'cultural offer'.[170]

The quality of workspace

The lack of affordable and adaptable work space was raised as in issue in the Inquiry. Cllr Ted Kemble informed the Panel that the Business Retention and Investment Board (which he chairs) would be looking at spaces, facilities and business support.[171] The issue of appropriate workspace was at the heart of discussions about a 'physical cluster' of environmental technologies.

The Panel heard that the quality of physical workspaces and capacity for expansion was an area which Brighton & Hove:

"…falls down badly on."[172]

Plans to address the issues of workspace and accommodation

The Council's Business Retention and Inward Investment (BRII) plan has emphasised the need for the city to:

"…maximise the benefits associated with its strong entrepreneurial and start up culture that is so evident within the local economy. Essential to this is the identification and development of sufficient and appropriate start-up and grow-on business floor space, alongside appropriate business support (including marketing, business planning, financial and legal advice, recruitment etc), that will facilitate growth of small indigenous businesses (including their employment base and contribution to the local economy in terms of monetary turnover)."[173]

Further work in understanding this sector and the role it plays in the city is a key priority for the BRII 1st year action plan and research is currently underway with regards the needs of this sector.

While these conditions apply to any company deciding where to locate, the evidence given to the Panel demonstrated their relevance to environmental

[170] Tony Mernagh, evidence 31st March 2009
[171] Ted Kemble, evidence 23rd April 2009
[172] Tony Mernagh, evidence 31st March 2009
[173] BRII http://www.brighton-hove.gov.uk/downloads/bhcc/economicdevelopment/BRIIFinalReport.pdf

industries. The key issues to address are the workforce, the workspace, and accommodation (for information on the workforce see section 6.2).

The *Brighton & Hove Economic Strategy (2008-2016)* has also identified a number of issues facing the city which include high residential property prices and a lack of affordable and family housing, office accommodation that is inadequate for the needs of business and an insufficiently diverse economy with a heavy reliance on the public sector and business and financial services.[174]

With the above in mind, the *Brighton & Hove Economic Strategy Action Plan* identifies a number of key activities that can assist in addressing the issues. These include;

- A11 - the provision of flexible incubation space in the city for university spin out businesses and move on business accommodation;
- A12 - working with SMEs to ensure technology advances are being used effectively to enable them to compete and introduce cost saving flexible working practises,
- A17 – bring forward development sites to satisfy the need for commercial space and new homes, exploring alternative means e.g. through special delivery vehicles,
- D10 – provide support and raise awareness of the environmentally focused businesses operating in the city, in particular those that are engaged in environmental technology. Capture and grow this intellectual cluster on ethical/environmental businesses,
- D11 – lobby for the definition of 'key worker' to be widened to include some private sector employees so that it is more appropriate to the needs of the Brighton & Hove economy
- R8 – increase the supply of affordable homes and family homes in the city available to the workforce[175].

[174] Brighton & Hove Economic Strategy
http://www.brightonbusiness.co.uk/documents/economic_strategy_2008-2016.pdf
[175] Economic Strategy Action Plan
http://www.brightonbusiness.co.uk/documents/B&H_strategy_action_plans.pdf

6.5 Securing funding for the sector

The Panel heard that whilst this was a well funded area, the funding is often hard to find. A lot of SMEs are unaware of the opportunities available and the timescales for applying for funding are often tight. Professor Lynch felt that, even after eighteen months working with SEEDA, it was difficult to understand where the support and money was for this sector.[176]

A recent government report *New Industry, New Jobs* also identified the funding difficulties faced by innovative companies in this sector:

*"…it will also be necessary to pay particular attention to **technological change** where this is reshaping industries and demanding high levels of innovation, skills and investment from those businesses who will ultimately lead in these markets. These include…a range of low carbon technologies... Businesses attempting to innovate in these areas will in many cases face particular challenges of finance, and the need to sustain development programmes over the long timeframes required to commercialise new technologies."*[177]

The Panel was very impressed by the work carried out by organisations such as the East Sussex Enterprise Hub and EnviroBusiness, to help SMEs to access funding in this difficult area.

Mike Herd, of SInC, suggested there was quite a lot of funding available: including investment funds and grants available for green technologies. It was probably one of the best funded areas of research, but the problem lay in managing the companies and understanding markets.[178]

Jae Mather, of the Carbon Free Group, told the Panel that economic stimulus packages are a key method of delivering carbon free buildings and living. However, in Great Britain we have the second lowest level of governmental economic stimulation of environmental industries.[179]

Pooran Desai, of BioRegional, believed 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.[180] Regardless of environmental drivers, renewable energy was needed due to the volatility of oil prices.

There have been a number of Government announcements in this area, for example, the £1bn DWP Future Jobs Fund. This enables local authorities and other organisations to bid for funding to create around 150,000 new jobs. In July 2009 Brighton & Hove were successful with a bid that will provide

[176] Professor Jim Lynch, evidence 23rd April 2009
[177] New Industry, New Jobs, BERR, 2009 http://www.berr.gov.uk/files/file51023.pdf
[178] Mike Herd, evidence 23rd April 2009
[179] Jae Mather, evidence 31st March 2009
[180] Pooran Desai, evidence 13th May 2009

£2.3million to pay for core salary funding (see 6.2 for further information on apprenticeships).

Knowledge Transfer Funding

Zoe Osmond, of the University of Brighton, told the Panel that here was a huge range of Knowledge Transfer Partnerships (KTP). These exist to form a relationship:

"…between a company and an academic institution … which facilitates the transfer of knowledge, technology and skills to which the company partner currently has no access. Each partnership employs one or more recently qualified people (known as an Associate) to work in a company on a project of strategic importance to the business, whilst also being supervised by the Knowledge Base Partner.

Projects vary in length between 12 and 36 months. The Associates are either postgraduate researchers, university graduates, or individuals qualified to at least NVQ (Level 4) or equivalent."[181]

Zoe Osmond had around 10-15 ongoing knowledge transfer projects, with another 20-30 in the pipeline. A paper was provided to the Panel with some case studies and examples of funding (see Volume 2 of this report). She 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.[182]

It became clear to the Panel that there was no easy route for small companies, or entrepreneurs, to access funding. Despite the good work of SEEDA, the Enterprise Hub and others; there are still a vast array of schemes and potential funding opportunities, but no clear and simple way of accessing them.

> ***Recommendation:*** *Many small and medium sized businesses find it very difficult to negotiate the funding labyrinth. The Panel recommends the council undertakes, or identifies a partner to carry out, an exercise to map the funding available for environmental industries. This information could then be made accessible to the sector*

[181] http://www.ktponline.org.uk/faqs/faqs.aspx
[182] Zoe Osmond, evidence 23rd April 2009

Procurement

The *UK Low Carbon Industrial Strategy* emphasised the need for:

"Driving demand for low carbon products through procurement…This includes the use of tools such as 'Forward Commitment Procurement".[183]

A newsletter from the Department for Business Innovation and Skills defined the key features of Forward Commitment Procurement (FCP) as:

- a practical supply chain tool
- stimulating innovation in response to customers' 'unmet' needs
- addresses environmental challenges cost effectively
- managing innovation risk[184]

"Meeting the public sector's sustainability objectives often requires new and innovative solutions, including ones that aren't actually yet available on the market. Because they aren't available no one demands them, and because there is no demand the private sector doesn't invest in supplying them. It's stalemate, Catch 22…"[185]

This can be resolved with:

"… the incentive of a Forward Commitment: an agreement to purchase a product or service that may not currently exist, at a specified future date , providing it can be delivered to agreed performance levels and costs."[186]

The Panel heard a number of witnesses talk about the importance of the council using its power as a key procurer in the City, to lead by example and support innovation by forward procurement. This could particularly support SMES by providing funding upfront to help bridge the gap between innovation and making a profit, which was known as the:

"…valley of death."[187]

Jae Mather of the Carbon Free Group, which is a consortium formed out of the top 10 organisations in the Eco sector in Kent and East Sussex, told the Panel that prize winning businesses are in danger of going out of business because the Government does not procure their products or services.[188]

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[183] The UK Low Carbon Industrial Strategy – Executive Summary (2009) http://www.berr.gov.uk/files/file52226.pdf
[184] Forward Commitment Procurement newsletter, BIS http://www.dius.gov.uk/~/media/publications/C/CS01_FCP
[185] ibid
[186] ibid
[187] Graham Tubb, evidence 10th June 2009
[188] Jae Mather, evidence 31st March 2009

He felt that this was:

"…the most important function that a council could carry out in this sector."[189]

The public procurement process was also cited in the Ecosys survey as one of the key challenges facing the sector.[190] Mike Herd, of SInC, told the Panel that the area of public sector demand was problematic – for example, when selling to the NHS it is often easier to sell to another country like Holland which then sells to the NHS.[191]

The Panel supports the case for council procurement of local environmental industries products and services - where there is also an identifiable economic benefit for the city in terms of business growth and improvement.

Recommendation: *The Panel recommends the council uses its procurement policy to promote the growth and development of environmental industries and to encourage innovative and environmentally conscious companies to tender for work*

[189] ibid
[190] Nick Hutchinson, evidence 31st March 2009
[191] Mike Herd, evidence 23rd April 2009

7. The way forward

Once this report has been agreed by the Culture, Tourism & Enterprise Overview and Scrutiny Committee (CTEOSC), it will be forwarded on to the council's Executive.

The Executive will write a response which will address each of the recommendations. This report, and the response of the Executive, will then be discussed at the appropriate Cabinet Member Meeting or Cabinet Meeting.

The Panel looks forward to hearing the Executive's response to its recommendations.

As is customary with Ad Hoc Panel reports, it is requested that the CTEOSC would then receive an annual update on the progress of this report's recommendations.

> ***Recommendation 21:*** *The Panel recommends that in 12 months time CTEOSC is provided with a report on the implementation of the Inquiry's recommendations. Thereafter, an annual update on progress would be given to CTEOSC.*

Appendix 1

The Establishment of the Panel

The impetus to set up this Inquiry came from a notice of motion (NOM) from Cllr Bill Randall on the development of 'green industries' in Brighton & Hove. This NOM was unanimously agreed at Council on 9 October 2008 (with both Labour and Conservative amendments).[192] Next a letter was sent from the Chief Executive of BHCC to the South East England Development Agency (SEEDA) to enquire about funding for the promotion of green industries. SEEDA responded to the Chief Executive on 11th November 2008 by expressing their delight at the council motion and outlining their 3 main methods of supporting green industries.[193]

On 13th November 2008 the Culture, Tourism & Enterprise Overview and Scrutiny Committee (CTEOSC) agreed to set up an ad-hoc Scrutiny Panel to consider the potential for supporting and encouraging the development of environmental industries in Brighton & Hove.[194]

The Panel held two private scoping meetings to agree the terms of reference for the review.

At the first scoping meeting held on 28th January 2009, the Panel discussed the definition of 'green industries'. Whilst noting that there are a number of terms that could be used (for example green tech or clean tech) the Panel agreed to use the term 'environmental industries'. For the purpose of the Inquiry, the Panel agreed the following definition of environmental industries:

"…businesses operating in the broad disciplines of energy efficiency, recycling and waste, renewable energy, sustainable construction and maintenance, consultancy and other services (furniture, printing, cleaning food, travel, design etc)."

The Panel also considered the scope of the enquiry and resolved, due to the breadth of the subject, that the Inquiry was **not** about 'greening' the existing industries but about helping the existing environmental industries and attracting new businesses into this area.

At the second scoping meeting, held on 9th February 2009, the Panel agreed the title of the Inquiry would be "Environmental Industries Enquiry: Capturing the potential and economic benefits for Brighton & Hove". They also decided upon the following terms of reference:

> *"The Panel will explore the growth potential of environmental industries in Brighton & Hove. It will consider the economic, environmental and employment benefits to the city and what actions should be prioritised*

[192] See Volume 2
[193] See Volume 2
[194] http://present.brighton-hove.gov.uk/Published/C00000137/M00001374/$$$Minutes.doc.pdf

by the council and its key partners to support high growth potential existing businesses in the sector, diversification of others into the sector's work, and attract inward investors."

Evidence gathering

Meeting stakeholders
To prepare for this Panel, Scrutiny Officers met with a number of stakeholders. This included:

- A visit to the East Sussex Environmental Hub to meet Jim Christy (20.01.09) and then met Rhodri Alexander, Creative Sector Advisor of the Enterprise Hub on 05.02.09.
- A scrutiny officer was then invited to attend the newly created Environmental Technology Advisory board (facilitated by East Sussex Environmental Hub). The inaugural meeting was held in Hastings on 11.03.09.
- A visit to the University of Brighton to meet Zoe Osmond (11.02.09)
- Attending a Carbon Free Group seminar on Sustainable Development (11.02.08)
- Meeting with David Porter and Tom Fourcade of EnviroBusiness on 08.12.08
- Visit to SeaRoc on 1st July 2009 by Cllr Randall and Karen Amsden
- Visit to Ultra Green on September 18th 2009 by Julia Riches.

These stakeholders, then subsequently contributed to the public evidence sessions.

Evidence gathering meetings
The Panel then held four meetings in public to which they invited a range of expert witnesses from various sectors, including:

- Environmental industries
- Environmentally focussed consultants
- Business forums
- Universities
- Further education
- Adult education
- Unions
- Funding bodies e.g. SEEDA
- Community organisations

These public meetings were held on 31st March 2009, 23rd April 2009, 13th May 2009 and the 10th June 2009. Full copies of the minutes for each of the public meetings can be found in Volume 2 of the report.

Appendix 2: Dates of Public meetings and witnesses who attended, plus dates of private meetings

28th January 2009
Private scoping meeting with the following officers from Brighton & Hove City Council (BHCC)

- Thurstan Crockett, Head of Sustainability and Environmental Policy
- Paula Murray, Head of Culture and Economy
- Adam Bates, Head of Tourism

9th February 2009
Private scoping meeting with the following officers from BHCC:

- Thurstan Crockett, Head of Sustainability and Environmental Policy
- Paula Murray, Head of Culture and Economy
- Adam Bates, Head of Tourism

Public meeting on 31 March – Hove Town Hall, Committee Room 2, 1pm to 3pm

Name	Job Title	Organisation
Paul Dickinson	CEO	Carbon Disclosure Project
Jae Mather	Director of Sustainability	Carbon Free Group
Tony Mernagh	Director	Brighton & Hove Business Forum
Nick Hutchinson	Director	Ecosys

Public meeting on 23 April – Brighton Town Hall, Committee Room 2, 10am to 12 noon

Name	Job Title	Organisation
Cllr Ted Kemble		Cabinet Member
Zoe Osmond	Business Development Manager	University of Brighton
Professor Jim Lynch	Distinguished Professor of Life Sciences	University of Surrey and Senior Advisor to SEEDA
Gary Smith & Rob Macey	National Secretary and Regional Organiser	GMB
Mike Herd	Executive Director	Sussex Innovation Centre (SInC)
Alan Harris (Manager, Power Centre) and Sharon Greenaway	Sharon is Director, Centre of Business Enterprise,	Kingston College

Public meeting on 13 May – Hove Town Hall, Committee Room 1, 10am to 12 noon

Name	Job Title	Organisation
Pooran Desai	Sustainability Director	BioRegional
Jim Watson	Director of the Sussex Energy Group	University of Sussex
David Porter	Environmental Enterprise Manager	EnviroBusiness
Jim Christy	Director	East Sussex Enterprise Hub (SEEDA)

Public meeting on 10th June –Learning Centre, Jubilee Library 10am to 12 noon

Name	Job Title	Organisation
Greg Simmons	Technical Director	Elektromotive
Graham Tubb	Head of Energy	SEEDA
Christine D'Cruz	Director of Business Development, Residential and SME Markets	EDF Energy
Maria Antoniou	Development Manager	Friends Centre
Martin Grimshaw and John Kapp		Transition Brighton & Hove
Vernice Halligan and Michael Buckman	Head of Employer Engagement and Curriculum Manager	City College Brighton & Hove
Steve Charter	Director	SC2 Sustainability Consultancy

Monday 20th July 2009
Private de-brief meeting

Wednesday 26th August 2009
Private de-brief meeting