

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

(15th Meeting)

30th July 2013

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)

In Attendance:

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

1. **Apologies** **IT WAS NOTED** that apologies were received from Julian Box.
2. **Declarations of Interest** **IT WAS NOTED** that no additional declarations of interest were made.
3. **Minutes of Previous Meeting held on 21st May 2013** The minutes dated 21st May 2013 had been circulated prior to the meeting for review. **IT WAS RESOLVED** to approve them (subject to a number of minor amendments) and thereafter PF would sign them as Chairman.
4. **Matters arising** **IT WAS NOTED** that there were no matters arising from the minutes of the previous meeting held on 21st May 2013.
5. **Report from the Finance, Audit and Operations Sub-Committee (FA&O)**

The Board reviewed the FA&O report to 30th June 2013 that was circulated with the agenda. **IT WAS NOTED** that the statistics for JBL will be monitored more effectively once a decision has been reached regarding a database system. Due to delayed expenditure in this regard, website development and marketing, the accounts are currently showing a year to date positive variance of £62,000. The Board noted that the Enterprise Awards made a loss of £31,000 due to lack of sponsorship.

The Board agreed that it was necessary to generate more activity and awareness around JBL and therefore a promotional campaign would be prepared at a date to be determined. However, the Board acknowledged it was important to have something to promote and **IT WAS THEREFORE RESOLVED** to defer the launch of any promotional campaigns until September when it was anticipated that the Marketing and Communication tendering process would be complete and the proposal for the delivery of products and services would be approved.

IT WAS NOTED that there are some on-going issues to resolve following the Audit including the position of a financial controller and the appointment of a company secretary. The Board noted that at present JBL only deals with two types of payments: salaries and office expenses and therefore a financial controller is not required at this stage. However, it would be prudent to consider the position of a financial controller in line with the establishment of grant support and an Investment Fund. The issue of whether there was any regulatory risk with JBL not having a Company Secretary in place was discussed and AC advised that he would look into this further and noted that any of the Directors or staff could be appointed

as Company Secretary. **IT WAS THEREFORE RESOLVED** that he would clarify this point and revert to the Board accordingly. The Board noted that AC was a qualified Company Secretary and therefore, if following clarification, this position was required, **IT WAS RESOLVED** that AC would take on the role until such time as a finance director is appointed.

6. Report from the Events and Communications Sub-Committee (E&C)

IT WAS NOTED that the closing date for tendering for the provision of Web Development and Communications and Marketing services to JBL was extended until the 2nd August 2013. The Board noted that several companies received the brief and then withdrew from the tender process. However, most of the main companies were still involved, all of which have suggested that JBL should consider an update to its branding.

In respect of the provision of Market Research services, two companies advised JBL that they did not have capacity and the other two have tendered. **IT WAS RESOLVED** that a panel will now be put together to conduct the interviews with a view to offering the positions to the successful companies by the end of August.

With regard to communications, AS advised that he had received some negative comments from his ministerial colleagues about JBL's progress and suggested that an update or briefing paper be prepared for them. The Board noted that, in accordance with the Partnership Agreement, the Minister has invited AC and PF to meet with him next month for their bi-annual meeting and **IT WAS RESOLVED** that AC would provide him (and Senator Ozouf) with a briefing paper prior to that meeting.

It was noted that both the FA&O and E&C Committees had met recently and the minutes were available for review by the Directors. However, in order to limit the amount of paper work distributed, **IT WAS RESOLVED** not to circulate them.

7. Business Plan 2014

IT WAS NOTED that indicative figures for 2014 had been provided to EDD. Those figures include a request of between £100,000 and £120,000 towards the provision of products and services and £250,000 towards the establishment of an investment fund. In addition, they include additional funds for an administrative resource which the Board agreed could be used towards the recruitment of a financial controller in due course.

The Board acknowledged that whilst very little of the current Business Plan will change for 2014, the provision of products and services and the establishment of an investment fund will inevitably have an impact on it. **IT WAS THEREFORE RESOLVED** to approve those proposals first; thereafter finalise the Business Plan; circulate it to the Board for approval; and submit it to EDD by October.

The Board noted that in respect of the 2014 budget, it may be possible to assign some of the anticipated 2013 surplus to the investment fund and, in turn, accept less from EDD by way of funding. The Board discussed the "unwritten" States' financial direction whereby an organisation should not retain more than a 10% surplus. However, the Board agreed that if the proposal to assign a portion of the surplus to the investment fund was agreed by EDD this direction could still be met.

8. Proposal for the

The proposal for the delivery and funding of products and services

**Delivery of
Products and
Services**

("proposal") and supporting documentation that had been circulated prior to the meeting was discussed. The Board agreed it was an excellent proposal although they expressed concern that the "Business Health Check" may be too comprehensive for some smaller businesses. However, they acknowledged that the forms would inevitably be completed to the extent it was applicable to the individual business and, as long as the finance questions were completed, this would provide a measure over time.

The Board considered how long the form would take to complete and AC anticipated that it would take approximately an hour. AC stated that typically a first meeting with the client was about understanding what the clients was looking for and establishing an initial appraisal of how Jersey Business could assist. Thereafter, if further assistance was to be given the Business Health Check would be completed and reviewed.

It was agreed that the "Business Health Check" would be available on line or provided to clients in advance in order for them to assess themselves prior to the meeting. The advisors can therefore assist in bridging the gaps between their self-assessment and JBL's assessment of the business. **IT WAS NOTED** that the advisors will also add value to the business assessment by assessing the business from the outside as well as conducting the "Business Health Check", for example, if there are legal implications and a licence will not be granted to a proposed business. However, all assessments will be signed off by AC before the clients engage in any programs.

The Board noted that the programs which the clients undertake will depend on the businesses' individual aspirations: some sole traders may want to expand, whilst others may wish to remain on their own. The advisors will therefore need to establish these aspirations to determine what programs are relevant to them. It was agreed that internal work will need to be undertaken to agree what is done for the client and this knowledge will be shared to ensure that all advisors keep to the same standards.

IT WAS NOTED that the proposal includes the provision of two types of funding into businesses: (a) via the investment fund and (b) funding of business support programmes. AC advised that although it will be difficult to predict what JBL will be asked to fund, the proposal anticipates expenditure on programs starting in September. However, he reassured the Board that there were sufficient funds built into the budget.

The Board agreed with the criteria for funding set out in the proposal. However, whilst they believe the policies and procedures should be kept simple and rules are required, there should also be flexibility. They therefore approved of the exception whereby funding could be provided to a client outside of the set criteria if consent of the Board was given.

The Board discussed whether grants should be given to all sizes of companies, in particular larger ones, and it was agreed that as long as they provide full disclosure, complete the "Business Health Risk" and agree to report to JBL after funding has been received, all requests will be considered.

Sectors were considered and the Board noted EDD's requirement not to

offer grants to finance companies. However they agreed that that should not necessarily transfer across to JBL as it is very difficult to exclude the finance sector as so many businesses operate within it.

AC advised that other enterprise organisations (e.g. Scotland, Wales and England) measure success in three ways:

- 1) Volumes of clients;
- 2) Number of products and services provided to clients; and
- 3) Economic value produced from those clients.

The Board agreed that not all of those are success measures and noted that if the “Business Health Checks” are repeated on an annual basis they will become a tool by which the added value of JBL and the success of the business can be measured.

In addition to the “Business Health Check” the Board noted that additional interim reporting is proposed to assess the success of the business and JBL (and this will be kept proportional to the size of the business). AC stressed that there is a feedback and returns requirement for everything that JBL does.

The Board considered implementing specific KPIs in respect of grants given to businesses that would enable JBL to record success by percentage. However, AC advised that these are already set out as “Outcomes” on each Product Specification (two examples of which were circulated with the agenda).

The Board **RESOLVED** to approve the proposal as circulated with a view to implementing it as soon as possible.

9. Investment Fund

The Board discussed a memo prepared by PF which had been circulated prior to the meeting which raised the following issues:

- 1) The differentiation between grant funding and the Investment Fund?
- 2) The amount of funding available – the Board noted that JBL was still waiting to hear from EDD whether the £250,000 requested would be available and a decision was expected towards the end of August. The Board acknowledged that although £250,000 was not a substantial amount, it was preferable to start with a smaller amount and initially run the investment fund as a “pilot scheme” and, if it is a success, approach EDD for further funding in the future.
- 3) Structure – The Board agreed that a separate subsidiary would need to be formed. AC advised that the cost of doing this was minimal (£200). **IT WAS NOTED** that the JBL Board could supervise this subsidiary and fund it. However further consideration would need to be given to the governance of that Board, who sits on it and how the subsidiary is operated from the executive level.
- 4) How JBL invests? The Board agreed that leverage was essential and JBL should never be the sole investor on a project. **IT WAS NOTED** that if JBL “puts its money where its mouth is” this will be a powerful tool to bring other investors on board and the Directors felt that a network of potential investors could be created quite quickly. Consideration was given to whether JBL should take more of a risk and agreed that convertible debt was the best option. The Board stressed that tax and time scales would need to be considered and made clear to potential

borrowers.

- 5) What role JBL plays in the investment? **IT WAS NOTED** that some investors walk away after making their investment whilst others take a seat on the board of the company they have invested in. JBL therefore needs to consider its responsibility in this regard although the Directors acknowledged that it would probably differ for each investment.
- 6) What are the investment objectives? Job creation; to bring new business to the island; or a social objective? The Board agreed that JBL's objective must be a return on investment in excess of 20% otherwise JBL's offer to provide a percentage of the loan as a way to attract other investors will have little or no impact. However, the Directors believe that JBL's objective should also be to support the economy and earn a profit in order to re-invest it to do more good for other businesses (as opposed to getting a return for the benefit of the States). The Board agreed that funding will be offered for ease of access to finance and if the business gets a return on the investment that, in turn, will create job growth which is the current States' objective.
- 7) What other initiatives should JBL be lobbying to attract resources to the financial sector (e.g. tax breaks for private investors)? The Directors agreed that consideration should be given to whether JBL should lobby government for initiatives for business needs and how it can work with other forums.

IT WAS NOTED that following Scrutiny's review of the Innovation Fund it has been updated to address the whole market rather than focus on one just the digital sector. **IT WAS THEREFORE RESOLVED** that JBL should ensure that the Investment Fund does the same.

The Directors considered the costs of implementing and running the investment fund and expressed concern that this could use up a significant proportion of the £250,000 requested for the fund. **IT WAS THEREFORE RESOLVED** that AC would prepare a budget for the proposed new structure (including set up and on-going costs) for review by the Directors.

The Directors confirmed their approval in principal of the investment fund. However, **IT WAS NOTED** that an Emerging Themes meeting was scheduled for 17th September and **IT WAS THEREFORE RESOLVED** to use this meeting to further discuss a formal proposal and budget (which AC would circulate by email in the first instance).

10. Policy Review – Enterprise Strategy

IT WAS NOTED that a meeting of the Directors had taken place to review the Enterprise Strategy. At that meeting, JBL's activities were considered against the specific requirements of the strategy and the Directors felt confident that they could be achieved. The Directors agreed to comment on the policy itself and in general terms and **IT WAS RESOLVED** that AC would prepare a summary for submission to EDD by the deadline of 18th August 2013.

11. Terms of Reference

The Directors noted that Terms of Reference for the Sub Committees (E&C and FA&O) had been circulated for review. AC advised that these had been based on Digital Jersey templates. In addition, a Corporate Governance Statement in respect of the Board had also been circulated. **IT WAS NOTED** that this was required under the terms of Finance Directive 5.5 as set out in

the Partnership Agreement.

The Directors **RESOLVED** to approve the documents and AC advised that they would be reviewed (and updated as necessary) on an annual basis.

12. Risk Register

The Directors noted that a proposed risk register was circulated to the Directors in advance of the meeting. AC suggested that JBL was a low risk organisation in many ways for example, unlike a trading company JBL does not rely on receiving its funding from unpredictable client sales and would receive reasonable notice if funding was not going to be received. He explained that the Enterprise Awards are rated as yellow (9) due to their visual nature and therefore if they fail JBL is significantly "on display". The directors **RESOLVED** to approve the risk register and **IT WAS NOTED** that this would be reviewed (and updated as necessary) on a quarterly basis going forward.

13. Election of Directors and Company Secretary

IT WAS NOTED that the Shareholders approved to amend the memorandum and articles of association of JBL to increase the number of directors to 10 at the AGM on 12th June. **IT WAS THEREFORE RESOLVED** to start the recruitment process (which will include approval of the Appointments Commission) for an additional director to the Board with relevant finance experience.

As discussed earlier in the meeting **IT WAS RESOLVED** that AC would double check whether a Company Secretary was required and, if so, he would take on this role until the new director was appointed.

14. Any Other Business

There was no further business to discuss.

15. Date of Next Meeting

IT WAS NOTED that the next Board meeting would take place on 19th November 2013 at 9am at JBL. **IT WAS FURTHER NOTED** that the Board was due to meet on the 17th September 2013 to consider Emerging Themes.

16. Termination

There being no further business to discuss, the meeting was closed at 1115am.



Chairman

10 December 2014

Date Signed