

**Minutes of Marches Business Support (MBS) Steering Group 19 October 2023**  
**The Shrewsbury Club, Sundorne Road, Shrewsbury SY1 4RG and online**

| <b>Present</b>  |     |   |
|---|-----|---|
| Dave Courteen   | DC  | MBS Steering Group Chair & Managing Director - Mosaic Group, Marches LEP Board Member and Small Business Champion                       |
| Paul Kalinauckas  | PK  | Marches LEP Board Access to Finance Champion, Midlands Engine Investment Fund Strategic Oversight Board Member – Chair for this meeting |
| Frank Myers   | FM  | Chair of Herefordshire Business Board, Director - MCP Systems Consultants Ltd   |
| Ruth Ross   | RR  | CEO, Shropshire Chamber   |
| Shane Stark   | SSt | Managing Director, Ridgebourne Management Ltd.  |
| Ian Traynor   | IT  | Managing Director, Luminare Ventures  |
| Colin Preece  | CP  | Executive Officer - Marches Skills Provider Network, Business Consultant - SBC Training   |
| Matt Potts  | MP  | Head of Business Growth and Inward Investment, Shropshire Council   |
| Rachel Laver  | RL  | Marches LEP CEO   |
| Mark Schneider  | MS  | Marches LEP Head of Business Development and Delivery   |
| Mike Goodall  | MG  | Development Manager Shropshire, Herefordshire, and Worcestershire Federation of Small Businesses  |
| Stephanie Jones   | SJ  | Growth Hub Project Support Officer, Marches LEP (Secretariat)   |
| <p><b>Apologies:</b><br/>Graham Guest, Nadine Kinsey, Kathy Mulholland, John Wigley, Kathryn Jones, Alex Collins, Sharon Smith.<br/>Apologies received but not recorded at the meeting.</p> |     |   |

| ITEM |   | ACTION |
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| 1.   | <p><b>Welcome and Introductions</b></p> <p>DC had been detained and MS opened the meeting and welcomed everyone.</p>  |        |
| 2.   | <p><b>Declarations of Member Interest</b></p> <p>None received.</p>   |        |
| 3.   | <p><b>Minutes of the last meeting held on 13 July 2023.</b></p> <p>The draft minutes of the meeting held on 13 July were approved as an accurate record of the meeting.</p>   |        |
| 4.   | <p><b>Marches Careers Hub</b></p> <p>MS welcomed the guest speakers and invited their presentation on the work of the Marches Careers Hub.</p> <p>Guest speakers:</p> <ul style="list-style-type: none"> <li>• Andriané Usherwood-Brown (AUB) – Strategic Careers Hub Lead, Marches LEP</li> <li>• Hollie Whittles (HW) – Director, Purple Frog Systems and Fraggeworks, FSB National Skills Policy Champion and Marches Careers Hub Enterprise Advisor</li> </ul> <p>AUB opened with an overview of the Marches Careers Hub (MCH):</p> <ul style="list-style-type: none"> <li>• Part of a national programme with a mission to inspire and support young people to make informed decisions in the transition to the world of work.</li> <li>• Funded by the Department for Education (DfE) through the Careers and Enterprise Company (CEC) the main aim is to build a bridge between education and the world of work, raising the quality of careers education in schools against the Gatsby benchmarks and raising aspirations of young people.</li> <li>• The MCH sits within the Marches LEP. The local authority partners are committed to supporting young people and match fund Enterprise Coordinators who hold the caseload of schools and colleges across the area, including SEND and alternative provision.</li> <li>• The MCH works with senior leadership and careers leads in schools and colleges to make sure employer informed careers advice is available to all young people and tailored to their needs. Termly meetings monitor the impact of their careers programme, review how to help them move forward and embed careers activity across the curriculum.</li> <li>• Young people are twice as likely to be unemployed if there is no meaningful careers programme in place. Young people who have just 4 encounters with employers over their secondary education (fewer than one a year) are 86% less likely to become NEET (not in education, employment or training) – a phenomenal figure – showing how crucial encounters with employers are and how businesses need to be part of the change in supporting young people and reducing skills shortages.</li> <li>• National target set by DfE for all state-maintained schools and colleges to be part of a Careers Hub by 2025. Nationally 94% coverage. In the Marches there are only 4 institutions that are eligible that are not receiving support from the MCH but they should all be on board by the end of this academic year.</li> <li>• <b>One of the purposes of coming to the meeting was to explain the different tiers of support that local employers can offer through the MCH to inspire and inform young people.</b> These are: <ul style="list-style-type: none"> <li>○ Give an Hour – employers can help develop employability skills</li> <li>○ Enterprise Advisor Network – employers are matched to a school or college to work strategically with the senior leadership team/careers lead to ensure their careers programme is employer informed and embedded across the curriculum.</li> <li>○ Cornerstone Employer Group – larger companies across the Marches including NHS, Wrekin Housing Group, AICO, who work against set priorities, this year around supporting those who face barriers, and influence change by encouraging employers to get involved with the network.</li> </ul> </li> </ul> |        |

- Teacher Encounters – a new strand of work around giving teachers first-hand experience of employers, the labour market, pathways into work and evolving recruitment practices to help them develop an employer informed curriculum. The MCH is putting out a call to local employers to get involved, for example through virtual ‘lunch and learn’, workplace visits for teachers or potential co-delivery.

HW outlined her role and perspective as an Enterprise Advisor.

HW is Director of a business consultancy in data analytics but is passionate about careers and pathways into a career in tech so she works closely with the MCH as this is something businesses need to feed into. The Gatsby Foundation, DfE are trying to engage businesses to shape the education landscape but there is still a lack of engagement by micro and small businesses especially in terms of careers advice which creates a distorted view of the labour market. Employers may complain that students are not work ready – they do not have the right skills (entrepreneurship, problem solving, digital skills, creativity) - but businesses need to get involved to make a difference.

There are a lot of benefits of getting involved with the MCH as a business owner.

- Discovering new talent and potential employees (a role was created for a student met through working with the local university)
- Getting a fresh perspective from students by creating work placements
- Improving skills levels of the future – for example work with Telford College to shape T Level curriculum data module to update and now looking at offering a work placement
- Upskilling the existing team through work with local schools and colleges offering fully funded places

HW has engaged through 2 routes focusing on the national approach:

- As an Enterprise Advisor Framework– for 5 years, a voluntary role, paired with a local school to do talks, help shape the curriculum, bring in other businesses for careers events, sponsorship of student from deprived background.
- As a STEM Ambassador – this is a national role focused on joining up initiatives and sign-posting. HW is on a national trail blazer advisory group (Digital Routes Skills Panel) approving apprenticeships, discussing careers and digital skills which cuts across sectors. HW also works with membership organisations (FSB, Chambers) to help bridge gaps and link businesses to national policy makers, MPs and Ministers, and has also done TV interviews, all through the MCH.

HW encouraged everyone around the table to get involved and to encourage other businesses to get involved. The key message is that businesses need to step up and play their role in helping young people become life ready, work ready.

#### **Q&A**

Q: What engagement is there at primary school level? Experience in Herefordshire that it is very powerful, sponsorship of invention award in year 11 and now winning awards at national level but I haven't seen any case studies come through.

A: CEC is piloting a programme with primary schools in education investment areas so will wait to see what the findings are. Agree that work should be done with primaries. Not happening in the Marches yet but speak to employers and training providers who want to get involved with year 10/11s. Agree this is where we can make a real change but still a lot to do with young people who have moved from primary into secondary school.

In terms of case studies, they should start to come through from the CEC pilot. Walsall is the nearest education investment area to the Marches and they have already started to launch work with primary schools this academic year. AUB happy to feed information through to the group.

MS thanked the speakers for the presentation.

5.

### AI and likely impact on business

MS welcomed guest speakers to present on AI and the opportunities and threats the future may hold for business.

Tim Luft, founder of Woote Ltd opened with a presentation highlighting the following:

- AI is the biggest opportunity – or threat - in the way tech is changing, investment is growing at 38% faster than any other sector, touching every sector, with potential to grow global GDP by 7%, 83% SMEs named AI as top priority (Goldman Sachs survey).
- An example of where AI is making a difference is medical scanning for cancer, speeding up diagnoses, identifying drug treatments to start curing disease.
- On the other hand, AI puts low paid jobs under threat (e.g. robot room service)
- Top sectors using AI include: legal (contract work), IT (coding, optimizing code – with a possible negative impact as coding decisions are not representative of the population)
- How could AI help productivity in the Marches? The WMCA has invested in an AI forum and there is a need to embrace and put stamp on as a region. There are 3 policy areas to consider/explore:
  - Cross-sector initiatives – with the ageing population in Marches, there could be potential to use AI to help health and social care, e.g. digital stethoscope. AI start-ups in the Marches need to be supported to accelerate and to discourage them relocating to Birmingham where support is available. Need to explore sector strengths in the Marches and the opportunities to develop AI strengths.
  - Skills – small businesses need to understand how AI will impact and individuals will need to understand the impact on the labour market (e.g. the use of AI to sift CVs and how to optimise your CV). Small business need to be educated to understand AI, the risk of deep fakes, or where AI can add value to improve productivity, time saving etc. also to consider GDPR and IP issues. Future skill sets need to be looked at and how education institutions deliver courses and keep them up to date – the way we teach and the application, regulation, and speed of accreditation of courses. Harper Adams was given as a good example of AI being brought into the curriculum.
  - Regulation – there could be opportunities for the Marches to take a lead on behalf of the region or nation in areas where is has sector specialities. There are many areas to consider - are we thinking about data protection, ethics, job losses?
- In conclusion, AI is fast growing with massive potential and there is an opportunity for the Marches to look at how to embrace for the region and how to support businesses. It could be in a very small way in educating students and businesses.

The group recognized the application of AI in agriculture and the work being done by Harper Adams as a technology leader.

MS then introduced John Gallagher (JP), Head of Delivery and Assurance, and Simon Pearson (SP), Innovation Global Public Sector, to present Cap Gemini's view of AI.

SP outlined his role as innovation lead for global public sector, was pleased to hear discussion about innovation in agri-sector, a this is seen this as massive area for growth in terms of AI for good, sustainable food sources etc.

The presentation focused on Generative AI, highlighting the following points:

- Threats and risks – the media talk about the risks of AI, deep fakes, manipulation of political system, threat to jobs such as the Hollywood writers – so many stories about global security, autonomous weapons – all worrying, negative stories.
- Today want to talk about why AI if applied correctly within right ethical framework will be amazing for society, better health outcomes, better outcomes for children, more productive workforces, higher skilled workforce – but will need action from all of us in business.
- AI has been around for a long time but massive acceleration in last 5 years in the general application of AI (image recognition, speech synthesis, autonomous vehicles, analytics and predictions etc.) with intelligence capabilities enabled by processing power, the availability of data sets at scale and advances in algorithms. Deep learning

is improving things like health outcomes, crop yields, preventing exclusions in schools, reinforcement learning.

- Cap Gemini believe regulation and ethics is everything, especially in the public sector and have co-created ethical guidelines with the UN and EU around frameworks on how to make AI human centric thing – to augment, not replace.
- Fair AI and removing bias from AI is one of the biggest issues in society today. Algorithms start being engineered by people who may not represent people in the society they apply to. Also, how to make AI ethical and sustainable, how does it help and assist and add to not take from society. AI is good at spotting patterns and can achieve new outcomes but is only effective when combined with human decision making. He urged the group to look at the guidelines.
- Much hype in last few months around Generative AI i.e. doings things that humans can do, (for example script writing), replicating gestures and mannerisms of people in deep fakes and making it difficult for people to separate reality from synthetic. This is a massive risk for society but also massive opportunity. It would allow things that were not possible before, e.g. taking data on all customers service transcripts, analysing all the permutations of questions and answers, and generative AI could allow a generative AI algorithm to answer questions in natural language. This could be applied in any service industry where customer calls are recorded to create customer gains quickly and a productivity boost as staff are allowed to move onto more productive work like increasing customer numbers or improving customer experience and not answering basic questions. 96% of 500 organisations saw generative AI as positive way of improving services and making them more accessible.

4 key playing fields –

- How to drive the automation of admin tasks – such as drafting, transcribing, summarizing documents, looking for patterns across themes – that can be done by AI
- Replacing routine interactions with chatbots
- Anomaly detection – for example dangerous incidents or anomalies in scans
- Helping in the decision-making process – AI providing better insights but a human still making the decision, AI is doing the augmentation, taking nugatory non-profitable work out of the loop

Examples of AI around the globe -

- Health diagnostics – anonymized data to share in a federated way to allow AI algorithms to look for patterns for medical diagnostics – not centralized previously. Homomorphic encryption i.e., sharing an individual's highly confidential data without revealing their identify and share across different illnesses and multiple hospitals in Spain to use machine learning to create better diagnostic model to identify early indicators and better treatment protocols. With advances in computer processing, algorithms, data sharing technology – bring totally new possibilities to the way health systems work for people.
- Education – the Netherlands has high incidents of dropouts who become excluded. Cap Gemini has worked with local authorities, sample size 35,000 students to identify with 91% accuracy students likely to drop out so interventions can be put in place, using AI to help tackle a significant problem in school system. In response to a question about where the underpinning data for this comes from, the Netherlands is quite advanced in terms of data sharing across agencies such as the police, enforcement organisations, social welfare, education and other agencies share data to identify children at risk using privacy enhancing technologies. The point is that the combination of privacy enhancing tech that protects the individual's data and the use AI that identifies common patterns and indicators of why the individual drops out, would need a huge clerical process to achieve and to keep learning from the data as factors change. Creating a valid data set to train the algorithm is possible because of the huge volume of data.

AUB localized the discussion saying the University of Wolverhampton had recently secured funding to use AI to identify young people at risk of becoming NEET and would be piloting over the next academic year.

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|    | <ul style="list-style-type: none"> <li>• Smart Cities – Dijon case study, uses open data sets shared between citizens and the municipality to vote on things happening in local streets, for example identifying traffic patterns to control traffic lights with the goal of reducing energy consumption by 65% by managing the way services are consumed and scheduled in the next 10 years. A more democratized city – it seems farfetched, but some French and Scandinavian cities have been thinking about this for some time, how people move around cities, where street lighting is positioned, to save energy and reduce council tax.</li> </ul> <p>Preparing for the opportunity of AI comes down to 4 pillars relating to your industry and customer insights:</p> <ul style="list-style-type: none"> <li>• Philosophy - taking a human centric approach, augments not replaces</li> <li>• Intent - improves purposes and outcomes for employees and customers e.g., moving to more knowledge-rich work on product development and away from routine work</li> <li>• Talent – creating the workforce of tomorrow, investing in education and STEM at an early age, constant programme of education</li> <li>• Education – on the possibilities for our own businesses as well as the risks and threats</li> </ul> <p>A list of references was provided on the presentation slide. Cap Gemini produce a quarterly publication Conversations for Tomorrow – a relevant issue is the future of work which describes the way AI is changing labour markets and skill sets among other publications around the future of Generative AI.</p> <p><b>Q&amp;A</b></p> <ul style="list-style-type: none"> <li>• There was a question about the extent to which AI can replace human interaction on complex questions. SP explained that AI uses recursive learning models. There are large language models behind open AI and ChatGPT. Generative AI can use complex algorithms to parse all of the data and the way customers express themselves, customer transcripts, product guides etc. so that over time the recursive algorithms work out patterns and colloquialisms to parse and learn from data, unlike a decision tree model which is fixed and needs continuous update and maintenance. With large language models the possibilities are wider in terms of the amount of information that can be analysed and processed.</li> <li>• The presentation talked about replacing low value transactional jobs with higher value, knowledge rich jobs, but the artwork for the presentation was AI generated, and already in the health care sector papers that used to take medical specialists days to write can be produced by AI in minutes 96% accurate, so AI is cutting out high-value, well trained work, so AI has the power to replace some highly skilled, high value jobs. SP replied that it is those legal, copy writing type jobs that are being displaced, and that’s why we need to work with the education system differently so it works with changing business models.</li> </ul> <p>DC thanked the guest speakers for the insightful presentation and they left the meeting.</p> |  |
| 6. | <p><b>Business Challenges</b></p> <p>DC invited feedback on current business challenges.</p> <ul style="list-style-type: none"> <li>• SSt noted that he was still seeing access to finance and hesitation as an issue. Shropshire has a UKSPF leadership programme due to be launched and it will be interesting to see the feedback on how it’s developing the next generation of thought leadership. A lot of people talking about capacity and how AI could fill gaps.</li> <li>• CP noted frustration in the market with changes to education and the rebranding of T Levels when they have only just been launched. There are a lot of apprenticeship vacancies but a lack of young people to fill them now A levels and universities have started back. AUB advised that the Careers Hub and CEC nationally is doing work around promoting technical and vocational pathways, with various strands of work targeting teachers and parents, for example a live broadcast had taken place this week with 7,000 people joining live to find out what Apprenticeships and T Levels look like in the Marches. The LEP is also looking at hosting an event in the new year focused on untapped potential, looking at how employers can think differently about recruitment and looking at untapped potential of people with additional needs. Less</li> </ul>   |  |

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|                  | <p>than 20% of people with additional needs are in employment when there are people who would be well suited to certain types of employment/roles.</p> <ul style="list-style-type: none"> <li>• In terms of international trade, FM commented that the blue light sector is stagnant. He gave an example of a Brexit related issue where the Spanish Government had impounded a whole shipment because there was no statement of single use plastics, the tip of the iceberg in slowing things down. There were also issues with import documentation and duties, and it was not clear whether duty paid on imports could be included in VAT returns. IT suggested DBT could give a presentation to the group on export/import documentation, which would be timely ahead of checks being introduced on imports. SSt noted there is some really good information and tools on the DBT website. IT added that there is also a need to get information to carriers as goods are delayed because carriers have not completed the right paperwork. DBT should be able to guide businesses through the pathway. FM had been unable to find a carrier to export to Alaska. Issue with exporting EV cars because of rules of origin regulations because the parts of the car are imported from outside the UK.</li> <li>• FM had been made aware of a US business which had developed a new type of non-lithium battery looking to set up a factory in Europe but they had invested in Denmark. He suggested there needed to be a review of the UK approach to the enquiry and why the company did not invest in the UK. RL gave another example of a UK led initiative which had sourced batteries from China, although good news was that the UK is investing in more gigabit production as we are already behind competitors (Germany).</li> <li>• RR said that recruitment is still a struggle, although businesses are starting to be more flexible offering part-time/flexible working which has helped attract more candidates. The lack of nursery provision means businesses have to be flexible around childcare.</li> </ul>   |  |
| <p><b>7.</b></p> | <p><b>Marches LEP Update</b></p> <p>RL provided the following update:</p> <ul style="list-style-type: none"> <li>• MEIF is coming to the end of the current investment period. The Marches has not done well in attracting investment. The British Business Bank is appointing new fund managers who will be invited to present to the group. The LEP has offered desk space to help facilitate engagement with businesses in the Marches.</li> <li>• The future of the LEP is changeable and uncertain. The three local authorities have taken reports to their Cabinets for agreement to set up a joint committee to oversee the transfer and redistribution of LEP assets. The LEP was not happy with some of the wording relating to the transfer of assets, although LEP functions such as the monitoring of LGF and GBF projects will be transferred to the new arrangements. The LEP is also not clear that Government is content with the functional economic geography proposed, and whether a joint committee is enough to satisfy requirements outlined in the Government plan. Government has provided a template for local authorities and LEPs to complete by the end of November. Government will not be issuing interim guidance but are due to issue final transition guidance in January so there is no clarity on funding, but the LEP is clear that there needs to be a seamless transition so that businesses are not impacted by a gap in business support. Government has said it will continue to fund Growth Hubs under a functional economic geography. Things are unclear but for the LEP it is 'business as usual' with a Land Innovation Use and Transport project calls already out, and an open capital call around net zero, business support and skills due to be published.</li> <li>• FM noted that as a Director of the Marches LEP, the Board needs to make sure that the organisation complies with its legal obligations as a private limited company and he flagged some concerns with the approach of the local authorities. RL provided further context but said that the priority is to ensure a seamless transition and continue to support businesses.</li> <li>• In terms of remaining LEP funding, the LEP will continue to have loan repayments from Herefordshire Council of £100k per year until 2038 and also has income due back from the Telford Land deal and HEZ. The revenue balance is being considered against delivery options and redundancy costs. The remaining MIF money (just under £500k) is due to go out as a capital call to be allocated to capital projects this financial</li> </ul> |  |

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|     | <p>year. The Land Deal money is more complicated and will depend on decisions about the distribution of LEP assets.</p> <ul style="list-style-type: none"> <li>• FM made the point that Government insisted the LEP form a limited company 5 years ago so the Board have company director responsibilities which do not allow them to act irresponsibly with the money or there could be implications for the Directors. RL added there are also tax implications in giving the money to the Councils and it was not possible to take money or force the closure of a private limited company but we're looking at amicable solutions. Some LEPs are continuing to be awarded government contracts so the picture is not consistent across the country. The sooner the Government give guidance to local authorities and LEPs the better.</li> </ul>   |    |
| 8.  | <p><b>Marches Growth Hub Update</b></p> <p>MS provided the following update:</p> <ul style="list-style-type: none"> <li>• The Growth Hub budget spreadsheet showed spend to Q2 around £60k behind profile. A meeting had been held with the Growth Hubs and assurance had been given that they would be able to spend their allocations by year end. Of the central budget, the LEP had identified a likely underspend of around £19k by year end on the research and events budgets. The use of the underspend had been discussed with the Growth Hubs and suggestions were to deliver more 121 specialist support, events or a study into the demand for an Investor Readiness programme.</li> <li>• Ideas for using the underspend were sought from the Group. It was agreed that the core funding criteria would be circulated to the group to put forward their ideas for using the money. During the discussion, a member expressed support for additional 121 support as the most impactful use of the funding but other members would wait to see the funding criteria before making suggestions.</li> <li>• In response to questions, MS clarified that the budget was profiled quarterly and actuals to Q2 were around £60k behind profile across the programme. He further clarified that there is a central budget for events to cover the cost of events organised by the central team, but that other events are funded through the allocations to the physical Growth Hubs.</li> <li>• In terms of the performance data on the number of business interactions, the figures are for light touch interactions (less than one hour and attendance at events) and could include businesses receiving more than one interaction.</li> </ul> <p><b>Action</b></p> <p><b>Growth Hub funding criteria to be circulated to the group to put forward ideas for using the underspend.</b></p> | MS |
| 9.  | <p><b>Cities and Local Growth Unit Update</b></p> <p>No update provided. Apologies had been received from AC.</p>  |    |
| 10. | <p><b>AOB</b></p> <p>MG noted that the FSB is working closely with the DBT Export Academy and is worth looking at in relation to the earlier discussion.</p> <p>The next meeting will be in January.</p> <p><b>Action</b></p> <p><b>SJ to circulate a date for the next meeting.</b></p>   | SJ |