

CULTURE, TOURISM & ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

Agenda Item 37

Brighton & Hove City
Council

Subject: *Executive Response to Scrutiny Ad Hoc Panel on
Environmental Industries*

Date of Meeting: **25th November 2010**

Report of: *Strategic Director of Communities*

Contact Officer: Name: *Paula Murray* **Tel: 29-2534**

E-mail: paula.murray@brighton-hove.gov.uk

Key Decision: No

Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report provides an annual update on progress against the recommendations of the Ad Hoc Scrutiny Panel on Environmental Industries which reported in October 2009 by the Culture and Enterprise Overview and Scrutiny Committee.

2. RECOMMENDATIONS:

- 2.1 To note the contents of the report and support the planned actions for developing the sector in Brighton & Hove.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The Culture, Tourism & Enterprise Overview and Scrutiny Committee (CTEOSC) agreed to set up an ad-hoc scrutiny panel to consider how to develop and maximise the potential economic benefits of the environmental industries sector in Brighton and Hove.
- 3.2 The panel comprised of Councillors Bill Randall (Chair), Steve Harmer-Strange and Melanie Davis. Over a six month period, the Panel interviewed 25 witnesses representing 21 organisations. The final report from the Panel was received and endorsed at the last CTEOSC in October of last year and forwarded for an Executive response.

- 3.3 The report outlined 7 major recommendations for action by officers.
- 3.4 An Executive response to the scrutiny ad hoc panel was presented at CMM on 26th January 2010 covering the seven recommendations.
- 3.5 This report provides an update on the actions that have been taken by officers in response to the scrutiny panel recommendations and the subsequent Executive response.

4. UPDATE ON PROGRESS AGAINST THE RECCOMENDATIONS

- 4.1 **Recommendation One:** 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.
 - 4.1.1 An Economic Development Officer has been appointed to the Economic Development team and starts work in November 2010. The postholder will be responsible for subsectoral development, working with businesses in the environmental and creative industries sector in the first instance. The new postholder will be reviewing the information gathered as part of the recent business survey (conducted as part of the Business Retention & Inward Investment Strategy) and making contact with the business community and industry stakeholders in order to inform future work.
- 4.2 **Recommendation Two:** The Panel welcomes the Business Retention and Inward Investment (BRII) 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.
 - 4.2.1 The newly appointed officer will also be an active and informed voice in conveying the priorities for the sector in emerging strategies that may impact on the sector. A recent business survey conducted as part of the BRII work focused on key sectors for the city and asked businesses a range of questions concerning their current and future growth forecasts, ability to weather the economic downturn, inhibitors to growth, use of publicly funded business support and other factors that will inform how the council will focus its intervention. It should be noted that due to the sample sizes used, the business survey results should be considered indicative rather than fully representative of the environmental sector.

33 interviews were undertaken with businesses in the environmental technologies sector. In addition, depth interviews were undertaken

with two stakeholders. The following chart provides a profile of respondents: -

Employees	>5	5-10	11-49	50+	Unknown
	17	9	6	1	0
Turnover	Below £68k	£68k-£99,999	£100k-£499,999	£500k+	Unknown
	12	3	9	7	0
Age	<2 years	2-5 Years	6-10 years	10+ Years	Unknown
	5	7	11	10	0

A summary of findings from the business survey is provided below: -

- Most environmental technologies companies (21) had been established for more than five years, indicating that there may be a body of established companies in this sector, or that a number of existing companies have adapted their activities into what they consider to be an emerging market
- Most businesses (22) that were interviewed in this sector had the majority of their trade outside Brighton & Hove
- Almost all (27) of the surveyed businesses in this sector have suffered in the recession, with nearly half (15) saying that it had had a major impact on their business.
- A third (10) had reduced their staff numbers, but half (16) of the businesses had seen their turnover increase over the last two years. As with all sectors surveyed, they had a more positive outlook for the next twelve months, with more businesses expecting to take on more staff and to see a return to increasing turnover
- Qualification levels were not the highest of the surveyed sectors. However, more than a third (13) reported that all of their staff had a Level 4 or equivalent qualification
- Seven Environmental Technology companies reported higher level skills gaps (five of which were related to specific technical/practical skills) and nine of the 33 businesses agreed, at least to some extent, that it was difficult to recruit the right staff in Brighton & Hove
- As with other sectors, businesses in the Environmental Technologies sector were more likely to state that their business was located in Brighton & Hove because it was close to their home than for any other reason. The quality of the labour force, access to markets and all other issues featured much less prominently as reasons for businesses being in Brighton & Hove
- Businesses in the Environmental Technology sector were more positive about Central Brighton, Hove station and the outskirts of

the city as suitable locations for businesses like theirs than other parts of the city.

- o Businesses that were surveyed mostly had a strong commitment to remaining in the city and only two of the thirty-three businesses in the survey did not agree that Brighton & Hove was a good place to do business.
- o In terms of business support, there was a particularly high awareness of the Sussex Innovation Centre amongst the environmental technologies and may reflect the relatively strong links between businesses surveyed in this sector and the universities. Most businesses (19) were aware of Business Link and 14 of these businesses used Business Link for their support, however there was generally a low level of involvement in business networks.

The 2010 refresh of the Sustainable Community Strategy makes reference to utilising strengths in decarbonised industries and exploiting the growth potential of sustainable/environmental industries sector in Brighton & Hove.

The City Employment and Skills Plan is being reviewed at present; the review will, among other issues, consider sector growth and the likely drivers for economic growth by sector. Initial findings suggest that the city is well placed to take a leading role in moving towards a low carbon economy, encouraging the growth of ethical trading and supporting the development of business models that deliver social and environmental impacts, as well as economic ones.

Officers will work with and through the City Employment & Skills Steering group to progress work that will support sector growth.

4.3 Recommendation Three: The Panel believes the council should explore how more affordable work and office space could be made available in the city.

4.3.1 Work is underway with members of the BRll Board to explore how the city can actively encourage the refurbishment of low grade commercial space and promote investment in vacant employment sites as a means of growing the business base and thereby creating more employment within the city. The needs of key industries such as the Environmental industries will be prioritised as part of this work.

A number of sites have received planning consent for office space in the city and there are also development proposals being discussed at the pre application stage that will provide modern office accommodation to meet the needs of businesses expanding in the city and also considering Brighton as a business location.

Affordability of space together with flexibility of tenure is two key elements that are actively promoted by officers delivering the BR11 Strategy when developments are being proposed.

4.4 **Recommendation Four:** The Panel recommends the council plays an active role in supporting the new regional Environmental Innovation Network, which will be led by EnviroBusiness.

4.4.1 The University of Brighton was successful in their funding bid to develop an Environmental Innovation Network across the South East. However, the project was dependent on match funding from the Brighton & Hove and East Sussex Innovation and Growth Team, who had to withdraw support for the project following the early termination of their contract as a result of SEEDA funding cuts.

Both the University of Brighton and University of Sussex are actively engaged with the environmental technologies sector locally to support innovative practices, for example through the use of Knowledge Transfer Partnerships. Council officers are heavily involved in local business support networks and refer businesses to university support programmes where appropriate.

4.5 **Recommendation Five:** 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.

4.5.1 Apprenticeships are recognised as a significant contributor to the engagement of residents into employment and skills. The City council recently responded to the BIS consultation of Skills, 'Skills for Sustainable Growth' and endorsed the view that they should be continued and extended, particularly to new and emerging sectors. Opportunities to create apprenticeships in the sector are continually being explored by the council and city partners.

One element of the city's successful Future Jobs Fund apprenticeship scheme includes one hundred recycling and environmental jobs, led by Hove YMCA. Funding for the scheme runs out in March 2011.

4.6 **Recommendation Six:** 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.

- 4.6.1 The Economic Development officer for sectors will be working with both FE and HE to explore opportunities for developing a curriculum offer that better reflects the needs of the industry.

The Crown Estate has proposed the creation of a wind farm off the coast of Sussex; it is located between 13 - 26km (8 – 16miles) off the Sussex Coast and covers a site area of 270.2km² (104.3miles²). The water depth within the site area ranges from 19m – 62m and it is expected that when fully operational the Wind Farm will generate up to 650MW of electricity.

It is as yet unclear how many jobs will arise from the planned wind farm however officers are working with colleagues in East and West Sussex to plan for the development and ensure that residents and businesses secure economic benefits in terms of jobs and potential sub-contracting opportunities.

The University of Brighton and University of Sussex both offer a range of courses targeted at the environmental technologies sector in addition to running Knowledge Transfer Partnerships which link directly with companies looking to research and innovate around new technologies.

- 4.7 **Recommendation Seven:** 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.

- 4.7.1 Strategic Finance & Procurement submitted an executive response to Recommendation Seven to Cabinet on 22nd July 2010: -

“The procurement function supports the objective of encouraging innovative and environmentally conscious companies to tender for work. However all public sector procurement above certain thresholds (£156K for supplies and services and £3.9 Million for construction) is bound by the EU Procurement Directives.

The directives are specific about what is and what isn't allowed in relation to sustainability issues and therefore care is taken to ensure that the directives are followed whilst supporting the council's objectives. “

The report went on to detail how environmental objectives are supported throughout the entire procurement process.

The Economic Development Team in conjunction with the Brighton & Hove Chamber of Commerce is running a half day procurement

workshop on November 18th as part of the 'Ride the Wave' business support package. In addition to training courses being provided by the procurement team, council officers are enabling more businesses to understand and participate in public sector tendering opportunities.

5. CONSULTATION

There has been consultation with the Executive Member for Enterprise and Major Projects and senior officers.

6. FINANCIAL & OTHER IMPLICATIONS:

6.1 Financial Implications:

All actions in support of the recommendations within the executive response are within the scope of resources available this financial year. Any additional activity would need to be subject to external funding raised or additional resources being identified.

Finance Officer Consulted:
15/11/10

Anne Silley

Date:

6.2 Legal Implications:

There are no direct legal implications arising from this report.

Layer Consulted:

Bob Bruce

Date: 15/11/10

6.3 Equalities Implications:

Apprenticeship programme are an effective tool in engaging those who have been out of the labour market in skills development. Apprenticeship opportunities would be accessible to a full range of people including those facing barriers to employment and training.

6.4 Sustainability Implications:

The implementation of all of the proposed recommendations in the ad-hoc panel report would have positive implications in terms of sustainability.

6.5 Crime & Disorder Implications:

Any initiatives or programmes implemented that reduce unemployment and benefit the city's economy would be likely to have a positive impact in reducing the likelihood of crime and disorder.

6.6 Risk and Opportunity Management Implications:

If the ad-hoc panel report recommendations are not implemented, there is a risk that job creation and skills and training opportunities will be lost for the city. There would also be a risk of increased negative impact of

climate change. The opportunities that have been identified by the panel report in terms of economic development in particular will have to be maximised, with partners and within available resources

6.7 Corporate / Citywide Implications:

The implementation of the recommendations in the ad-hoc panel report would have a positive impact on both climate change and employment in the city and therefore would be citywide.

7. EVALUATION OF ANY ALTERNATIVE OPTION(S):

7.1 The option to create a new post in response to this ad-hoc panel report was considered but was not possible within current financial constraints.

8. REASONS FOR REPORT RECOMMENDATIONS

8.1 The ad-hoc panel report drew on a detailed level of expertise and current information on the development of the environmental industries. The resulting recommendations were extremely well informed and offer a number of useful and pragmatic ways forward for the development of this key subsector.

8.2 In the view of all of the witnesses who presented to the ad-hoc panel, this subsector is one that Brighton and Hove should actively develop both because of the inherent opportunities and because it would flourish well in this city. Many of the preconditions for growth for this subsector were identified in Brighton and Hove by the panel's findings.

SUPPORTING DOCUMENTATION

Appendices:

None