

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

(18th Meeting)

20th May 2014

PART A

Present:

Mr P Funk (Chairman) (PF)
Mr E Lincoln (EL)
Mr B Sarre (BS)
Mr A Sugden (AS)
Mr M Robins (MR)
Mr J Filleul (JF)
Mr A Cook (AC)
Mr J Box (JB)
Mrs W Lambert (WL)

In Attendance:

Miss A Maskell, AM to PM Secretarial Services (AM)

1. **Apologies** **IT WAS NOTED** that no apologies were received. PF advised that following an extensive search process, WL was appointed Director and Vice Chair on 1st April 2014 and the Board welcomed her to the meeting.
2. **Declarations of Interest** **IT WAS NOTED** that there were no additional declarations to add.
3. **Minutes of Previous Meeting held on 13th March 2014** **IT WAS NOTED** that the minutes dated 13th March 2014 had been circulated prior to the meeting and **IT WAS RESOLVED** to approve them.
4. **Matters arising**

The Board reviewed the action points from the minutes of 13th March 2014 (which were not separate agenda items) as follows:

 - (a) Discounting of Awards for Enterprise Tickets – MR confirmed that it had been agreed not to implement this.
 - (b) Marketing Plan – **IT WAS NOTED** that no further comments were received on the Marketing Plan following its review at the previous Board meeting. The Events and Communications (E&C) Sub-Committee therefore approved it at their meeting of 13th May 2014. **IT WAS RESOLVED** that AC would provide WL with a copy.
 - (c) Presentation to States Members – **IT WAS RESOLVED** that MR would progress this through the E&C Sub-Committee.

5. Report from the Finance, Audit and Operations Sub-Committee (FA&O)

IT WAS NOTED that the FA&O Sub-Committee met on 29th April 2014. BS advised that the Auditors have not yet finalised the year end audit and will therefore revert when they have done so. However, **IT WAS NOTED** that Alex Langley from Grant Thornton has been invited to attend the meeting from 10am to update the Board on progress so far and answer any questions.

IT WAS NOTED that the Operations Report for the period ending 31st March 2014 was circulated as part of the Board Pack. The client statistics were also circulated and the Board noted that these include statistics for 2013 and 2014 together with a 12 rolling month total. **IT WAS NOTED** that over a year there has been a 4.5% increase and it was agreed that AC would continue to produce statistics in this format whilst “fine tuning” Sales Force.

The Board noted that six grants had been paid during the quarter totalling £11,021. BS advised that FA&O discussed the health check assessment process at their recent meeting and it was agreed that although it was quite difficult for the advisors to implement, it should be used more going forward. AC acknowledged that at present, the processes at JBL are relatively informal and he confirmed that consideration is being given to reviewing and improving the processes with a view to formalising them. He accepted that the business health check was a critical part of the process. However, he stressed that it is important to differentiate between the clients that visit JBL, because only those that return for on-going advice need to undergo the health check process, whereas those who only attend for one off advice do not.

AC explained that the business health check is used as a balance score card and the client is “scored” on planning, finance, operations and customer service. Thereafter assistance is provided to the client to build on the weaker areas (whilst still supporting the strong areas). **IT WAS NOTED** that the process involves a six monthly review which enables improvements to be identified. **IT WAS RESOLVED** that AC would forward a copy of the business health check to WL.

BS queried whether it was more difficult for JBL to undertake health checks on more established businesses and AC acknowledged that it was not a perfect model. However, he advised that all scores (between 0 and 5) were relative to the individual business and therefore what may be adequate for one business might not be sufficient for another.

IT WAS NOTED that all of JBL’s insurance policies have been renewed with Rossborough and AC advised that an index linked update has been accepted.

The Board reviewed the financials for the quarter (actual vs budget) and noted the following

- Income was £48,370 (24%) under budget;
- Manpower Costs were £17,479 (15%) under budget;
- Operating Expenditure was £9,062 (26%) over budget;

- Programs and Promotions were £3,979 (22%) under budget;
- Total Expenditure was £12,396 (7%) under budget;
- Awards for Enterprise were £3,749 (3%) under budget; and
- There is a £39,723 (27%) under spend on the total budget.

The Board noted that there was a surplus of £90k forecasted in the September management accounts. It was therefore agreed that £55k would be offset from EDD's first quarterly payment of 2014, subject to review and adjustment in quarter three (based on the audited accounts). AC advised that he has liaised with Chris Kelleher in this regard who has seen the accounts and is still looking at the surplus. He explained that some items were not delivered until 2014 and therefore they may be a further reduction of £15k in the £70k payment due on 1st July.

AC tabled a copy of the results (as at today) of the client satisfaction survey. **IT WAS NOTED** that the survey was sent to 525 people, all of whom are registered in Sales Force as at 31st March 2014 and there was a 10% response rate.

The Board agreed that overall the results were excellent and they reviewed the responses and comments received for each question individually.

IT WAS NOTED that the majority of JBL clients have been referred by another organisation (26%) or someone else who has used the service (38%) and that approximately 60% are seeking advice on start-up businesses whilst 40% are existing businesses.

The Board agreed that sectors are always difficult to define (question 3) and therefore there are always a significant amount of "others". The Board noted that approximately 90% of clients were "satisfied" or "very satisfied" with the time it took to access JBL and 85% were "satisfied" or "very satisfied" with the service they received. Furthermore, **IT WAS NOTED** that 77% of clients feel that JBL's advice added value

AC advised that whilst generally positive, some negative comments were received in question 8 and he encouraged the Directors to review them following the meeting. That said, he noted that two respondents answered negatively throughout the questionnaire and he believes they may be clients who have approached JBL for funding and been advised that this is not available.

The Board agreed that question 9 ("would you recommend JBL?") was important and the Directors welcomed the response that 88.89% would definitely recommend JBL to someone thinking about starting up a business.

The Board agreed that the results were very positive and should be used to set the benchmark for future surveys. The Board noted with disappointment that JBL does not appear to be supporting the finance or legal sector. However, AC advised that JBL does offer work with representatives from this sector and reminded the Board that the survey

only represents the opinions of those who have completed the survey and suggested that JBL's clients from the professional and legal sector have simply not responded to it.

**6. Annual
Report and Accounts
for the year ended
31st December 2013**

Alex Langley (AL) from Grant Thornton was welcomed to the meeting and he was asked to provide the Board with an update on the audit to date. AL advised that it was Grant Thornton's second year as auditors and they continue to build on the first year. He noted the good practices which have been put in place by AC and reported that in one year significant progress has been made.

IT WAS NOTED that the Auditor's role is to ensure that JBL spends its money in accordance with the terms of the grant and that it reports in a certain way. AL advised that Grant Thornton is satisfied with the structure that is in place at JBL and welcomed the fact that positive contributions are made by all Board members.

The Board noted that the Auditors continue to focus on the corporate governance statement to ensure that the terms of it (as agreed by the Directors last July) are being followed through. He explained that after a year of implementation, Grant Thornton are likely to flag up any issues in this regard in next year's audit.

PF advised that re-appointment of auditors will be formally discussed at JBL's AGM which is due to be scheduled in June and AL confirmed that Grant Thornton would be happy to continue to act as auditors on the existing terms and fees.

AC advised that the relationship between JBL and Grant Thornton works very well. He explained that the mechanism is very efficient; they are very practical and clear about what they require and raise questions if necessary. The Board noted that there have been a variety of cases where JBL has required specific accounting guidance in respect of the treatment of unusual issues and Grant Thornton have been able to offer advice where such treatments have changed over time.

AC suggested that it is beneficial to keep auditors for a certain period of time to ensure that they get to know the business. Furthermore, the first year of JBL involved very little trading and therefore most of the accounting was in relation to the set up. WL echoed this point and proposed that it was sensible to appoint auditors for three years of full trading. However, she suggested that Auditors should be changed regularly to ensure that they do not become too familiar with the business and make sure that the necessary tests and questions are raised.

AL was thanked for his time and he left the meeting.

**7. E&C
Sub-Committee**

IT WAS NOTED that the E&C Sub-Committee met on 13th May 2014 when they discussed the survey results and agreed the feedback received was important for future development.

MR advised that, as noted above, the 2014 Marketing Plan was approved and signed off. However, it was agreed that this process had taken too long and needs to be improved for 2015. The Board agreed that the process needs to be brought into synch with the Business Plan process whereby key numbers are provided to EDD in May/June with further details to follow later in the year. AS explained that the Medium Term Financial Plan makes the process more streamlined because EDD already has indicative figures. However, he stressed that the Board needs to identify whether it is likely to require more or less funding as early as possible, particularly for 2016 onwards because funding could become an issue.

PF reminded the Board that JBL provided a three year budget to EDD which is renewed annually and EDD require final details of any variations to that budget by October each year. **IT WAS NOTED** that for 2014 the budget proposed was £700k (including £100k for an investment fund). JBL are now required to provide EDD with any amendments to this figure for 2015 prior to May/June in order that they can be included in the EDD budget. AC added that in terms of the indicative numbers, JBL is required to re-state its position regarding the budget and provide details of any additional items/projects that are anticipated or any items/projects that will no longer go ahead. Thereafter, the Business Plan will be prepared.

EL advised that the Marketing Plan needs to tie in with the Business Plan because it represents a significant proportion of the budget. Therefore the E&C Sub-Committee propose having a specific session to discuss the Marketing Plan process with the intention of getting the Marketing Plan in place at the same time as the Business Plan in October.

WL queried how the process to determine whether there are any additional or reduced costs takes place and PF advised that the current budget will be reviewed by the Board together with a breakdown of the individual items (which JBL are likely to be aware of by now). AC added that in the past two years, the Board has collectively identified any items for inclusion/removal. However, he stressed that the Jersey Retail proposal has a separate budget. Furthermore, the Board noted that an element of EDD's funding is discretionary and therefore if necessary, JBL would apply to EDD for further funding when required.

IT WAS NOTED that the E&C Sub-Committee also discussed communications at their recent meeting and agreed that more needs to be done in this regard. The Sub-Committee also reviewed some data from Google Analytics and resolved to undertake more analysis going forward, in particular leading up to completing the 2015 Marketing Plan. WL advised that she had received some very positive feedback from a JBL client in respect of the website. The client reported that the site made it very easy to understand what JBL was trying to achieve with the use of clear statements about what JBL does.

MR advised sponsorship had been secured for all of the Awards for Enterprise (including the champagne). Unfortunately, **IT WAS NOTED** that no sponsorship had been secured for the host of the 2014 event which was Natasha Kaplinsky. The Board noted that the target for ticket sales was 750 and sales for the evening currently stands at 511 which is ahead of this time last year. MR advised that Alexia McLure has been responsible for the arrangements for Enterprise Week and they are progressing well. **IT WAS NOTED** that a variety of events have been scheduled throughout the week, some of which are in partnership with other organisations (e.g. Waitrose, JT and Moore Stephens). **IT WAS RESOLVED** that AC would circulate details of the Enterprise Week events to the Board and invited them to attend. The Board agreed that Enterprise Week was an exciting addition to the Awards for Enterprise and congratulated the JBL team on their work in this regard.

8. Jersey Business Investment Fund

IT WAS NOTED that the Board met on 18th March 2014 to discuss the Investment Fund. A copy of the minutes of that meeting had been circulated and the Board reviewed the actions points included therein.

Licensing - The Board noted that AC has emailed Julian Lamb at the JFSC for further details on the licensing of investment funds. He advised that he is expecting a response shortly and **IT WAS RESOLVED** that he would circulate this to the Board.

Resource - **IT WAS NOTED** that Vikki Pennington has now started at JBL as Financial Controller. However, she is currently learning JBL's systems and processes and therefore has not yet had an opportunity to consider the investment fund's internal processes and relevant documentation.

AC provided WL with some background on the investment fund proposal. He advised that, at this stage, no specific legal advice has been taken on the establishment of the fund. However, funding has been secured from ED in the sum of £100k and this will be received on a quarterly basis from July onwards. As noted above, he explained that he has written to the JFSC to ask for initial guidance in respect of the framework required based on the characteristics of JBL. **IT WAS NOTED** that whilst a final decision is yet to be made about the formation of the investment fund (pending a response from the JFSC), it is likely to be a separate company as this will provide separation between JBL's trading activities and its core activities. AC advised that once JFSC input has been provided and a decision made in respect of the entity to be formed, legal and technical advice will be sought. He suggested that an overview should be obtained from JFSC before engaging any professionals in order to minimise costs.

PF advised that he anticipates the structure being a separate wholly owned subsidiary of JBL, reporting into the Board. He added that the review process of any potential investments will be undertaken by the advisors and will come to the Board for formal approval. However, he stressed that the funding will be leveraged and that JBL will not provide

full funding for anything: they will work with other lenders.

9. Jersey Retail Proposal

IT WAS NOTED that a meeting took place in March to discuss the Retail Development Proposal (the "March Plan") which was put together by JBL and EDD. A further meeting took place last Friday (16th May 2014) when JBL advised EDD (Mike King and Cedric Bird) that whilst they wished to support the retail sector the March Plan required more organisation. PF advised that he has not yet had an opportunity to summarise this meeting. However, a revised plan (the "Plan") was submitted. **IT WAS NOTED** that a discussion took place at the meeting as to how the Plan could be executed and how JBL could play a part.

EL reported that during the meeting, JBL agreed that it needs to help retail and that a body or "champion" needs to be created with which JBL can work with. EDD advised that they have identified an individual who they can put forward to undertake this role on a secondment basis, and it is proposed that he/s be located at JBL. Furthermore, it was agreed that the use of digital in retail should be encouraged and BS noted that focus was being placed on small businesses becoming more IT aware and this was an area where JBL could provide support.

PF advised that the Plan put to EDD includes a budget and proposes that JBL and the retail champion work very closely together and share a website. **IT WAS NOTED** that EDD are in favour of the retail champion being a separate entity and undertaking the activities set out in the Plan using the budget put forward. However, it is different to the March Plan which proposed that the retail champion ("Jersey Retail") would be part of JBL.

MR reminded the Board that previous discussions had referred to some kind of base line research being undertaken on the retail market and queried whether this had been done. PF advised that there is a significant amount of information available from the Statistics Unit. He explained that the proposal is for JBL to assemble (and fund) the information as soon as possible. However, this will be done at the same time as getting the retail champion in place. BS acknowledged MR's concern and agreed that JBL must be judged separately to retail and that there needs to be clarity between the two.

MR queried whether the issue of the retail sector organising its own forum was discussed at the 16th May meeting (as had been suggested at previous meetings). PF responded that during the meeting it was acknowledged that JBL wishes to support the retail sector, therefore the proposal of a retail champion, separate to JBL was agreed upon. He reported that an economic and market review was also discussed and it was agreed to liaise with the Statistics Unit in this regard. **IT WAS NOTED** that a digital strategy was also discussed and EDD advised that the digital strategy would be the responsibility of JBL.

The Board noted that there was £160k - £170k of funding available to support the retail sector and measurement of success of the investment will be determined from feedback received from the market and the retailers. PF advised that there was considerable urgency around the issue because it was first raised by EDD last October and AC added that the intention was to launch the proposal as early as Enterprise Week. However, PF accepted that its success will be determined by the retail contribution (e.g. retailers providing discounts/promotions for events such as coffee week).

JB noted that the retail champion will be a separate entity located at JBL. However, he expressed concern that if EDD provide JBL with the funding for that entity and they are based in the JBL office, the perception will be that they are part of JBL. Therefore, if retail continues to decline, JBL will become associated with that which is what the Board tried to move away from in the March Plan. **IT WAS NOTED** that the funding mentioned at the outset was £312k but this has now reduced to £150k and AC advised that this was a combination of the secondee's salary and funding for activities. BS highlighted that the funding will be ring fenced, however, JF suggested that JBL will still be perceived to be responsible if it receives the funding from EDD. MR echoed this point. He accepted that the Board understands the structure, but suggested that it was a substantial PR risk to have someone who is employed from EDD working for retail based at JBL because, if the public are looking to criticise JBL, this will make it very easy for them to do so.

JB agreed that JBL should help retail but stressed that it should not be responsible for the success or failure of the sector. He proposed that retail needs its own representatives to take on that responsibility in a similar way to, for example, the Jersey Hospitality Association. However, PF proposed that JBL should be prepared to embrace failure as well as success. He reported that it is very clear what EDD wishes to do in respect of the retail sector and JBL can either help to provide that vehicle or not. He noted that JBL has everything in place to help (e.g. premises and existing contact with retailers) and therefore JBL is likely to be deeply involved in any event. However, he accepted that the Plan carries risk and that there will be a perception that the retail champion will be part of JBL and therefore sought the Board's guidance whether or not they wish to pursue it.

EL advised that Cedric Bird is currently updating the Plan as discussed at the 16th May meeting. He therefore proposed that the Board review it further at that stage and seek further modifications of any areas which the Directors are unhappy about. JF agreed with this suggestion, advising that he was not inclined to agree with the proposal at this time. He explained that he would like further detail in respect of the type of entity to be formed: whether it will be a limited company with a board or just a brand. In particular, he expressed concern that if it is just the latter, there will be significant PR issues to deal with. PF advised that the Plan proposes the creation of a brand which will function and operate

from JBL office. In this event, MR, JF and JB advised that they were not in support of the proposal having regard to the fact that perception will be that it is part of JBL. JB added that retail are the only sector that do not represent themselves and stressed that JBL should help them “do” that, not “be” that. MR agreed and suggested that JBL should not give more attention to one sector than another purely because it has been asked to do so by the politicians. However, BS advised that the recent email from Cedric Bird provides a pathway for JBL to help the retail sector to form its own forum which will eventually leave the JBL office. Based on this, he confirmed that he is comfortable with the proposal and is in favour of JBL moving forward with it. **IT WAS THEREFORE RESOLVED** to await a further draft of the Plan from Cedric Bird and thereafter BS would convey to him the issues raised by the Directors today. In particular, the fact that the Board wish for the retail champion to be a totally separate entity to JBL with its own identity and that JBL’s assistance will only be short term with a view to the retail sector establishing its own forum eventually.

- 10. Risk Register** **IT WAS NOTED** that the Risk Register had been circulated as part of the Board pack and **IT WAS RESOLVED** that the new Financial Controller would be asked to make it into more of a “living” document.
- 11. Annual General Meeting 2014** **IT WAS NOTED** that the AGM must take place prior to 30th June 2014. **IT WAS THEREFORE RESOLVED** that PF would provide AC with some suitable dates. Thereafter AC would liaise with the shareholders to establish their availability.
- 12. Any Other Business** AC advised that the Princes Trust is considering delivering an enterprise program and, whilst discussions in this regard are still at an early stage, he proposed that JBL should promote them as it will complement the work JBL already does with Young Enterprise.
- 13. Date of Next Meeting** **IT WAS NOTED** That the next meeting was scheduled for 24th July at 9.00am
- 13. Termination** There being no further business to discuss, the meeting was closed at 11am.

Actions:

- 1) AC to forward a copy of the Marketing Plan to WL.
- 2) AC to forward a copy of the business health check to WL
- 3) AC to circulate detail of Enterprise Week to the Board
- 4) BS to write to Cedric Bird to update him on Board’s discussions regarding the Retail Development Plan
- 5) AC to ask the Financial Controller to make the Risk Register into a “living” document
- 6) PF to provide AC with dates (BEFORE 30th June) for AGM

Elc-Mu

Chairman

24 July 2014

Date Signed