

WL/AM/JB/35

"A" MINUTES OF THE BOARD OF DIRECTORS OF JERSEY BUSINESS LIMITED ("JBL")

(35th Meeting)

19th July 2017 at 8.30am

Present: Mr J Day (JD)
Mrs W Lambert, (WL) (Chair)
Mrs K Le Feuvre (KLF)
Mr E Lincoln (EL)
Mr G Smith (GS)
(the "Board" or the "Directors")

In Attendance: Ginny Moss (GM), Board Apprentice
Rosie Lempriere (RL), JBL (for item 3 only)
Miss A Maskell (AM), AM to PM Secretarial Services (AM)

1. **Apologies** – No apologies were noted
2. **Chairperson - IT WAS RESOLVED** to appoint WL chairperson of the meeting.
3. **Enterprise Week 2017** – RL provided the Board with a presentation on Enterprise Week 2017, a copy of which she agreed to circulate following the meeting. **Action: RL**

Questions were invited during and after the presentation and JD queried who JBL's target audience was for Enterprise Week. RL advised that the key note event is not necessarily for JBL SME clients but is more for the broader Jersey business community with the added benefit of raising awareness of JBL.

IT WAS NOTED that the 2017 budget for Enterprise Week was £15k but due to sponsorship there was a slight underspend and RL expressed the hope that it may be possible to secure further sponsorship next year. The date for next year's Enterprise Week was briefly discussed and RL noted that the usual week clashes with the elections and therefore consideration will need to be given to changing the date in 2018. There being no further questions or comments on Enterprise Week, RL was thanked for her time and she left the meeting. The Board agreed that the end of June would be an appropriate time to hold the 2018 Enterprise Week as this would avoid the elections and would result in increased involvement from the newly elected politicians.

4. **Declarations of Interest** – **IT WAS NOTED** that EL has now taken over from KLF as Chamber of Commerce President.
5. **Minutes of previous meeting - IT WAS NOTED** that the previous minutes dated 8th May 2017 had been circulated with the agenda and **IT WAS RESOLVED** to approve them.
6. **Matters Arising** - GS took the Board through the following action points from the previous minutes of 8th May 2017 (which were not otherwise included on the agenda):
 - 1) **Appointments Commission** – GS reported the Appointments Commission will need to be involved when JBL recruit for a new Chair. However, JEP advertising is not mandatory: just "suitable advertising".
 - 2) **JBL Structure/Shareholder Review** – EL advised that he discussed his position of Shareholder (as President of the Chamber of Commerce) and Director of JBL with the Chamber House Committee they are comfortable for him to continue in both roles.
 - 3) **Conduct Risk** – GS confirmed that he has reduced the risk rating for conduct risk on the Risk Register to green.

4) **Grant Funding Risk** – GS noted that whilst it was agreed at the last meeting to reduce the risk rating for grant funding to amber on the Risk Register, in light of recent developments, he has now changed this back to red.

7. JBL Presentations to Economic Tourism Sport and Culture (EDTSC) re MTFP Funding – The Board noted the paper entitled “Business Review re MTFP 2017-2019 – Building Business Success in Jersey”, a copy of which had been circulated as part of the Board Pack and which GS proposed presenting to EDTSC.

GS advised that JBL will not be able to continue to deliver the same standard of services in 2018 and 2019 if its budget does not change. In this event, he will be required to make recommendations to the Board about changing the way JBL delivers its services. He stressed that this will be the only way he will be able to manage the budget going forward as an exercise has already been undertaken to reduce variable costs as far as possible.

EL queried whether the reduced level of communication and engagement at EDTSC related to the lack of Chief Officer and he asked what progress had been made in this regard. GS advised that an interim position of “Head of Services” was recently confirmed and Dan Housego (DH) has been appointed with effect from Monday 24th July 2017 although his appointment has not yet been officially announced.

WL queried whether JBL should engage with DH prior to contacting the Council of Ministers and GS advised that he was due to attend an “away day” with EDTSC and the Minister to discuss budgetary issues on Friday 21st July. However, he has just been notified that this has been cancelled. He expressed disappointment at this, as he has been requesting a meeting with the Minister for some time. He therefore proposed that WL should contact the Minister highlighting her disappointment and stressing the urgency of the situation with a request that he considers JBL’s budgetary position as a priority. **IT WAS THEREFORE RESOLVED** that WL would send an email to the Minister (cc’d to DH) highlighting that JBL will not be able to continue to operate at the same standard on its current budget and requesting a meeting with both of them to discuss the same as soon as possible. **Action: WL**

GS stressed the importance of a formal minuted meeting taking place with the Minister in order to agree what government support and commitment will be forthcoming for JBL so that he can plan accordingly. He explained that if funding remains as per the MTFP, he will need to put a plan together on how to amend the current services of JBL. JD suggested that the matter should be escalated to the Council of Ministers prior to JBL’s services being amended. This was echoed by GS however he advised that it was necessary to start planning in the event that further funding was not forthcoming.

EL queried whether consideration should be given to mitigating risks from a costs perspective and GS reassured the Board that JBL will broadly remain within budget for the current year. He explained that in the event of any unbudgeted costs JBL will need to use its reserves.

GS advised that as part of any request for additional funding it will help to be able to better articulate the value of services to be delivered and government have realised that some organisations may have challenges in achieving this. Sean Pritchard has therefore indicated JBL may be offered some support from EDTSC in undertaking an evaluation exercise with a view to better articulating the economic value of the services it delivers. However, GS stressed the importance of this being an independent exercise whereby JBL appoints an external consultant, rather than one undertaken by EDTSC. EL queried whether EDTSC were proposing to undertake an overall evaluation of all States grant-funded entities and GS advised that he did not believe that this was their proposal.

KLF noted that the main factors of interest to government are job creation and GST and social security contributions and she queried whether it would be possible to obtain this information from JBL’s clients. However, WL stressed that JBL is unable to take full credit for the number of jobs a business creates or its

GST or social security contributions because other organisations may have also supported them. KLF acknowledged WL's concerns and proposed that JBL could still highlight that it was supportive of businesses which have made certain contributions without taking full credit for them.

GS advised that he anticipates undertaking a similar process to that described by KLF going forward by appointing an external consultant to independently obtain data during a business' journey and then assess the level of impact of JBL's involvement. However, he accepted that at every point during the journey JBL can be challenged that their involvement did not result in the impact. He advised that resource/funding would be required to undertake this evaluation and he proposed linking in with Scottish Enterprise in order to gain insight on how they do their research. KLF welcomed this level of independent evaluation. However, in the interim she proposed asking JBL clients for the basic information noted above (job creation and GST and social security contributions). She suggested that if clients are willing to provide this information, even if it is low level, it will have an impact with government.

WL agreed with KLF's proposal and suggested that LF should be provided with some very basic statistics. Consideration was therefore given to which client base should be asked for information and the process which should be used to obtain the information. GS suggested that clients would be reluctant to provide financial information by way of a "Survey Monkey", **IT WAS THEREFORE RESOLVED** to select clients from the list of start-ups who are now trading and contact them directly by email to request the information. **Action: GS**

Referring to EDTSC's proposal to undertake an evaluation exercise of JBL, WL suggested it will be a challenge for JBL to take this on itself, if EDTSC want to do it. However, GS expressed concern about confidentiality issues if EDTSC talk to clients and stressed that his preference would be for JBL to follow the Scottish Enterprise template of appointing an independent consultant to undertake the evaluation. JD highlighted the importance of JBL being able to commission its own evaluation in respect of the work undertaken re funding and GS advised that support under the high growth plan includes a requirement for clients to provide certain information to JBL.

8. Economic and Productivity Growth Drawdown Provision Fund (EPGDPF) – GS reported that as a result of the Jersey Innovation Fund (JIF), EDTS&C are nervous about releasing the funds to JBL which have been approved under the EPGDPF. He has therefore asked the Ministers involved to refresh their approval and documentation in this regard is still awaited.

9. Financial Review - The Board reviewed the Management Accounts for Q2 2017, a copy of which had been circulated as part of the Board Pack together with a MIS commentary. GS advised that the commentary was self-explanatory; that the budget was on track; and costs were being managed well. WL queried what "income from another source" related to and GS advised that this was income from the five people involved in the incorporation pilot. He explained that this has been launched as a result of JBL being regularly asked to print and witness clients' incorporation documentation but not being asked to give any advice on it. A programme has therefore been put together from an administration perspective in respect of the incorporation of companies, noting that where there is any complexity clients are referred to lawyers. **IT WAS NOTED** that the 2.5 hour course is priced at £75 which covers costs and the five people who have taken it to date have provided very positive feedback.

GS advised that the JFSC are supportive of the principle of what JBL is doing, noting that many people incorporate companies without being aware of the implications/liabilities (e.g. requirement to hold board meetings/take minutes etc.). GS added that JBL no longer purely witnesses documentation for clients unless they choose to come on our programme.

The board then discussed whether JBL charges for other training it provides, for example, facebook and marketing training for businesses which are already established and GS responded that whilst these

services are offered, JBL does not currently charge for them. However, whilst he would like to monetise these in the long-term, this could present challenges for JBL. He added that care must be taken to ensure that JBL is not competing with private sector providers of business support/ training services. That said, he welcomed a review of the position.

Different views were expressed by the Board regarding the monetising of training by JBL with JD suggesting that JBL should be responsible for providing one to one meetings and pointing clients in the direction of other providers and KLF noting that JBL may need to receive a contribution from people who receive training going forward. GS proposed that JBL should review this once we have seen the impact of the Incorporation pilot.

10. Board Skills Evaluation Process – The Board reviewed the template “JBL Board – Skill Review July 2017”, a copy of which had been circulated as part of the Board Pack. GS explained that he had drafted this based on JBL’s risk register with a view to establishing whether the Directors have the necessary skills to cover the current risks. He suggested that the skills set of the Directors was sufficient to cover most risks although noted that there may be some concern around data management/cyber security. WL reported that she is currently studying GDPR very closely and that EL also had knowledge and therefore whilst she did not have expertise in cyber security processes she suggested that the Directors have enough knowledge between them to support a business such as JBL. That said she proposed that a session on GDPR (and how JBL should prepare for it) and cyber security would be of value. GS also invited one of the Directors to review the current data management systems at JBL with a view to obtaining their feedback on how it could be improved.

EL suggested that consideration should be given to the Board’s skills on an outsourced approach. He noted that the Directors have enough knowledge to identify whether there is an issue and to know when a professional needs to be engaged and added that data protection/cyber security is likely to be a very litigious area over the next few years because significant fines can be levied under GDPR.

GS proposed that whilst WL and EL could provide a joint presentation to the JBL advisors and Directors on GDPR so that they are aware of what advice they need to give to the client base, additional budget will be required for JBL to engage professional support for more expert knowledge.

KLF expressed concern that the Directors lacked skills in manufacturing, PR and specific industries. She noted that whilst JBL works with a wide range of industries, the Directors’ industry specific skills are limited. She added that although all of the Directors have PR experience from their own businesses, none of them have specific PR expertise. WL echoed KLF’s concern regarding industry specific expertise. However, she suggested that the Directors’ had sufficient PR expertise from running their own businesses. The various industries were discussed and it was agreed that KLF could provide support in terms of agriculture and tourism and a high proportion of the Directors have experience from working in the finance sector. However, it was agreed that skills/support in relation to the construction industry would be valuable. GS reported that he has good contacts with construction industry and is currently the Chair of the Construction Awards judging panel. He therefore suggested that it would be relatively easy to source individuals with construction experience when the current Directors’ tenures expire. He also added that Martin Holmes was a Trustee of JBL and has previously offered his support and JD proposed engaging with JBL’s other Trustee, Chris Clark, from an IT perspective if required.

GS suggested that whilst not necessarily required, expertise in private equity/angel investment should also be considered when next recruiting for Directors.

There being no further comments or questions on the Skills Review template **IT WAS RESOLVED** that GS would expand the list to include sectors and thereafter undertake a skills assessment and allocate scores

for each item and circulate the same to the Board for their approval. **Action: GS**

11. Operational Report – GS summarised the Operational Report, a copy of which had been circulated as part of the Board Pack. **IT WAS NOTED** that the Access to Finance tool had been deferred due to budget constraints and will be picked up as part of the high growth funding (when/if received). GS reported that the core KPIs as at 30th June 2017 were on track.

The Board reviewed the portfolio analysis as at 30th June 2017 compared to 31st December 2016 and GS advised that this is continuing to grow. He noted that “walk ins” and early stage ‘start-up’s’ are now described as “leads” and advised that the statistics in this regard were cumulative for Qs 1 and 2. The classification of clients across sectors for Q1 and Q2 were discussed and the Board agreed that there was a good spread. In answer to a question from EL, GS advised that “health care” included businesses such as chiropractors and wellness advisors.

JD queried how many active portfolio clients were companies and how many were individuals “trading as...” and GS agreed to check Sales Force for this information and revert to the Board. **Action: GS**

EL noted that statistics recently released from Digital Jersey indicate that 5% of the working population work in a digital business and he queried whether JBL are seeing much cross over from Digital Jersey. GS advised that JBL and Digital Jersey share a number of clients as Digital Jersey do not provide advisory services.

12. Risk Register - The Board reviewed the risk register, a copy of which had been circulated with the agenda and the following risks were discussed:

1) **EDD Grant Support Reduced** – As noted above this risk has reverted to “red”. GS advised that JBL’s long-term budget is at significant risk and he suggested that this risk should remain at red until a budget is agreed which allows JBL to do what it needs to do.

2) **Data Management** – GS reported that processes are being issued to staff to highlight their responsibilities around cyber security. He proposed keeping this risk at amber whilst JBL was on a learning curve, noting that the action is to continue providing training and re-issuing processes to staff by way of reminder. **IT WAS NOTED** that Emma Martins has previously given a presentation on GDPR and the JBL staff have also undertaken Barclays online cyber risk training. **IT WAS RESOLVED** that EL would ask BDO to provide some more technical GDPR training for JBL staff and GS would forward a link to the Barclays online training to the Board. **Action: EL/GS**

EL suggested that JBL should also consider the use of dropbox and other services and ensure that the appropriate authentication processes are in place. GS welcomed an audit/review by a member of the Board to highlight where JBL may be vulnerable and EL proposed asking C5 Alliance to provide a quote for a security review. However, GS noted that C5 Alliance are already engaged by JBL and suggested that an independent review would be of more benefit. **IT WAS THEREFORE RESOLVED** that JD would ask Jason Laity at KPMG if their cyber security expert could provide JBL with some support and WL requested that an invitation be extended to the Board if a presentation is arranged. **Action: JD**

3) **Business Continuity** – The Board agreed that this risk should remain green.

4) **People** – GS explained that this risk remains amber as JBL is still under resourced.

5) **Governance** – **IT WAS RESOLVED** to change the governance risk to green. **Action: GS**

6) **Budgeting and Cash Flow Management** – **IT WAS RESOLVED** that GS would remove the reference to the Financial Sub-Committee in the risk management section of this risk. **Action: GS**

7) **Payments** – The Board agreed that although the risks around payments were acceptable they should remain amber.

13. Any Other Business –

A discussion took place regarding the Controller and Auditor General's (C&AG) recent report on Arm's Length Organisations. GS acknowledged that JBL was not specifically mentioned in the C&AG Report, however he had reviewed with WL the findings and it was noted that whilst most of the points relate to EDTS&C actions, in our own relationship with EDTS&C we were compliant. One area which would benefit from more focus however was how JBL escalated policy breaches. He advised that currently if something does not meet JBL's processes or policies are escalated to WL but that there was no formal process. As such it was proposed in addition to advising WL and the Board at the next meeting (unless earlier notification is required), GS would on an annual basis produce a summary report for the board.

Action: GS

Consideration was given to what constitutes a breach and WL suggested that this should be wider than a breach of policy (e.g. how staff use email or the internet) and should extend to concerns about staff performance or conduct. GS noted that JBL has a performance review process in place to assess staff performance and conduct whereby the Board receives a commentary on each staff member and thereafter provides them with a rating that is linked to their remuneration. WL expressed concern that this process was historic and limiting the breaches report to breaches of policy/process may not be sufficient to highlight risk. However, GS advised that any significant risks are raised via JBL's risk register.

EL sought clarification of what the C&AG's recommendation is trying to achieve and WL advised that JBL will undoubtedly be subject to more governance following the C&AG's report and she therefore stressed the importance of putting good governance in place in advance of that.

The quorum of Board meetings was briefly discussed in light of the reduced number of Directors and **IT WAS RESOLVED** that GS would confirm from our M&A's what was the minimum required. **Action: GS**

14. Date of Next Meeting - IT WAS NOTED that the next meeting was scheduled for 20th September 2017 at 9am.

There being no further business to discuss, the meeting was closed at 10.25am.

W Lambert

Chairperson

21.9.17

Date Signed

Actions

- 1) RL to circulate a copy of her presentation on Enterprise Week 2017 to the Board
- 2) WL to email LF and DH requesting a meeting to discuss JBL's budgetary concerns ASAP
- 3) GS to "cherry pick" clients from a list of start-ups who are now trading and contact them directly by email to request information on job creation and GST/Social Security contributions
- 4) GS to expand the list in the Skills Review Template to include sectors and thereafter undertake a skills assessment and allocate scores for each item and circulate the same to the Board for their approval
- 5) GS to confirm how many active portfolio clients are companies and how many are individuals "trading as..."
- 6) EL to arrange technical GDPR training by BDO for JBL staff
- 7) GS to circulate a link to the Barclays online GDPR training

- 8) JD to ask Jason Laity if the cyber security expert at KPMG can undertake a security review of JBL
- 9) GS to amend the governance risk to green
- 10) GS to remove the reference to the financial sub-committee in the budgeting and cash flow management risk
- 11) GS to implement a breaches report
- 12) GS to confirm the quorum for Board meetings