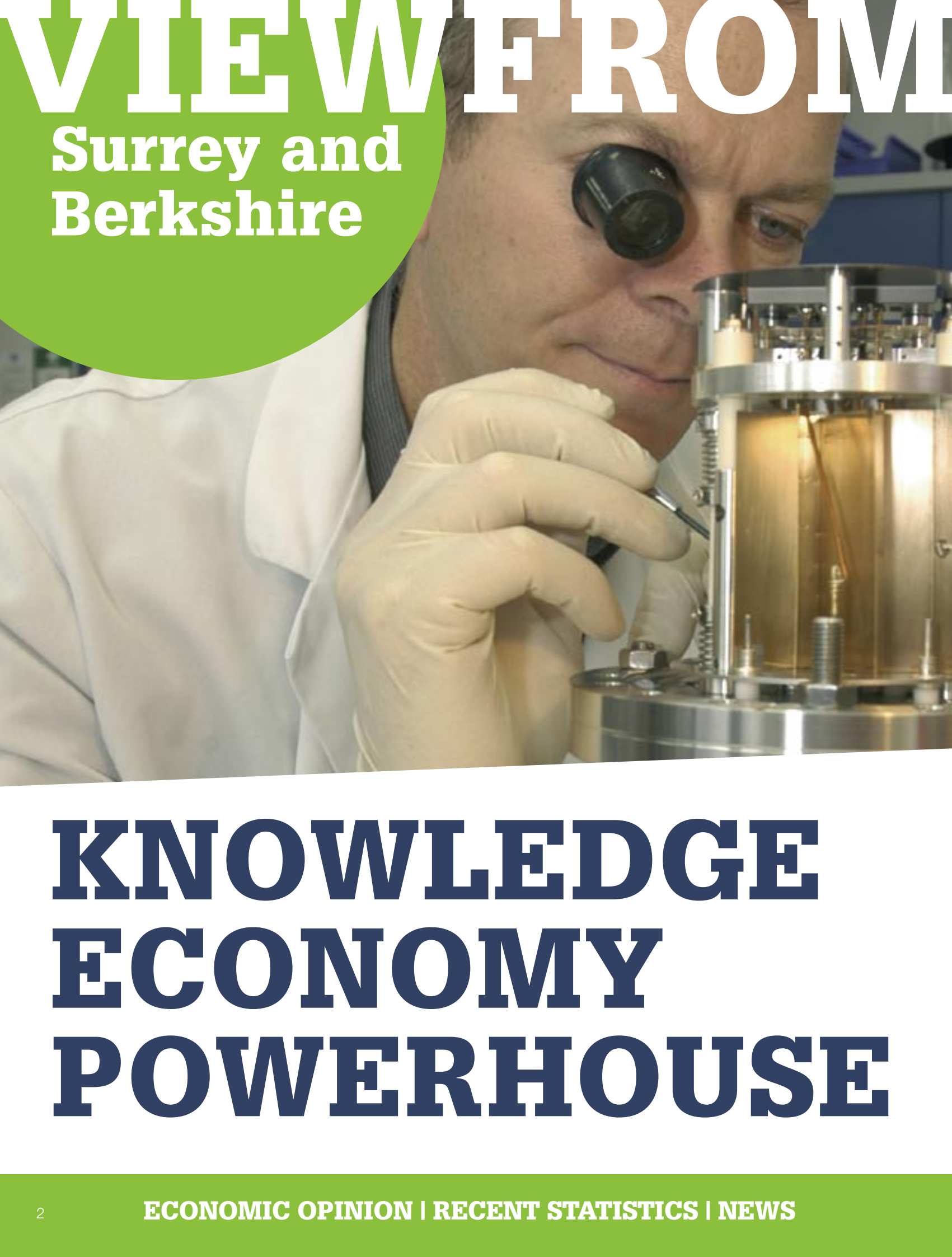


# VIEW FROM

**The South East is the sum of its parts – each of its areas contributing to the whole. So South East View looks at how they expect to fare in the downturn and talks to some of the companies in each who seem set to buck the trend.**

OXFORDSHIRE  
BUCKINGHAMSHIRE  
BERKSHIRE  
HAMPSHIRE  
ISLE OF WIGHT  
SURREY  
WEST SUSSEX  
EAST SUSSEX  
KENT



# **VIEW FROM**

**Surrey and  
Berkshire**

# **KNOWLEDGE ECONOMY POWERHOUSE**



the SME sector, while regeneration projects could slow down when projects dependent on developer funding halt as funds dry up.

### Prepared for action

Area Director for Berkshire and Surrey, Nigel Horton-Baker, says: "The comfort is that we do enter the recession from a strong position and I hope we can manage the downturn well, while putting ourselves in a good position to move forward again when the time comes."

A key factor here in achieving both aims will be SEEDA's partnership working with the many economic organisations within the two counties. These include the economic partnerships for Berkshire and Surrey. "We shall also be working closely with our two Diamonds for Growth at Reading and Gatwick in which SEEDA is a strategic partner," Nigel adds. "Our targets also include establishing local employment and skills boards, as well as Innovation and Growth Teams."

### Environment for innovation

Specific activities will aim at creating the right kind of environment for recovery. SEEDA will be helping to direct investment for innovation through, for example, the Surrey Research Park, where the University of Surrey and entrepreneurial businesses are co-located.

"Besides encouraging infrastructure improvement for the Park, as well as the wider Guildford area, we will be working to promote public and private investment in science and technology," adds Nigel.

In Berkshire, SEEDA will be part of a process to improve the Slough Estate, one of the largest business parks in Europe. Plans are being developed to improve its image and infrastructure so that it is better placed to attract new businesses, a by-product of which should be to bring regeneration to the deprived Heart of Slough residential area.

**“We shall also be working closely with our two Diamonds for Growth at Reading and Gatwick”**

Along the M4, Reading has a great track record in attracting inward investment - its Green Park estate has already attracted more than any other in the UK. As a Diamond for Growth, it will receive priority for infrastructure projects like Crossrail and Airtrack, with its direct link to Heathrow.

### Natural strengths

"It is sometimes more difficult to see how to make progress when downturn follows success, but our natural strength will protect us to a certain extent and I am certainly confident that we shall be pretty quickly out of the blocks when the economy picks up," Nigel concludes.

**nigelhorton-baker@seeda.co.uk**

**T**he £40 billion that the counties of Berkshire and Surrey contribute to the region's economy makes up a third of the South East total, making it a key component in the region's long-term success. But with over 100,000 businesses in the area, including the highest concentration of multinational companies in the UK and a population of nearly two million, coming out of recession fighting will be vital.

The current recession puts pressure on an area accustomed to growth and success. There is a risk of job and investment losses, currently very high in the financial services sector, which in turn could also cause community tensions in deprived areas. There is likely to be collateral damage to

## Business Link Advisers:



**Chris Crump**  
part of the team in Berkshire



**Adrian Jones**  
part of the team in Surrey

[www.businesslink.gov.uk/southeast](http://www.businesslink.gov.uk/southeast)  
Telephone 0845 6009 006

## PROFILE: JOHNSTON SWEEPERS

# Cleaning up in Bangkok

**You don't have to be big to be global. Be the best in a niche, work hard and smart and then, like Dorking based Johnston Sweepers, increase your exports by 41.4 per cent inside three years.**

**T**hey aren't fashionable; they aren't sexy but they are, in an ever more environmentally sensitive world, vital. Street cleaning machines, that is, like the ones built by Johnston Sweepers, which are being supplied to an increasing number of overseas markets.

Founded in 1904, the company originally marketed road building aggregates, but by 1960 had started building machines to clear up the chippings left over from every road surfacing operation. The machines took over and have become Johnston's sole product line, with the company becoming the biggest manufacturer in the world.

In 2005, the company was acquired by Swiss based Bucher Industries AG, whose interests included one of Johnston's main competitors. For Johnston, a strategic rethink led to a mission to reduce exposure to the UK market and to increase export business.

The global market is largely municipal or is for public utilities like airports and has a volume of about 10,000 units a year. Johnston's main products are truck based cleaners for street and larger area cleaning and compact cleaners – smaller units for confined areas like shopping malls. Marketing Director, Steve Douglas, explains: "The products are not high-tech because the market wants robust efficiency and reliability over fancy gadgetry. They are often customised to meet specific needs, but design development has reduced the number of parts so they are common for many different specifications."

Exports have always been key to Johnston's strategy and they had good markets in mainland Europe, North America and Australia, but the drive to expand exports is looking to grow existing markets and open new ones. "Cleaning has very different cultures in almost every market - climate, terrain and local attitudes all count to set specifications," says Steve. "For example we've developed our Regenerative Air Truck Mounted Sweeper to meet a cleaning preference in Australia and the US."

Success has come through a comprehensive market research programme, much of it aligned with a thorough review of Johnston's distributor network. "Our distributors are key to our operations. They are not only our sales team but also, for truck mounted

sweepers, usually put our bodies on to locally sourced chassis. Over the last three years, we have developed much closer relationships with them to our mutual advantage and they have become a major source of market intelligence and product planning."

New markets have been opened up in the Far East, India and Eastern Europe, while opportunities in the Middle East and South America are being explored. It was the Far East which provided the company's biggest ever export order to supply 104 truck mounted sweepers to the Bangkok Municipal Authority in July 2008. Russian sales have grown considerably over the last three years while the first orders were secured in India in 2007.

Esben Bay-Andersen, SEEDA's Investor Development Manager for Surrey, says that Johnston's achievement has been exceptional. "The performance is remarkable compared to other companies in the mechanical engineering sector and when you consider the difficult market conditions. We are now very pleased to be helping them as they investigate potential new markets."

[www.johnstonsweepers.com](http://www.johnstonsweepers.com)

**“The products are not high-tech because the market wants robust efficiency and reliability over fancy gadgetry”**



One of the 104 truck mounted sweepers exported to Bangkok



Truck mounted sweeper in action

**IN BRIEF:**

**OUTSIDE BROADCAST**

Innovation combined with export is likely to help Newbury-based Phabrix, which makes specialised products for the professional broadcast market, beat the downturn.

The first ever handheld test monitors for use in the broadcast engineering industry have won a host of industry awards, including, in 2008, the top Award for Design and Innovation given by IABM, the trade body for the broadcast and media technology supply industry worldwide.

It was presented at the IABM International Broadcasting 2008 Conference in Amsterdam, one of the international events attended by Phabrix as part of an export strategy guided by UKTI. The company's international success started in

November 2007, when Creative Director Erica Bland attended a UKTI South East Passport to Export course, which guides SMEs into international trade. The UKTI support includes subsidised training, a full company diagnostic, development of an export action plan, advice and guidance, and up to £1,500 in matched funding mostly to support the company's attendance at exhibitions. The company has since had regular strategy reviews with UKTI and has been on additional courses. Twelve months on, the company has distributors in the USA, France, Germany, Italy, Denmark, South East Asia, Australia, New Zealand, the Netherlands and Belgium.  
[www.phabrix.com](http://www.phabrix.com)

**UNILEVER OPEN LEATHERHEAD HQ**

Shampoo to sauces company, Unilever, has refurbished its Leatherhead site to become the headquarters for the UK and Ireland operation. Incorporating the very latest in office environment design, it's a building with everything the employees could want. Each workspace is designed around the people using it – from technical facilities and meeting spaces to consumer focus rooms and brand hubs. Surrey Investor Development Manager, Esben Bay-Andersen, says: It's a huge investment in the South East and a real vote of confidence for the region."  
[www.unilever.co.uk](http://www.unilever.co.uk)

**STATISTICS: Surrey and Berkshire**

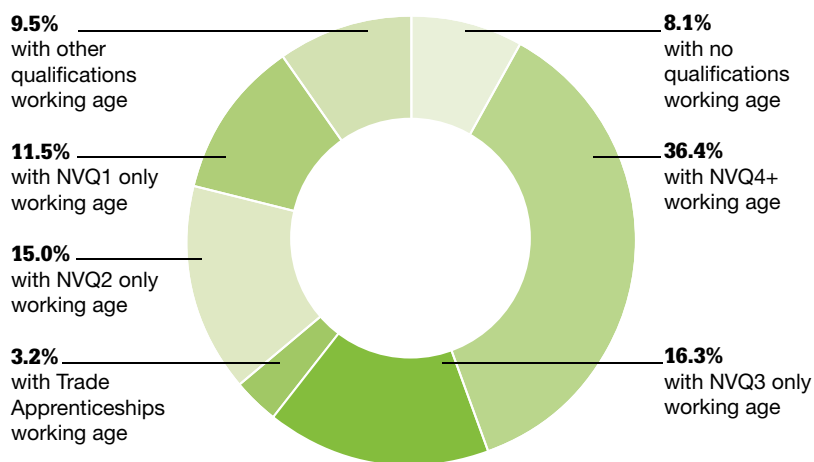
**Economic profile**

Economic activity rate	Employment rate	Unemployment rate	Population	VAT registered businesses	VAT registered businesses per 1,000 inhabitants	GVA in £ million	GVA per head in £
83	80.2	3.3	1,923,800	85,645	44.5	47,752	25,581

**Sector breakdown\***

Real Estate, renting and business activities (SIC K)	38,965
Wholesale, retail and repairs (SIC G)	13,485
Public administration; other community, social and personal services (SIC L,O)	7,410
Construction (SIC F)	9,340
Manufacturing (SIC D)	4,890
Hotels and restaurants (SIC H)	3,980
Transport, storage and communication (SIC I)	3,375
Agriculture; forestry and fishing (SIC A,B)	1,765
Education; health and social work (SIC M,N)	1,375
Financial intermediation (SIC J)	1,000
Mining and quarrying; electricity, gas and water supply (SIC C,E)	60

**Proportion of people with different skills**



**Business size**

Proportion of large businesses (over 200 employees)	Proportion of SMEs (less than 200 employees)
0.59	99.41

\*VAT registered businesses

# VIEW FROM

## East & West Sussex

# CITY, COAST AND CHALLENGE

Aviation is a major sector in West Sussex

**T**he Sussex economy is one of the most diverse in the South East, with islands of economic activity interspersed among the rolling beauty of Downs and seashore. "It is almost a series of economies and, in Sussex, the last few years have seen all of them looking to build long-term sustainable growth in their own contexts," says SEEDA's Area Director, Gilly Bartrip. "The downturn is going to slow down some of these aspirations, but I think that the underlying strengths will dampen the impact, while the many partnership projects to create long-term growth will continue to push forward with projects where possible."

Business sentiment is very cautious in all parts of the area. New orders are becoming scarcer with concerns about what 2009 will bring; as one company put it: 'until the media and the pundits can agree that the bottom has been reached rather than prophesising unending gloom, confidence to do anything other than cutback and consolidate will be scarce.' As if to reflect this, property deals are reportedly on hold and companies who had expansion plans are looking to redirect them rather than cancelling.

Some Sussex-based world class brands report business holding up, but warn that there may be a thinning out of order books in 2009, and the risk of

customer default or cancelled orders is ever present. Not all is doom and gloom, one company reports recruiting a sales manager in France from a competitor who went bust. They were suddenly inundated by enquiries from French companies whose supply chain has just dried up, winning some orders and looking forward to more.

SEEDA's Investor Development Manager for West Sussex, Chris Chapman, says there are some real positives. "With SEEDA and UKTI's help, companies along the coast are refocusing away from weak domestic order books to look at new export markets, which the current low value of sterling is encouraging. And a

The 'inspire connect grow' Future Plan from the Gatwick Diamond

One of the main concerns in the Gatwick Diamond is the need for a higher education campus to help raise skills levels, as well as encourage research and technology transfer. There are now plans for a link between the Further Education (FE) Colleges and the University of Brighton to create a University Centre in the heart of the Diamond as soon as September 2009.

Higher skills levels are seen as a prerequisite everywhere. Brighton has its two universities, both of whom are developing closer links with the sub regional economy. In Hastings, the University Centre has 700 plus students, while the University of Chichester has embarked on a radical change of direction to give a much greater focus to business related skills. It is also redeveloping its campus in Bognor Regis to extend the range of courses and open up access for the local business community, which will include the creation of a new business school.

Besides the skills drive, major regeneration projects should also help sustain the economy. In Hastings, in addition to the University Centre, other investments in hand or planned include an innovation centre, the nearly complete creative industries centre and the creation of a 'commercial quarter' in the town to encourage local business and inward investment.

Brighton and Hove is another of SEEDA's Diamonds for Growth. It has a rapidly developing knowledge economy, with a high proportion of jobs coming from technology based and creative businesses. The city is also a strong creator of new businesses; it has the second highest launch rate of all SEEDA's Diamonds.



Positive news emerged recently when major local employer, American Express, committed to Brighton with a new office development in 2009, which will make the city the company's third largest location worldwide.

SEEDA is also supporting major physical developments in the city, including the infrastructure to support the new Brighton and Hove Community Stadium and the redevelopment of the Brighton Convention Centre. Next door, Shoreham has just been designated a provisional Growth Point with the long-term aim to create new housing, jobs and businesses. SEEDA has committed £2.95 million over the next three years to help develop the proposals.

"This area will become a much stronger sum of its parts," says Gilly Bartrip. "The combination of higher skills, innovation and regeneration will help create the jobs for now and the future."

[gillybartrip@seeda.co.uk](mailto:gillybartrip@seeda.co.uk)  
[chrischapman@seeda.co.uk](mailto:chrischapman@seeda.co.uk)

number of big employers are investing in R&D and innovative processes to improve capacity."

The Gatwick Diamond is an economic driver for both Sussex and Surrey and is working to climb the rankings of the world's successful airport regions. The public/private partnership leading the growth initiative has agreed its future direction under the banner of Inspire, Connect, Grow.

**“The combination of higher skills, innovation and regeneration will help create the jobs for now and the future”**

**Business Link Adviser:**



**John Grange**  
 part of the team in East & West Sussex

[www.businesslink.gov.uk/southeast](http://www.businesslink.gov.uk/southeast)  
 Telephone 0845 6009 006

## PROFILE: Ricardo

# Environmental engineering by the sea

Shoreham-based Ricardo is one of the world's leading automotive research and development companies increasingly specialising in greening the motor vehicle.

**T**he pressure on the world's car and truck makers to produce sustainable vehicles for the future is intensifying demand for Ricardo expertise and that same knowledge is also taking it into new markets, such as renewable technologies.

Ricardo UK Ltd's Managing Director, Paul McNamara, expects there to be some retrenchment in the European and US markets over the next two years but, as he explains: "Our customers there are looking up to 10 to 15 years ahead in their model range planning and so are less likely to cut long-term development work. And, with Governments forcing emissions reductions while the markets demand smaller cars, and greater fuel efficiency, development will not stop. There's also the potential for CO<sub>2</sub> reducing developments for vehicles designed for the more immediate future." The company's strong financial performance supports that perspective; in the results announced last September, revenue was up by 15 per cent and profits up 20 per cent.

### Foresight

One of the key areas for development will be control and electronics, an area where Ricardo is strong. One of the most exciting developments is the 2/4 Car project, in which the University of Brighton is also a partner, which aims to produce a premium model which uses an advanced engine concept developed by the company. This engine – known as 2/4SIGHT – uses a computerised control system and innovative combustion system to switch between two and four stroke power as the driving conditions require. This enables a much smaller size engine to be used while maintaining

or improving performance and reducing fuel consumption and CO<sub>2</sub> emissions by between 25 and 30 per cent.

### Hydrogen future

In July, Ricardo launched the first of a series of research prototypes to test new technologies which offer a low cost means of implementing automated manual and dual clutch transmission systems, which are capable of delivering more fuel efficient driving. Ricardo's expertise has also led to its involvement in three projects, part funded by the Government's Technology Strategy Board, to deliver low carbon vehicles. It is also leading a pan-European project, 'Roads2Hycom' comprising 29 stakeholder organisations and supported by the European Commission, which aims to study the issues surrounding the adoption of fuel cells and hydrogen across a wide range of industrial sectors.

Medium-term priorities to be exploited will be hybridisation – using electric motors and batteries to make cars even more efficient. The company is taking this one stage further in a project with Land Rover to develop a Range Extended Electric Vehicle to work well beyond currently possible ranges. White vans and buses are also major targets, with projects already in progress likely to deliver hybrid electric/conventional fuelled vehicles in the next two to three years.

### Global scope

Although local markets may reduce, Ricardo is also engaged in China, India, Russia, Korea and Malaysia. Even in the global slowdown, these markets are likely to grow and their indigenous automotive sectors not only have Government

support, but are determined to take the fast track to meeting international emissions standards. Ricardo's expertise was on show at the Beijing Olympics through the Green Messengers, specially adapted vehicles made by China's Chery Automobile Company. The vehicles incorporated two different hybrid electric powertrain technologies, which dramatically improved the vehicles' efficiency and hence reduced both fuel consumption and CO<sub>2</sub> emissions. This development for the Olympic fleet is part of a technology transfer programme and is expected to go into full production at the Chinese car maker, which is targeting international markets.

With the help of SEEDA and UKTI, Ricardo is also looking at other export opportunities, as well as exploring new sectors. Control system design and transmissions expertise give the company a lead into the wind turbine and tidal power renewable energy markets. These are likely to play an increasing role in the company's future. And the company practices sustainability in a big way itself. Naturally, for testing purposes, it runs as many as 70 engine test beds and has harnessed the waste heat from these and other processes for its recently constructed office blocks, cutting electricity costs by 50 per cent. It is also looking at a project to return some of its recovered energy to the National Grid.

[www.ricardo.com](http://www.ricardo.com)



Paul McNamara, Ricardo UK Ltd's Managing Director



Hybrid Chery used for the Beijing Olympics

**IN BRIEF:**

**BITE BEATS CRUNCH**

Down on the Sussex coast a young company, the pie maker Higgidy, is proving that the right product at the right time is a recipe for continued growth.

Just five years old, Higgidy now hand bakes up to 10,000 pies, quiches and tartiflettes a day, expecting to turnover £5.5 million this year and now providing over 100 jobs. The brainchild of chef-entrepreneur, Camilla Stephens and her husband James Footitt, Higgidy, (derived from Higgledy Piggledy – as the pies are all hand made, that’s the way they sometimes come out!) set out to do for pies what New Covent Garden had done for soup – make them out of the ordinary.

Pies like Chicken, Spinach and Smoked Bacon Pie or the Skinny Moroccan Vegetable and Feta Pie took the market by storm, consigning the more usual offerings to the baking slow

lane. The big breakthrough came when Higgidy won an order from Sainsburys, which set the company on course for real growth. SEEDA was asked to guide the company on its application for a Grant for Business Investment and advised the company on its location options.

Using the highest quality ingredients, sourced locally where they can, Higgidy Pies have been widely acclaimed by the press as being the home baked pie you don’t have to bake yourself. As Camilla says: “We’ve succeeded because we made extraordinary pies – and by continuing to introduce new recipes, we’ll continue to build our market share.”

And in a recession, food is probably the last thing to go, so maybe a relatively low cost luxury will be very enticing in the gloom.

[www.higgidy.co.uk](http://www.higgidy.co.uk)

Camilla Stephens in her kitchen



**STATISTICS: East and West Sussex**

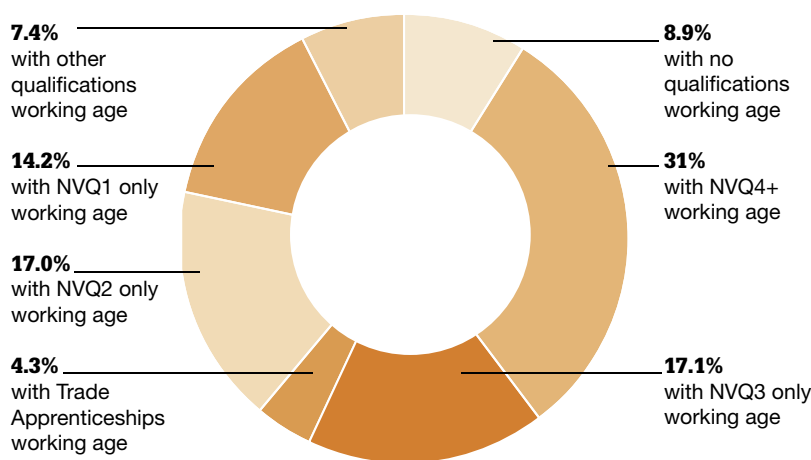
**Economic profile**

Economic activity rate	Employment rate	Unemployment rate	Population	VAT registered businesses	VAT registered businesses per 1,000 inhabitants	GVA in £ million	GVA per head in £
82.4	78.9	4.3	1,538,100	57,880	37.6	26,981	17,672

**Sector breakdown\***

Real Estate, renting and business activities (SIC K)	19,610
Wholesale, retail and repairs (SIC G)	10,850
Construction (SIC F)	7,455
Public administration; other community, social and personal services (SIC L,O)	5,150
Manufacturing (SIC D)	4,345
Hotels and restaurants (SIC H)	3,940
Agriculture; forestry and fishing (SIC A,B)	2,870
Transport, storage and communication (SIC I)	1,980
Education; health and social work (SIC M,N)	1,100
Financial intermediation (SIC J)	555
Mining and quarrying; electricity, gas and water supply (SIC C,E)	25

**Proportion of people with different skills**



**Business size**

Proportion of large businesses (over 200 employees)	Proportion of SMEs (less than 200 employees)
0.49	99.51

\*VAT registered businesses

# VIEW FROM

## Hampshire and the Isle of Wight

© Berkeley Homes/Simon Winson

# TOUGH IT OUT

**W**ith strong transport links, including two seaports, two airports plus good rail and road infrastructure, it's no wonder Hampshire and the Isle of Wight is home to two Diamonds or Investment and Growth. Add to that the area's diverse strengths in the high tech, marine and tourism sectors and Kathy Slack, SEEDA's Area Director, is confident that the economy can tough it out.

Hampshire has a varied industrial base including finance, business services, aerospace, IT and communications in the North, a strong rural economy and tourism sector in mid Hampshire with the South identified as the largest 'Diamond' in the RES. The latter has defence and maritime sectors at its centre but,

recently, has become more diverse with the growth of financial services, retail and the creative industries.

### **Strong defence**

The global defence market remains strong. The Royal Navy's £4 billion aircraft carrier programme will provide a major boost, promising jobs, investment and supply chain opportunities to Portsmouth. Thales' £134 million sonar contract, also for the Navy, will also secure jobs while the QinetiQ contract for Marine Strategic Capabilities worth £150 million will benefit Gosport.

### **Maritime lead**

The maritime sector is also well positioned with the announcement that American super yacht maker, Palmer Johnson, is to set up its European

operation at Woolston, confirming the Solent's reputation as a leading marine centre in Europe. SEEDA's Waterfront Strategy has set out a long-term framework for the future of the marine industry, including a key recommendation to safeguard employment land for the industry. This includes SEEDA's development of waterfront sites such as Woolston, Hythe, Marchwood and Daedalus.

Also vital to the prosperity of the area is the Port of Southampton. The cruise market remains strong, while a major investment has been two new giant gantry cranes to sustain Southampton's position as the UK's second largest container port.

## “The Royal Navy’s £4 billion aircraft carrier programme will provide a major boost, promising jobs, investment and supply chain opportunities to Portsmouth”

Across the water is the Isle of Wight, whose reputation as the South East’s ‘composite centre’, built on its expertise in Marine GRP (Glass Reinforced Plastic), has led to an increase in leading-edge environmental technology, with companies such as GKN and Vesta Blades expanding their operations.

### **Diamond develops**

Away from the coast, Basingstoke, with its clusters of knowledge based businesses, is developing plans as the second ‘Diamond’ in Hampshire. Nearby, Farnborough is a major R & D resource for the world’s aerospace markets. The cluster around the airfield includes all three of the world’s main defence contractors as well as QinetiQ and many smaller aviation companies. The Farnborough Aerospace Consortium, funded by SEEDA, is strongly promoting the capabilities of the sector in the South East world-wide and established an office in Dubai in May 2007, resulting in new orders and contracts in excess of \$16 (US) million in its first year of operation.

Research and development is also being pursued vigorously by all four universities of Southampton, Portsmouth, Southampton Solent and Winchester - many with strong links with business, to encourage innovation and technology transfer. Work has

also just started at the University of Southampton Science Park to provide 100,000 sq ft of additional accommodation for knowledge based businesses. The new SEEDA Innovation and Growth Team, covering South and Mid Hampshire and the Isle of Wight, will bring together a comprehensive support package for innovative companies capable of achieving substantial growth and contributing to the knowledge economy.

Hampshire’s diverse industrial base will help sustain the economy, whilst public investment in the South Hampshire and Basingstoke and Deane areas will set the framework for longer term growth. The Multi-Area Agreement makes South Hampshire a Government-recognised target for growth, into which SEEDA will invest around £48 million over the next three years. This pump priming will mean expenditure now as well as investing for the future.

[kathyslack@seeda.co.uk](mailto:kathyslack@seeda.co.uk)

American super yacht maker, Palmer Johnson, in Woolston  
©Marko Modic



## PROFILE: Portsmouth Naval Base

# Carrier force

**The Portsmouth Naval Base will play a major role in building and providing fleet support to the Royal Navy's new 65,000-tonne aircraft carriers due to enter service by 2017. Jobs, high skills and exports will be the return for the South East.**

**P**ortsmouth is a name synonymous with the Royal Navy and for generations the local economy has depended on activity generated by the Fleet's presence. But defence is an increasingly complex business; the Navy has to change shape to meet 21st century geopolitical needs – where quantity may have been the norm in the days of the Dreadnought, high tech sophistication is now the demand. That means ships with very advanced capability to deal with present and future threats. A major review of Britain's Naval resourcing took place in 2007 assessing the future of all ports and supply chains.

SEEDA was closely involved in the process to secure a long-term future for Portsmouth which brought with it the Royal Navy's new aircraft carrier project to build HMS Queen Elizabeth and HMS The Prince of Wales. VT and BAE joined forces in 2008 to form BVT Surface Fleet. A combination of the naval shipbuilding

and fleet support services of VT Group and BAE, BVT Surface Fleet is a £1 billion business employing 7,000 people with operations centred on Portsmouth and Glasgow. Apart from the carriers, it is building the six new Type 45 air defence frigates, of which the first, HMS Daring was handed over to the Navy in December. The company also offers whole life support for the fleet from build to decommissioning. As BVT Chief Executive, Alan Johnston, says: "The creation of a sustainable business will help secure its long-term future in the UK and provide the opportunity to create a globally competitive and innovative leader overseas."

At 65,000 tonnes, the new carriers will be second in size only to the American flagship USS Nimitz, the largest warship ever built. 280 metres long (more than three football pitches) and with a crew of 1,450, they are expected to come into service in 2016 and 2017 respectively. They will be designed to fly Harriers and

helicopters as well as the new Joint Strike Fighters and to be used for everything from ground force protection to disaster relief. The carriers will be built in sections or blocks, of which one of the two middle ones will be built in Portsmouth. Construction of the carriers will sustain 1,200 jobs in Portsmouth. The expectation is that the carriers will be based at Portsmouth too, benefiting many of the 750 businesses throughout the region who form the supply chain for the Naval Base. The recent slowdown in the project announced by the Ministry of Defence will not affect jobs there which will be sustained throughout the project.

Kathy Slack, SEEDA's Area Director, says: "Portsmouth has been an integral link in Britain's seaborne defence capability for generations and with the new Aircraft Carriers will continue to make a major contribution of the defence industry to the south east economy. It will bring highly skilled jobs and sustain the presence of advanced technologies in the region."

[www.bvtsurfacefleet.com](http://www.bvtsurfacefleet.com)



One of the new Aircraft Carriers for the Royal Navy



The Royal Navy's new aircraft carrier

## Business Link Adviser:



**Sue Obbard**  
part of the  
team in  
Hampshire  
Isle of Wight

[www.businesslink.gov.uk/southeast](http://www.businesslink.gov.uk/southeast)  
Telephone 0845 6009 006

**IN BRIEF:**

# SHIFTING SANDS

“It’s tough out there but for how long?” SEView spoke to James Oliver, Director of Corporate Finance at Deloitte in Southampton to get his thoughts based on their regular Business Barometer assessment.

“The downturn has been caused by a lengthy credit boom which pushed up prices of assets – particularly lower quality assets. Shares have fallen about 35 per cent from their peak, house prices 20 per cent and even second hand cars 15 per cent in the last couple of years,” says James.

Finance is also a big sticking point, with debt financing down to almost nil. “Some businesses that used debt to fund asset purchases have faced a double whammy, with reducing asset values and higher financing costs - if

the funding to refinance is available at all,” he says. “Even supposedly ‘safe’ sectors have even been affected.”

With the toxic mix of recession, asset deflation and credit shortage, companies are cutting costs and starting to rebuild their balance sheets. Redundancies have started to increase, with forecasters predicting an increase in unemployment of around 600,000 during 2009. If people are worried about their jobs they will limit their spending and so the effect goes on. “There is no stability – it’s all shifting sands,” says James.

Asked to say who might come out on top, he says it will be the cash rich who do well; not just because that makes them financially sound but because they’re the businesses who may be

able to pick up cheap assets, placing them well for the upturn. Asked how long the downturn would last, he says most commentators think 2010 or 2011, although some predict that it won’t recover in the foreseeable future. James does not subscribe to this view. “Policy-makers seem determined to resist descent into deflation or a prolonged period of stagnation. As Governments can print money without limit it is likely that they will ultimately be successful in fending this off. The crisis started in the banking and financial system and the first signs of recovery are likely to appear there too.”

[www.deloitte.co.uk](http://www.deloitte.co.uk)



## STATISTICS: Hampshire & Isle of Wight

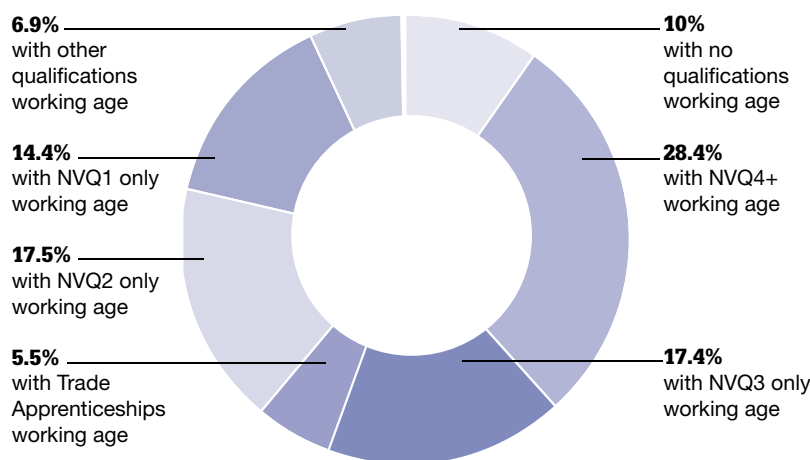
### Economic profile

Economic activity rate	Employment rate	Unemployment rate	Population	VAT registered businesses	VAT registered businesses per 1,000 inhabitants	GVA in £ million	GVA per head in £
81.5	78.1	4.1	1,845,200	62,040	33.6	33,952	18,559

### Sector breakdown\*

Real Estate, renting and business activities (SIC K)	21,890
Wholesale, retail and repairs (SIC G)	11,320
Construction (SIC F)	8,980
Manufacturing (SIC D)	4,700
Public administration; other community, social and personal services (SIC L,O)	4,645
Hotels and restaurants (SIC H)	4,120
Transport, storage and communication (SIC I)	2,415
Agriculture; forestry and fishing (SIC A,B)	2,405
Education; health and social work (SIC M,N)	1,025
Financial intermediation (SIC J)	495
Mining and quarrying; electricity, gas and water supply (SIC C,E)	45

### Proportion of people with different skills



### Business size

Proportion of large businesses (over 200 employees)	Proportion of SMEs (less than 200 employees)
0.59	99.41

\*VAT registered businesses

# VIEW FROM

**Milton Keynes,  
Oxfordshire and  
Buckinghamshire**

**HIGH**

**PERFORMER'S  
HIGH HOPES**

Central Milton Keynes at night

**“G**iven that we’re one of the most successful and high performing areas in the South East, my hope is that the mix we have here - plus the future plans for Milton Keynes as part of the Milton Keynes South Midlands Growth Area - will see us through the present economic turbulence,” argues SEEDA Area Director, Warren Ralls.

He doesn’t pretend there aren’t risks. “We’ve already had redundancies in one financial services business and we could take some more heavy hits as a result of the bank restructuring going on right now,” he says. “Another business service company is in receivership, affecting the 40,000 small businesses it served. The automotive sector’s problems will also have an impact – we have many European majors based in Milton Keynes, while the BMW Mini factory at Cowley has been badly affected.”

#### **Positives**

But it’s far from all grim news; the area is a very significant contributor to the regional economy – 652,520 people are employed in over 58,000 companies producing £30.4 billion GVA a year. Key

sectors include sustainable construction, advanced manufacturing, healthcare, motor sport, publishing and the creative sector.

It’s also home to innovation and academia inspired by Oxford University, Oxford Brookes and the Open Universities, as well as the only private British University in the University of Buckingham.

#### **Grow to succeed**

The Milton Keynes South Midlands Growth Area, in which Milton Keynes and Aylesbury Vale lie, is one of the most ambitious growth projects in the UK, aiming for 44,900 new jobs and homes in Milton Keynes, with 12,690 jobs and 19,400 jobs set for Aylesbury Vale. Among initiatives to support this ambition is the setting up of the Milton Keynes Science & Innovation campus for high growth companies, SEEDA’s new Innovation and Growth team and the inward investment activities of Invest MK.

In Buckinghamshire, SEEDA has allocated £2.3 million to the National Enterprise Academy set up by Dragons Den entrepreneur Peter Jones. The academy, which opened with a

Pathfinder course in January, offers a new qualification to students 16+, providing skills both for the workplace or to start their own businesses.

#### **Ambitions abound**

Science and technology development will be the priority for SEEDA’s activity in Oxfordshire. The aptly named Science Vale UK straddles two districts in the South of the County and contains the inward investment and innovation magnet of Harwell Science and Innovation Campus. It’s a joint venture between the Science and Technology Facilities Council, the UK Atomic Energy Authority and property developers, Goodmans, which aims to create a minimum of 100,000 sq metres of laboratory, high technology industrial and office accommodation creating 5,000 knowledge-based jobs.

“Despite all the challenges facing us at present, I do believe we have the mix of business sectors, growth objectives and public sector projects to steer us through this recession,” says Warren.

**warrenralls@seeda.co.uk**



## PROFILE: Evidence Talks

# Digital crime fighter

One thing which does grow in a downturn is crime and 99 times out a hundred there's going to be a digital device full of damning evidence involved.

**E**nter Milton Keynes based Evidence Talks, forensic data technologists, whose products and services are helping businesses and law enforcement agencies trace the villains.

### Curious and creative ambition

Andrew Sheldon, the Managing Director, developed a forensic curiosity as a boy, taking almost anything to pieces to find out what made it work. It gave him a creative streak so that when he worked as a radiographer checking North Sea pipeline joints, he patented a method of enhancing the quality of the images which is still in use today.

When the company he worked for was sold, a passion for computers led

him to start a company that became a world leader in desktop audit technology. A request for some help to identify stolen computers from the local police was the final link in the chain which launched Evidence Talks. Now employing ten specialists, the business has an international client base of Government departments, law enforcement agencies, lawyers and big, global corporations. If it's digital, they can dissect it and they probably solve more crimes than Hercule Poirot. One managing director moved to a new company secretly stealing all his old employer's client database; he'd done it all from his laptop and then tried to wipe all the signs he had sent the information to his home e-mail. Enter Evidence Talks to prove what he'd

done. Commercial Director, Elizabeth Sheldon, says that digital technology can be remarkably revealing under expert analysis: "We help detect most of the crimes you see reported from the simple stuff like staff misusing office computers to complex frauds hidden in massive e-mail chains."

### Unique analysis

But the company is far more than just a service provider. "We are unique in that we also develop and sell our own highly specialist forensic software. Our "Remote Forensics" package means that users can carry out an instant analysis anywhere in the world on a suspected fraud or other digital issue rather than having to transfer data." says Elizabeth. Another product has transformed the analysis of e-mail trails by speeding up the process through narrowing the parameters of evidence. New products are on the way but clearly, in a business which is all about security, the information about them is highly classified.

### Future crimes?

"The volume of digital crime is likely to increase," Elizabeth says. "And so the market for detection will grow. Beyond that, the opportunities for selling advice on ensuring protection against fraud being attempted in the first place, as well as knowing what to do if it does happen, is likely to become bigger too." Evidence Talks is working with SEEDA to develop its markets at home and internationally and is a member of its Security Industry Sector Consortium which is helping to promote the UK strength in security technology.

[www.evidencetalks.com](http://www.evidencetalks.com)



Digital forensic laboratory

**IN BRIEF:**

**NETWORK RAIL  
CHOOSES  
MILTON KEYNES**

Network Rail has chosen Milton Keynes for its new headquarters - their offices will be a redevelopment of a brownfield site starting in 2009. SEEDA Investor Development Manager, Guy Hawking, says: "It's a great boost for the city and will bring with it new jobs as well as a great quality of life for the staff moving here."  
[www.networkrail.co.uk](http://www.networkrail.co.uk)

**INNOVATION  
MINISTER VISITS  
TERRAPIN**

Science and Innovation Minister, Ian Pearson MP, visited modular building company, Terrapin, in Milton Keynes in September to see for himself the potential for using offsite construction methods for public sector projects.

The company was at the forefront of developing offsite building after WWII and now offers a range from houses to hospitals. Offsite construction could be one of the paths to meeting the Government's housing targets.  
[www.terrapin-building.co.uk](http://www.terrapin-building.co.uk)

**Business Link  
Adviser:**



**Kath  
Bonner-  
Dunham**

**part of the team in  
Milton Keynes  
Oxfordshire  
Buckinghamshire**

[www.businesslink.gov.uk/southeast](http://www.businesslink.gov.uk/southeast)  
Telephone 0845 6009 006



**STATISTICS: Milton Keynes, Oxon and Bucks**

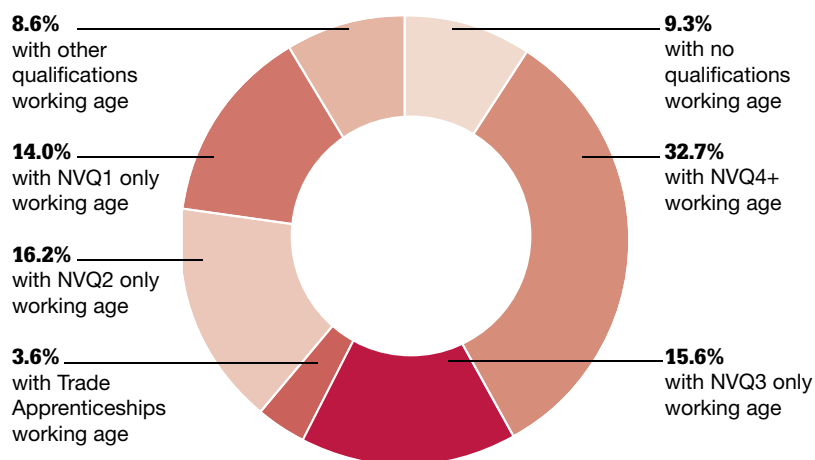
**Economic profile**

Economic activity rate	Employment rate	Unemployment rate	Population	VAT registered businesses	VAT registered businesses per 1,000 inhabitants	GVA in £ million	GVA per head in £
82.8	79.3	4.3	1,354,500	60,570	44.7	32,164	24,740

**Sector breakdown\***

Real Estate, renting and business activities (SIC K)	24,350
Wholesale, retail and repairs (SIC G)	9,640
Public administration; other community, social and personal services (SIC L,O)	5,675
Construction (SIC F)	6,940
Manufacturing (SIC D)	4,050
Hotels and restaurants (SIC H)	3,180
Transport, storage and communication (SIC I)	2,025
Agriculture; forestry and fishing (SIC A,B)	3,040
Education; health and social work (SIC M,N)	1,155
Financial intermediation (SIC J)	480
Mining and quarrying; electricity, gas and water supply (SIC C,E)	35

**Proportion of people with different skills**



**Business size**

Proportion of large businesses (over 200 employees)	Proportion of SMEs (less than 200 employees)
0.52	99.48

\*VAT registered businesses  
[www.seeda.co.uk](http://www.seeda.co.uk)

# VIEW FROM

## Kent & Medway

Regeneration in Whitstable

# REGENERATION-LED RECOVERY

**A**round one fifth of the people in the South East live in the Kent & Medway area, which is one of the most economically diversified parts of the region, containing some of the wealthiest places and also some of the most deprived.

### Two growth areas

Kent & Medway has two growth areas – the Thames Gateway and Ashford. Thames Gateway is the largest designated area of regeneration in North

West Europe with Government targets to create 160,000 new homes and 225,000 new jobs by 2016. North Kent represents a significant part of the Gateway and is one of SEEDA's most important Diamonds for Investment and Growth.

The present downturn has impacted on construction, commercial and domestic properties, as well as financial services. Traffic through Dover Port fell by two per cent in October while smaller businesses, as elsewhere, are struggling to meet increasingly hard banking terms. With

land values falling and commercial opportunities receding, developers are reporting that housing completions are slowing with targets unlikely to be met.

### Fantastic assets

“Kent and Medway already has areas with some of the lowest GVA per capita in the South East, so losing jobs presents a particular challenge here,” says SEEDA's Area Director for Kent and Medway, Susan Priest. “But we do have some fantastic assets upon which to build; easy accessibility to new

# “... we do have some fantastic assets upon which to build...”

high speed international and domestic rail infrastructure and some major regeneration programmes are underway” she says. “These will all help us to weather the recession and, perhaps more importantly, prepare the ground ready to take advantage of the upturn in the market when it comes”.

## Quality places

Thames Gateway, Kent which covers the local authority areas of Dartford, Gravesham, Medway and part of Swale, will remain a high investment priority and SEEDA is working with both local partners and other Regional Development Agencies to push plans forward. There are a number of large SEEDA-led regeneration projects which will ultimately lead to the creation of sustainable quality places in which to live, work and spend leisure time while businesses in the area are benefiting from the targeted packages of support for enterprise development and skill enhancement programmes.

Projects already well under way include commercial and residential developments at Chatham Maritime, Rochester Riverside and Queenborough and Rushenden on the Isle of Sheppey. A new Institute for Sustainability and SUSCON - a sustainable construction skills academy - are planned, while a special Thames Gateway inward investment unit has been set up to position opportunities to the private sector on an international stage.

## Highway to Europe

Another growth point is Ashford, designated to double in size by 2031, with 28,000 new jobs and 31,000 new homes. SEEDA's priority is to work with partners to remodel the town



centre, bringing new commercial and training facilities to the area immediately surrounding Ashford International train station, providing high speed access to central London, Paris and Brussels.

## Pride and property

Dover, itself an international gateway to the county, is set to see significant expansion of the Port with a new terminal and associated regeneration plans amounting to an estimated £400 million. SEEDA is working with its partners to facilitate this redevelopment through the purchase of adjacent strategic sites which, once redeveloped, will better connect the town with the seafront and provide new high quality residential, commercial and leisure opportunities for residents and visitors alike. Up the coast, SEEDA is working with the Margate Renewal Partnership to position the town as an exciting and attractive visitor destination. Activity is underway to build a new international art gallery, Turner Contemporary, and revitalise the town centre. In Canterbury, building has started on the Innovation Centre, which will provide a home for knowledge intensive spin-outs, start-ups and small firms. Adjacent to the University of Kent, this provides the first catalytic investment

in the creation of a high quality science park to help with the commercialisation of technologies and intellectual property from the University.

“In the present climate we need to be steadfast in maintaining our momentum in these critical projects,” says Susan Priest. “We’re actively seeking to reduce and remove risk in developments so that there are many more opportunities in Kent & Medway ready for the private sector to take advantage of when the upturn in the market comes.”

[susanpriest@seeda.co.uk](mailto:susanpriest@seeda.co.uk)

## Business Link Adviser:



**Debbie Jones**  
part of the  
team in  
Kent  
& Medway

[www.businesslink.gov.uk/southeast](http://www.businesslink.gov.uk/southeast)  
Telephone 0845 6009 006

## PROFILE: The Cake Bake Company

# My other car is a cake

**You've probably seen the Skoda advertisement where a Fabia miraculously materialises out of cake and icing!**

**What you don't know was that the 400 mega-sponges needed were baked in just four days by the rapidly growing Kent-based The Cake Bake Company.**

Employees at The  
Cake Bake Company



The Skoda Car/Cake

**A**pparently, loads of other cake companies said they couldn't do the big bake," explains Director, Sharon Goodyer, "I can't think why as it's probably helped put us on the map."

The Cake Bake Company is truly a company started on the kitchen table at home. In 2005, Sharon met Martin Major – they'd had successful careers in education and science respectively - but wanted to try something a bit different. And, given that Sharon has Parkinsons' Disease and Martin suffers from diabetes, it was a pretty brave decision. As Sharon says: "We were simply unemployable as far as others were concerned, so we had to come up with an idea to work for ourselves!"

As Sharon explains: "Martin worked like any good scientist, to a chemical and physical specification - building on what we knew our customers wanted. A tasty, moist and delicious home-made cake, with a long shelf

life, which cut very cleanly and came in a convenient shape wrapped in a way that customers could clearly see what they were buying." They and some friends started baking, initially selling through market stalls where the company rapidly built up a customer following and the rest, as they say, is history.

The kitchen table gave way to the first factory in New Ash Green which lasted just a few months before they out grew it. "We had to leave because we got so full; we ended up pulling out trolleys every morning before we could get in," says Sharon. Another factory later, they moved into the present 15,000 square foot unit which "felt enormous, for the first ten minutes!"

The client base grew to include Morrisons, Asda, the Co-op and Cost Cutters. But their first customers stayed with them, too, helping to double turnover every year to the present £4 million. The target is £5 million for next year, recession or no

recession. "We want to build a national and international brand, with an exceptional reputation for quality, good service and enjoying listening to our clients," she says.

The company was helped on its way, too, by Business Link. "We didn't have any experience of running a business, so we met with our local Business Link team, and were put in touch with organisations that helped us become a limited company, create a website and introduce new accounting software."

But the culture which started the business is still there. "It's a real family business where our employees have stayed with us as we've grown," says Sharon. "Everyone on the team is multi-skilled and talented – we make each of them their own quality controller which we think is the reason for our reputation."

A recent high profile cake taster was SEEDA Chairman, Jim Brathwaite, when he visited the company. "The cake was wonderful, but the real pleasure on this visit was to congratulate a small business which has started out with just an enthusiastic idea and real determination. It's not only grown quickly but has taken the right approach by getting all the help they can to do it."

Would she make the Skoda cake again? Sharon thinks she would: "Probably, because we do like to say yes when we can. It gets us in to lots of trouble but also means we make the most of the opportunities."

[www.thecakebakecompany.co.uk](http://www.thecakebakecompany.co.uk)

# STATISTICS: Kent & Medway

## Economic profile

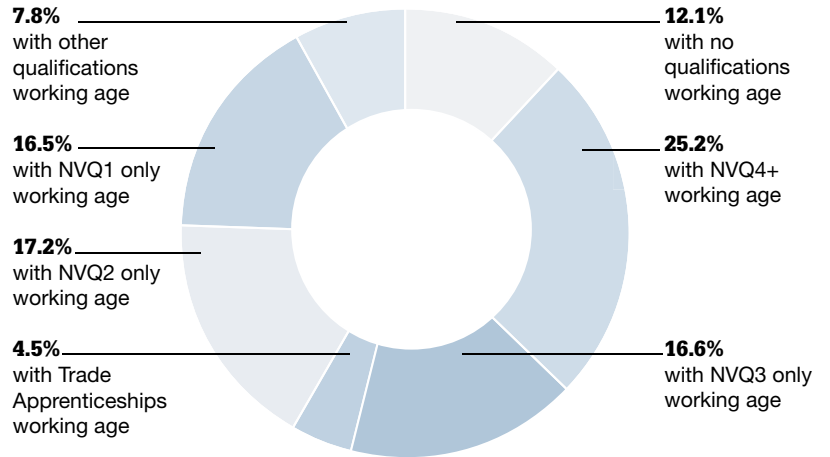
Economic activity rate	Employment rate	Unemployment rate	Population	VAT registered businesses	VAT registered businesses per 1,000 inhabitants	GVA in £ million	GVA per head in £
81.0	76.1	6.1	1,646,900	53,725	32.6	25,155	15,389

## Sector breakdown\*

Real Estate, renting and business activities (SIC K)	16,180
Wholesale, retail and repairs (SIC G)	10,625
Construction (SIC F)	8,705
Hotels and restaurants (SIC H)	3,980
Manufacturing (SIC D)	3,935
Public administration; other community, social and personal services (SIC L,O)	3,785
Transport, storage and communication (SIC I)	2,595
Agriculture; forestry and fishing (SIC A,B)	2,495
Education; health and social work (SIC M,N)	865
Financial intermediation (SIC J)	530
Mining and quarrying; electricity, gas and water supply (SIC C,E)	30

\*VAT registered businesses

## Proportion of people with different skills



## Business size

Proportion of large businesses (over 200 employees)	Proportion of SMEs (less than 200 employees)
0.50	99.50

SEEDA Headquarters  
 Cross Lanes, Guildford  
 Surrey GU1 1YA  
 ☎ +44 (0) 1483 484 200  
 📠 +44 (0) 1483 484 247  
 ✉ seeda@seeda.co.uk  
 🌐 www.seeda.co.uk

SEEDA Chatham Office  
 The Observatory  
 Brunel  
 Chatham Maritime  
 Kent ME4 4NT  
 ☎ +44 (0) 1634 899 900  
 📠 +44 (0) 1634 899 901

SEEDA Brussels  
 South East England House  
 Rue du Commerce 45  
 1000 Bruxelles  
 Belgium  
 ☎ 00 32 2504 0723  
 📠 00 32 2504 0722

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