

**MINUTES OF THE MEETING OF THE
SHROPSHIRE BUSINESS BOARD**

**HELD ON
WEDNESDAY 7th OCTOBER 2015
4.30 pm – 6.40 pm**

UNIVERSITY CENTRE SHREWSBURY

Present:

Board Members

Mandy Thorn MBE (Chair)	Marches Care Ltd
Matthew Snelson (Vice-Chair)	Grainger & Worrall, Bridgnorth
Tim Downes	JR & MC Downes and Son, Shrewsbury
Tudor Griffiths,	Tudor Griffiths Group Ltd,
Arthur Hill	CH Hill and Sons
Mandy Stoker	E 4 Environment & Chair of METnet.

Representatives

Lindsay Barton	Federation of Small Business
Dr Catherine Baxter	Harper Adams University and Agri-technology sector rep
Paul Bennett	Shropshire Business Partnership
Steve Charmley	Deputy Leader and Portfolio Holder Economic Growth & Commissioning [North] Shropshire Council
Fay Easton	Shropshire Enterprise Partnership
Richard Lumby	Carillion, Wolverhampton
Paul Kirkbright	Deputy Provost, University Centre Shrewsbury
Gill Hamer	Marches LEP Director
Steve Wain	Shropshire Learning Network

Shropshire Council Officers

George Candler	Director of Commissioning
Claire Cox	Business Relationship Manager – Economic Growth
Andy Evans	Head of Economic Growth and Prosperity
Helen Hunter-Hayes	Business Engagement Officer
Mark Pembleton	Service Manager for Business and Enterprise
Julie Fildes	Committee Officer

11 Welcome, Apologies and Introductions

- 11.1 The Chair welcomed all, and thanked Professor Paul Kirkbright for the use of the University Centre for the meeting and for providing Board Members with a fascinating tour of the building. She extended the Board's congratulations on completing the work on time to receive the first students at the start of the academic year.
- 11.2 The Chair particularly welcomed the new Board Members, Richard Lumby

of Carillion and Tim Downes JR & MC Downes and Son.

- 11.3 The Service Manager for Business and Enterprise announced that he would be leaving Shropshire Council at the end of the year and the Business Relationship Manager – Economic Growth would be taking on his role with the Business Board. The Chair thanked him for all his work, particularly his involvement with establishing the Business Board, and wished him well for the future. She explained to Members that there would be a period of handover and the Service Manager for Business and Enterprise would attend the December Board meeting.
- 11.2 Apologies were received from Tony Bywater MBE [Salop Leisure Ltd], Shaun Carvill [Clickingmad Ltd], Roger Emery [Müller Dairy (UK) Ltd], Owen Gahan [Kerry Ingredients and Flavours], Simon MacVicker [Shropshire Chamber of Commerce], William Morris [Utilities], Christine Niland [DWP],

12 Declarations of Interest

- 12.1 Members were reminded to declare any interests either at this point or if they became apparent during the meeting.

13 Minutes and Matters Arising

- 13.1 The minutes of the meeting held on 15th July 2015 were confirmed as a correct record.
- 13.2 The Chair confirmed that the development work on the future role of the Business Board was on-going and a report would be circulated once it was completed.
- 13.3 A Member requested that the minutes of the meetings be circulated more quickly and suggested a two week time frame. The Service Manager for Business and Enterprise agreed to look into this.

A number of items were suggested to be considered as Any Other Business.

14 Round Table Discussion

- 14.1 The Chairman asked Members to share the business trends in their companies and sectors and explain the challenges they are encountering.
- 14.2 **Paul Bennett** described a boom in the professional services sector which supported commerce following the upturn in the economy. He continued that despite this some of the smaller firms, particularly those dealing with family matters, were still encountering difficulties partly due to competition from national companies establishing offices in the County. He observed that many of the better qualified and experienced accountants and solicitors were travelling to work out of the County and were taking their clients with them. The industry was experiencing a shortage in skilled

experienced professionals, although this was less of a problem for financial services.

- 14.3 **Tudor Griffiths** also described an upturn in demand for the aggregates and building materials supplied by his sector. He continued that despite an overall 50% fall in demand during the recession, Shropshire had only experienced a 30% reduction, partly due to its large number of farming enterprises which had continued to develop agricultural buildings. He observed that the upturn in demand had been fairly recent, starting in the summer of 2014 with a more buoyant housing market in Wales and Cheshire. He reported that demand for his products was now at the same level as 2008 and the construction industry was experiencing supply problems due to a reduction in national suppliers following the recession. He also reported staff retention issues but despite this he had recruited in excess of 30 new employees and was expanding operations into the Bridgnorth and Kidderminster areas. He continued that expansion was now easier due to improved access to funding from the banks.
- 14.4 Members noted that the Government had drastically reduced the Fit Rate for solar provision which was impacting on contractors and suppliers in the County. Mr Griffiths continued that he had become a direct supplier of fully recycled timber chipped for biomass heat and power generation.
- 14.5 **Paul Kirkbright** explained that the University Centre operated on a business basis in an extremely competitive sector with informed and educated consumers. He reported that the University Centre was concentrating on maintaining ongoing relevance in its offering and expanding its curriculum; promoting the distinctiveness of the student experience in Shrewsbury; engaging with the community and promoting shared ownership; and retaining talent to promote economic growth in both Shrewsbury and the wider County. He confirmed that the University Centre had 45 predominantly full-time undergraduate and 50 post-graduate students and the international cohort were arriving in January 2016. He congratulated Shropshire Council on the high standard of finish for the Mardol House accommodation and invited Members to view the show flats.
- 14.6 **Mandy Stoker** agreed that her sector also had recruitment issues with only a small pool of experienced staff to draw from. She described the chaotic situation in the sector following the sudden and unexpected reduction in fixed tariffs for renewable energy production and high costs for grid connection. This had resulted in projects being put on hold and AD sites ceasing operations. Members discussed sustainability issues, rising construction costs; differences between Wales and England; and overcrowding and overheating in the market.
- 14.7 Members agreed that Shropshire was an area of expertise in renewable energy technology and the withdrawal of government subsidies would lead to a period of adjustment in the market place. Ms Stoker reported an overzealous approach by the Environment Agency in its policing duties which had increased workloads. Also, lack of security of supply for AD plants was causing further issues and needed to be resolved.
- 14.8 **Fay Easton** reported a positive increase in business start-ups with an

increased appetite to accept professional advice which led to new businesses being more sustainable and likely to succeed. She expressed serious concern regarding the level of youth unemployment and the problems this created, both for the individual and the economy. Members commented that there was a shortage of skilled and experienced employees in many sectors but these posts were unsuitable for the young unemployed as they did not have the necessary skills and experience and had no way of obtaining them.

- 14.9 In response, Gill Hamer advised that some funding was available to encourage employers to work with schools to prepare young people for the workforce and provide the skills that employers required. She continued that Government funding had been made available to the Marches LEP for approximately half the cost of an Employee Co-Ordinator post and the LEP's Skills Board was looking for innovative ways to find the funding for the remaining cost of the post.
- 14.10 Members discussed the Young Enterprise Scheme, where volunteers from Business worked with local schools to support young people into the workforce.
- 14.11 Following a Members request, the Service Manager for Business and Enterprise agreed to circulate the statistics for youth unemployment. Steve Wain observed that it was not only the 'hard to reach' young people who were experiencing employment problems and many employers used zero hour contracts paying the minimum wage leading to young people being underemployed but not able to find other employment. Members also discussed the problem of many employers no longer having a training ethos and expecting that training would be provided and funded by Government. It was also noted that some employers did not support training as skilled employees expected higher wages.
- 14.12 Members agreed that there was a skilled shortage and problems with recruitment in all areas and a large number of young unemployed who needed work. Members noted that the Government was currently reviewing the apprenticeship system and that Shropshire already had a higher percentage of apprentices than the National Average with a high proportion of engineering and construction apprenticeships.
- 14.13 **Matthew Snelson** reported a difficult few months for his company, with many of the orders completed and new orders not yet on-line. This pressure had led to a temporary reduction in the workforce. He observed that this was partially due to the alterations in the value of Sterling, as 55% of their order book was exported and changes in the value of the currency had made their products more expensive abroad.
- 14.14 He reported that his company ran a successful adult apprenticeship scheme. Many of these apprentices were unenthusiastic at the start of the scheme due to previous poor educational experiences but soon became the most positive and engaged workers on the shop floor. He commented that the Government's proposed apprenticeship levy at 0.5% of payroll costs was perceived as the imposition of another tax and was not welcomed.

- 14.15 Members noted that the LEP's Skills Board was undertaking a skill's survey with engineering companies in the area and a questionnaire had been sent out. The Skills Board were also looking at the training courses provided by local colleges and examining whether these matched the skills required by companies.
- 14.16 **Lindsay Barton** reported that there were a large number of small micro enterprises across the County. She continued that she had noticed a large number of new business start-ups which were driven by individuals being made redundant or being under-employed. Recent research showed that although many people became self-employed due to necessity only 10% would be willing to become employees again.
- 14.17 She observed that small businesses did not have the time or resources to administer apprenticeships as proposed by the Government, although young people may be an ideal employment pool for this sector.
- 14.18 Ms Barton listed the challenges facing small businesses in the county, including infrastructure issues such as lack of broadband, poor mobile phone signal provision, the cost of public transport and transporting goods in and out the area; rises in the minimum wage, pension obligations, possible scrapping of small business rate relief and larger companies taking too long to pay bills.
- 14.19 **Arthur Hill** explained that Feed-In tariffs for renewable energy were being reduced from 11.3 to 1.8 on the first of January and this would have an impact on the market. He stated that he was busy with projects until December with customers looking to secure the higher tariff. He added that he was also receiving enquiries regarding ground source heat pumps, where the tariff had not altered.
- 14.20 He identified two challenges to the sector of renewable energy. The first was the planning process which caused delays. The second was applications to join the National Grid, which could be refused.
- 14.21 In response to a Members question Mr Hill suggested that the previous Government had renewal energy policy had been driven by the Libdems and it had been highly successful and the funds earmarked for the establishment of the industry had now been used which was why the tariffs and other subsidies had been reduced.
- 14.22 Mr Hill observed that the technology for solar panel energy generation was advancing rapidly and new panels were generating power individually in a more efficient manner.
- 14.23 In response to a point raised earlier in the meeting, Mr Hill stated that the Welsh Government had continued to support renewable energy through the use of funds from its tourist budget for renewable energy production. He continued that the Welsh Government had also rejected applications for large wind farms in the Welsh Countryside.
- 14.24 **Richard Lumby** spoke of the low cost of steel due to China's high

production rates. Members considered the recent closure of the Teesside Steel plant and the skilled workers who would be made redundant. He continued that he also expected an influx of highly skilled North African workers.

- 14.25 He reported the biggest customer in his sector was the military and government, particularly Local Government. This sector had a constant demand of more for less and were constantly trying to drive down prices. They also had the reputation of taking a long time to make decisions, with a flood of expenditure at the end of each financial year. He added that the time taken to make decisions reduced savings made as it increased the costs and on occasion prevented projects from starting.
- 14.26 Members discussed the problems of delayed payments and the cost of this to businesses and ways in which the banks could assist with a faster payment system.
- 14.27 Catherine Baxter declared an interest as a Board Member of the Cadets West Midlands.
- 14.28 Members noted that the Strategic Defence Review would be published in November and Mr Lumby expected that it would lead to a rationalisation of military estate. Members noted that many ex-forces personnel were a potential motivated and skilled workforce.
- 14.29 **Tim Downes** referred Members to a NFU briefing paper; Agriculture – current state, which had been tabled. He reported that recent headlines had not presented farming in a positive light, despite this, students choosing to study agriculture still had good prospects for employment with 96 – 98% employment rate.
- 14.30 **Catherine Baxter** reported an increase in student applications and enrolments to study at Harper Adams University for both undergraduate and postgraduate courses.
- 14.31 She confirmed that entry requirements had not been dropped to achieve an increase in student numbers. The University continue to accept well qualified students with vocational BTEC qualifications (Distinction grades) as well as students with strong A'levels. She observed that students entering with BTEC qualifications occasionally needed support to enable their transition to academic study required at university level and this was in place. Members also noted that the University had a high proportion of disabled students and had good arrangements in place to successfully support all students.
- 14.32 Board Members noted that the University and it's students had been shortlisted during the past year (or had won) a number of national awards including those voted for by students. Dr Baxter continued that the University was voted by its students in the 'What Uni' Student Choice Awards as first, second or third in seven of the ten categories. It had also been confirmed as once again being in the top 10 of all UK universities for graduate employment and had won the Times Higher Award for Outstanding International Strategy.

- 14.33 The plans for the Agritech centre had been subject to change due to changes in BIS funding levels. The main capital development would now be located at Harper Adams rather than in Newport as originally planned. The consortium that was now working together to deliver the innovative agri-tech engineering projects approved through the BIS bidding process included more than sixty companies.
- 14.33 Dr Baxter continued that the University had in place a number of other initiatives and programmes to support a wide range of other employers and stakeholders, including a fairly recent development where a course was now underway which was training all of the DEFRA UK State Registered Vets.
- 14.34 **Mandy Thorn** reported that the Care Sector employed 9,000 people and the imposition of the minimum living wage would have a huge impact on the provision of care as staff costs accounted for 65 – 85% of turnover in the sector. She reported that it was anticipated at 35 – 40% of businesses within her section would cease trading in the following 12 months due to this. She continued that this would have an impact on service provision within the NHS.
- 14.35 Board Members noted that ADASS and the Care Providers Alliance were working together to lobby government, and had produced a joint position statement.
- 14.36 She reported that her company supported the apprenticeship scheme and had 22 apprentices out of a workforce of 150 employees.

15 LEP Update

- 15.1 Due to time constraints Members were referred to the briefing papers sent with the agenda.

16. Chair Update on Broadband Meeting with BT

- 16.1 Briefing paper to be circulated after the meeting.

17 Any Other Business and Future Agenda Items

- 17.1 **Business Rates:** Shropshire Council's Director for Commissioning advised that the Chancellor's recent announcement on the retention of Business Rates was seen as an opportunity, although the Council was still waiting for details. It was expected that this would be phased in by 2020. Board Members heard that due to changes in funding provision and the loss of direct funding from Central Government Shropshire Council would be run as a business with a public sector ethos by 2020.
- 17.2 **Devolution:** Board Members noted that in discussion both Telford and Wrekin and Hereford had maintained that they would not be submitting expressions of interest for this process and had then both submitted

individual bids. Herefordshire's bid had related to transport and public health and Telford and Wrekin's had related to its economic agenda. Deputy Leader and Portfolio Holder Economic Growth & Commissioning [North] Shropshire Council observed that this had been disappointing as it went against the spirit of the LEP.

17.3 Shropshire Council had entered into discussions with Staffordshire Council who in turn were in negotiation with Cheshire East and Cheshire West and Chester. Conversations were in their early stages with the CCG, police and other public sector bodies about combined working.

17.4 **Dates of Interest:**

17.5 Members noted several dates of interest:

- Shropshire Partnership Workshop – Focus on Mental Health: Monday 30th November 2015
- Global Enterprise Week: 16th – 22nd November 2015
- Access to Finance Workshop: 19th November 2015
- Shropshire Dragons' Den Challenge: 19th November 2015
- What's Stopping You: 19th November 2015
- Bank of England in Shropshire Briefing: 19th November 2015

17.6 **Growth Hub:** Paul Bennett advised that a briefing paper had been prepared. He reported that fantastic work had been undertaken to open the growth hub despite the confines of a limited budget. Board Members noted that the website was going live on 19th October 2015.

He advised Members that Telford's physical hub was opening on the 23rd October and was co-located with the University of Wolverhampton on the Priorslee campus. The Shropshire physical hub would be located at the Food Enterprise Centre with the Chamber of Commerce.

17.7 **Regional Growth Fund:** Matthew Snelson advised that funding was still available and he agreed to recirculate the briefing paper.

17.8 **Broadband and Mobile Connectivity:** The Service Manager for Business and Enterprise agreed to circulate an update paper after the meeting.

18 **Dates of Next Meetings**

The next meeting of the Business Board to be held at 4.30pm on Monday 7th December 2015 at the Food Enterprise Centre, Shrewsbury.

19 **Dates for Meetings:**
7th December 2015

18th January 2016
7th March 2016
23rd May 2016
11th July 2016
12th September 2016
21st November 2016