

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

(38th Meeting)

10th January 2018 at 9am

Present: Mr J Day (JD)
Mrs K Le Feuvre (KLF)
Mr E Lincoln (EL) (Chair)
Mr G Smith (GS)
(the “Board” or the “Directors”)

In Attendance: Aimee Maskell (AM), AM to PM Secretarial Services (AM)

1. **Apologies** – Apologies were received from Mrs W Lambert (WL).
2. **Chairperson - IT WAS RESOLVED** to appoint EL chair of the meeting.
3. **Declarations of Interest** – GS advised that Directors had recently been requested to complete updated declarations of interest forms as part of an annual process and IT WAS NOTED that since the previous meeting JD had sold his interest in Blockcraft and Kyli.
4. **Minutes of previous meeting - IT WAS NOTED** that the previous minutes dated 8th November 2017 had been circulated with the agenda and **IT WAS RESOLVED** to approve them, subject to a number of minor amendments.
5. **Matters Arising** - GS took the Board through the following action points from the previous minutes of 8th November 2017:
 - 1) **Security Review of JBL/Cyber Security Training** – JD reported that he had received a response from the accountancy firm he approached to provide a cyber security presentation asking what type of format JBL would like this to take. After a brief discussion **IT WAS RESOLVED** that the presentation should take one to two hours and focus on strategic Board issues. A date/time of 15th February 2018 at 9.30am was agreed and **IT WAS RESOLVED** that GS would also invite Nick Steele (NS) and Alexia McClure (AMc) to attend. **Action: GS**
 - 2) **Business Plan/Budget** – GS confirmed that he amended the Business Plan/Budget as discussed at the previous meeting
 - 3) **Risk Register** – GS advised that he had removed Enterprise Week from the Risk register (as this was now undertaken as part of BAU) and had increased the Data Management risk to amber.
 - 4) **Board Pack Software** – EL advised that he had undertaken some research on the wide range of board pack software available. He noted that the various software includes tools such as the ability to annotate documents, track actions, complete online voting and scheduling. **IT WAS RESOLVED** that EL would forward a link to the key software to the Board, noting that one (“Board Packs by E-Share) is a free “add-on” to Office 365. **IT WAS FURTHER RESOLVED** that he would test this software and report back to the Board on its functionality. **Action: EL**

JD noted that a local company operating in the Island were offering a data room service and he proposed contacting them to establish whether they would be able to assist in the development of board pack software for JBL. AM suggested that the Company may be Safe Links and **IT WAS RESOLVED** that she would provide details of the same to JD with a view to him contacting them. **Action: AM/JD**
- 5) **2018 Meeting Schedule** – **IT WAS NOTED** that meeting invites had now been circulated for 2018.

6. Year to Date Financial Review - GS provided the Board with a summary of the financial position as at 31st December 2017, details of which he agreed to circulate following the meeting. **Action: GS.** GS advised that the accounts closely tracked budget; that there was an operating deficit of £21k (compared to a forecasted deficit of £29k); and that income was slightly higher (due to £3.5k revenue raised from events held during Enterprise Week). The Committee noted that expenditure was in line with budget and the only material variances related to professional fees and ICT. Referring to professional fees he noted that there was a £3.7k negative variance (compared to a £10k budget). GS explained that this was due to phasing and suggested that once the year-end adjustments have been undertaken this is likely to reduce to approximately £1.5k. He added that ICT budget was £11k over budget due to pre-payment of the 365 and Sales Force licenses and the additional costs incurred by using C5 Alliance following the resignation of the team member with this role not being replaced for the time being.

Referring to JBL's Balance Sheet, GS advised that JBL's reserves have reduced from £176k to £166k and cash is currently at the lower end (£123k) and is expected to reduce to £117k following the final year-end adjustments. GS acknowledged that as JBL ended the year in a more positive position than forecasted, there was always a risk that funds could be clawed back by Economic Development Tourism Sport and Culture (EDTSC). However, he does not anticipate this will happen following EDTSC's agreement that JBL can use its reserves over the next three years.

7. 2018-2020 Review following Scottish Enterprise Trip – IT WAS NOTED that GS, AMc and an EDTSC representative recently visited Scottish Enterprise (SE) and GS summarised their findings. GS advised that a Paper has been prepared (a copy of which was circulated with the agenda) setting out JBL's thoughts and learnings following the SE visit together with proposed "tweaks" and adjustments which could be made going forward in order to assist EDTSC in the challenge it faces in measuring JBL in terms of value for money. He added that it also includes a summary which may be helpful if a presentation to government was required.

GS reported that, at a high level, JBL is quite similar to SE's "Business Gateway". However, it is different to SE as it does not manage financial services businesses. He referred the Board to a graphic in the Paper which clearly shows how clients flow through from the Business Gateway to SE's "Account Managed Connections". He noted that JBL's measurements are very similar to the Business Gateway.

The Board noted the flow of clients through JBL using the same graphic and agreed that it describes what JBL does much more clearly than the segments previously used which were confusing. GS stressed that whilst he does not propose changing what JBL does, he suggested that the graphic gives a clearer overall picture and shows how long is spent with each client segment.

GS reported that he reviewed each JBL client segment to establish the number in each and has included the same on the graphic. He acknowledged that the figure of 49 in the "growth" segment (which is effectively run by NS) was possibly too high. He therefore suggested that some of these could fall back into the "advisory" segment. He explained that this would result in approximately 30 clients per advisor which he suggested was an appropriate number for each advisor to be working with.

The Board noted that GS had also undertaken an exercise to establish where JBL allocates its costs in comparison to SE/Business Gateway and GS explained that by doing this together with establishing how many clients are in each segment it is possible to determine how much money is spent per client. He noted that on average JBL spends £800 per client in its "light" segment whereas SE spends £870 on their equivalent. However, JBL spends £2.5k per client in its Advisory/ Growth segment whereas SE spends £4.5k in its equivalent client segments.

KLF stressed the importance of the spend per client figure, noting that reference can be made to businesses repaying the same by way of social security or income tax payments once they are established,

have expanded or employ local staff. This was echoed by GS who noted that JBL dealt with 206 start-ups in 2017. He therefore asked the advisors to establish their current status and how many members of staff they are employing and **IT WAS NOTED** that 92 are now trading and as a result 173 new jobs have been created. GS suggested that this data was very powerful as the GVA can easily be calculated from it and it demonstrates the economic value of JBL's input.

GS accepted that it was more difficult to do this with established businesses as JBL advises them on how to improve the efficiency of their business in a number of ways (which may include a reduction in staff). "Growth" clients therefore need to agree to provide JBL with relevant information in order for the GVA to be calculated. He reported that whilst some clients are prepared to provide this information others may fall away from the service if they are not and GS proposed that information should be requested from clients as part of an annual review.

IT WAS NOTED that the SE model works with clients for three years and asks them for an up-front commitment for information over this time period and GS expressed confidence that if JBL adopts a similar approach it will be able to build up a good portfolio of growth clients which will enable it to meet the value for money criteria set down by EDTSC. However, he stressed that, whilst JBL will be able to provide information as soon as it is received, it will not be possible to assess JBL's value for money 12 months after intervention (as currently requested by EDTSC) because it can often take a significant period of time before JBL's intervention is evident. He therefore proposed reporting GVA on an on-going basis for growth clients only but would trial whether limited information from Advisory clients.

Budgets were discussed and, in answer to a question from EL, GS confirmed that by working with 49 growth clients, JBL could assist in generating sufficient revenue to cover its £700k budget.

GS proposed that JBL should build up statistical evidence to promote the JBL "story" with a view to applying for additional funding from the Economic and Productivity Growth Drawdown Provision Fund (EPGDPF), noting that the significant difference between JBL and SE was that SE has access to grants and finance via Scottish Bank and therefore it acts as more than just an advisory service.

IT WAS NOTED that on-going discussions were taking place to understand where JBL's resources are used. He acknowledged that when JBL was first established, the focus was on start-ups. However, this has now changed and he therefore proposed that consideration should be given to moving away from start-up clients with a view to focussing more on growth and advisory clients and allocating the budget accordingly.

EL stressed that JBL must be aware of the services it currently provides in the event that it changes the way it spends its budget and this was accepted by GS. However, he highlighted the importance of the Board ensuring it optimises the funding it receives and is able to justify the same to government.

Next steps were discussed and GS advised that Sales Force will need to be updated following the reallocation of clients into appropriate segments. In addition, a whole host of reports will need to be built to enable advisors to track the information required by government. He reported that he is currently drafting a plan of where JBL should be operationally. He noted that this is a work in progress but offered to provide the Board with a copy if they wished and invited their input on whether they believe JBL is spending its budget in the right areas to gain the most value. He advised that he proposed developing Sales Force so that it is able to provide relevant reporting on growth clients prior to their annual review (as discussed above). He acknowledged that the configuration of Sales Force was not ideal for JBL at the current time and therefore it was being used in conjunction with Excel. However, he reported that SE were looking into improving their use of Sales Force and he expressed the hope that he may be able to use their templates as a precedent when they are finalised.

8. Proposed Portfolio Segmentation for 2018 – IT WAS NOTED that the proposed portfolio segmentation for 2018 was discussed as part of 7 above.

9. Operations Report – The Board noted the Operations Report for the period ended 28th December 2017, a copy of which was circulated with the agenda. GS advised that this was self-explanatory and there were no additional comments or questions from the Board.

10. Risk Register – The Board reviewed the Risk Register, a copy of which was circulated with the agenda and the following risks were discussed in more detail:

(a) **EDTSC Grant Support Reduced** – The Board agreed that it would never be possible to make this risk green unless a degree of certainty was provided by EDTSC for funding three years ahead. GS suggested that there was nothing JBL could do that it was not already doing in terms of the 2018/19 budget and although he accepted that risk could be changed to amber, instead of red. However, he noted that the position could change following the elections in May and as part of the next MTFP discussions. **IT WAS THEREFORE RESOLVED** to leave the risk as it currently stands (red) until after the elections.

(b) **Data Management** – GS proposed keeping this risk at amber and continuing to review this space and this was welcomed by the Board. GS reassured the Board that no repeat phishing attacks had taken place.

(c) **December 2017 Portfolio Active Feedback Survey** – GS summarised the results of the December 2017 Portfolio Active Feedback Survey, details of which had been circulated with the agenda. He explained the whilst phases one (focus groups) and two (questionnaire to JBL clients) of the survey had been completed and reported upon, phase three (questionnaire to all Jersey businesses) was still ongoing.

GS reported that clients who are outspoken and would have good opinions were deliberately chosen to take part in phase one rather than JBL's "favourite" clients and 217 clients were approached to take part in phase two resulting in 51 respondents. The Board accepted that the results of phase one and two will be inflated because they are based on feedback from JBL's advisory relationship clients. However, they agreed that the results demonstrate positive optimism in terms of growth with 57% of respondents looking to "grow" and 33% looking to "significantly grow" their business which is an increase from 2016 and GS suggested that it will be interesting to see from the phase three results whether JBL is working with clients who see more growth potential.

The Board noted that the results in relation to JBL's services are similar to last year. GS reminded the Board that it is possible for respondents to "multi-tick" answers in this section and advised that the number of respondents who have used multiple services at JBL has increased since last year.

JD noted that the number of respondents seeking export advice has dropped by 2% despite 41% of JBL clients having an export element to their business. GS acknowledged that JBL does not offer an export programme and suggested that these statistics will be used to support funding for this in the future as it clearly highlights a gap. He noted that more businesses are exporting than expected and would welcome support from JBL in this space, which was a positive message.

EL noted that there was a reduction in "other" services and he queried what these include and GS advised that they varied from assisting clients with Planning or Regulation of Undertakings licence applications. KLF queried what property advice relates to and GS noted that JBL regularly deals with start-ups, particularly in retail, who will be required to consider lease terms of potentially suitable business locations. He explained that the advisors have the skill set to critique the commercial aspects but would always recommend clients seeking detailed legal advice. He added that JBL has prepared a booklet on

the topic, a copy of which is on the website.

The Board noted that recommendations are the main reason for clients coming to JBL. However, GS stressed that JBL's other activities such as Enterprise Week were still important as this improves the profile of JBL. He accepted that this event does not necessarily focus on start-ups and advisory clients but it enables JBL to give its input into all business segments and into government future planning re economic development.

IT WAS NOTED that JBL's website activity was well received and the Board agreed that the responses in this regard were self-explanatory.

GS reported that year on year all aspects of the survey had rated higher. However, he acknowledged that the results from phase three were yet to be included and therefore the results remained a work in progress. He noted that 59% of JBL's client portfolio attended Enterprise Week which the Board agreed was positive. However, a number of respondents stated that they required more regular support from JBL. KLF suggested that JBL not maintaining contact with its clients was the only negative feedback she had ever received, albeit that this was a two-way process. GS reiterated that JBL was not currently resourced to maintain regular contact with all clients as it would undoubtedly result in additional work being required to be undertaken which it does not have the budget to do. However, he reassured the Board that he would continue to highlight this concern in discussions with government.

The Board discussed the results of an additional question around the impact of JBL on a businesses profit, turnover and operational efficiency. It was agreed that these were very positive with 60-80% stating that JBL has made a difference to their operational efficiency, which the Board noted drives profitability.

IT WAS NOTED that the net promotor score (NPS) was calculated at 72.92% which was very high and had increased significantly from 2016 (54.68%). GS reiterated that this calculation did not yet include the phase three results. However, even at 40-50 it is still considered world class and he provided the Board with scores for other businesses/organisations worldwide for comparison purposes. He added that the figure of 72.92 was still of considerable importance as it relates to work undertaken with businesses that JBL has worked most closely with.

GS reported that a number of respondents stated that they would welcome the funding from the Jersey Innovation Fund (JIF) coming to JBL for allocation and he advised that he is continuing to work with the steering group which was formed following this disbandment of JIF which has recommended that JBL should provide advisory support to any one who applies for JIF funding going forward. However, he suggested that it was unlikely that the next stage of innovation funding would be re-established prior to the May elections.

The Board noted the conclusions of the results and the demographics of the respondents and KLF suggested that it would be valuable to know how long respondents have been trading for. **IT WAS THEREFORE RESOLVED** that GS would ensure this was added to future surveys. **Action: GS**

Timing for the completion of Phase three was discussed and **IT WAS RESOLVED** that GS would present the results of the same at the next Board meeting (scheduled for 15th March 2018). **Action: GS**

11. Any Other Business

(a) **Meetings with States Members** - KLF noted she had joined GS at a meeting with two of the Ministers she has an established relationship with to provide them with information on JBL and reported that they were surprised about how many businesses JBL helps. They also welcomed the fact that JBL assists established businesses as well as start-ups.

(b) **Incorporations Workshop Pilot** – JD referred to a conversation on a chat forum which sought his input on concerns raised around JBL no longer providing advice on incorporations in place of group sessions at a cost of £75 per person. GS explained that historically members of JBL were being asked simply to witness clients’ incorporation documents. However, the clients were not aware of their responsibilities in this regard. Both JBL and the JFSC were keen to ensure that individuals involved in incorporating a company understood better the requirements and responsibilities. The workshop we have developed provides them with a “route map” of how they should manage their company documentation, arrange meetings, prepare minutes etc. He advised that this workshop costs £75 per person which purely covers costs. EL added that a guide to incorporations is also on the JBL website if clients do not want to pay to attend the workshop. GS stressed that the provision of the incorporations workshop is a new service, noting that the only service previously provided was that of a witnessing service, which JBL will no longer provide.

(c) **Appointment of Chair/NED – IT WAS NOTED** that an advert has been drafted for review by the Appointments Commission for the positions of Chair and non-executive director and GS advised that he expects this to be published in the next few days. The Board noted that EL’s term on the Board will end following the AGM in May 2018.

12. Date of Next Meeting - IT WAS NOTED that the 2018 meetings were scheduled as follows: 15th March, 8th May (to include AGM) and 18th September 2017 (all at 9am).

There being no further business to discuss, the meeting was closed at 11.50am.



Chairperson

14 May 2018

Date Signed

Actions:

- 1) GS to invite NS/AMc to attend the Cyber Security Presentation on 15th February 2018 at 9.30am
- 2) EL to forward links on various board pack software to Board
- 3) EL to test the “Board Packs” app and report to the Board on its functionality
- 4) AM to provide JD with contact details for Karl Anderson/Harry Boxhall of Safe Link – COMPLETE
- 5) GS to circulate management accounts as at 31st December 2017 following the meeting
- 6) GS to include a request for details of how long respondents have been trading for in future surveys
- 7) GS to present the results of phase three of the survey at the next Board meeting (15th March 2018)