

STATES OF JERSEY



STATES OF JERSEY DEVELOPMENT COMPANY: AMENDMENTS TO THE BOARD OF DIRECTORS AND ARTICLES OF ASSOCIATION (P.70/2020) – COMMENTS

Presented to the States on 13th July 2020
by the Corporate Services Scrutiny Panel

STATES GREFFE

COMMENTS

1. The [States of Jersey Development Company: Amendments to The Board of Directors and Articles of Association](#) (hereafter “the Proposition”), has been lodged by the Minister for Treasury and Resources on the 2nd June 2020 for debate by the States Assembly on the 14th July 2020. If passed the Proposition will approve the appointment of the new States of Jersey Development Company (“SoJDC”) Chair, extend the appointment of 2 non-executive directors, appoint an additional non-executive director to the board and enable a special resolution to be passed in the SoJDC Articles of Association which will increase the Company to five non-executive directors at any one time.
2. The Corporate Services Scrutiny Panel (“the Panel”) on reviewing the Proposition was disappointed to note a lack of diversity and succession planning from the SoJDC. The default appointment of the Chair and the extension of appointments for 2 non-executive directors beyond the normal 9 year maximum term, which is beyond the UK Corporate Governance Code recommendations, demonstrated to the Panel that the SoJDC have not been prioritising diversity and succession planning for a number of consecutive years.
3. The Panel was concerned that this could be perceived as a further display of a wider Government managed body making decisions which were not diverse or planned with succession as a priority.
4. The Panel invited representatives from the Jersey Appointments Commission (“JAC”) to share their experience and views of events leading to the Proposition being lodged. It was evident to the Panel from the meeting that the JAC team have, in its capacity and remit, completed a significant amount of work in the preceding months to encourage diversity and succession planning practices to be a priority to the SoJDC.
5. JAC highlighted that although it had approved these extensions to allow for staggered retirement of senior directors, this was a relaxation of rules under extenuating circumstances. JAC went so far as to point out to the Panel that any other boards wishing to apply for such relaxation would have to acknowledge that its management in succession planning had been lacking in order to qualify for such actions.
6. JAC also points out in its 2019 report that the Chief Minister has made it clear that he would like to end automatic re-appointment, which has become habitual in some independent organisations.
7. Although not a direct reappointment, the Panel noted that the appointment of SoJDC Chair could be seen as an automatic “stepping up”.
8. The Panel was pleased to observe that an additional non-executive director would assist with further succession planning and diversity. The Panel agrees that this is needed as diverse representation on the SoJDC will be of value and systems such as the Board Apprentice Scheme should also be utilised by the SoJDC.

9. In conclusion, the Panel wishes to convey its disappointment with the lack of diversity and succession planning in greater government which is beyond what the Proposition suggests. However, following reassurance from JAC the Panel will support the Proposition on this occasion and looks forward to seeing a more agile and diverse SoJDC Board in the future once a more succinct succession plan has been implemented by the new Chair. The Panel does seek reassurance in the Assembly from the Chief Minister that diversity and succession planning is a priority of Government and Government managed bodies.

Statement under Standing Order 37A [Presentation of comment relating to a proposition]

These comments were submitted to the States Greffe after the deadline set out in Standing Order 37A as last minute changes were required which resulted in a delay of Panel approval.