



## Corporate Services Scrutiny Panel

### Population Review Hearing

### Witness: Jersey Business

Friday, 5th July 2019

**Panel:**

Senator K.L. Moore (Chairman)  
Deputy J.H. Perchard of St. Saviour  
Connétable R. Vibert of St. Peter  
Deputy S.M. Ahier of St. Helier  
Connétable K. Shenton-Stone of St. Martin

**Witnesses:**

Head of Retail, Jersey Business  
Chief Executive, Jersey Business

[13:15]

**Deputy J.H. Perchard:**

I will make a start then. Thank you so much for joining us this afternoon for this 30 minute hearing. Before we start with our questions, could I just direct you to the witness notice and would you mind taking a moment to read it and then confirm that you are happy to proceed.

**Chief Executive, Jersey Business:**

That is fine.

**Deputy J.H. Perchard:**

Thank you. We will start with some introductions. I am Deputy Jess Perchard, I am a member of the Corporate Services Scrutiny Panel and leading on this particular review.

**Senator K.L. Moore (Chairman):**

I am Senator Kristina Moore, I am the Chairman of the Corporate Services Panel.

**Connétable R. Vibert of St. Peter**

Constable Vibert, a Member of the Corporate Services Scrutiny Panel.

**Connétable K. Shenton-Stone of St. Martin**

Constable Karen Shenton-Stone, a Member of the Corporate Services Scrutiny Panel.

**Deputy S.M. Ahier of St. Helier (Vice-Chairman):**

I am Deputy Steve Ahier, Vice-Chair.

**Deputy J.H. Perchard:**

If you would not mind introducing yourselves for the record?

**Head of Retail, Jersey Business:**

I am Lorie Rault, I am the Head of Retail at Jersey Business. We were formerly the Jersey Retail Association. We still represent all our members that have transitioned with us as part of Jersey Business.

**Chief Executive, Jersey Business:**

I am Graeme Smith, Chief Executive of Jersey Business.

**Scrutiny Officer:**

Simon Spottiswoode, Scrutiny Officer.

**Deputy J.H. Perchard:**

Thank you very much indeed. We will just start with a general opening. As you know, we are scrutinising the work of the Migration Policy Development Board who are obviously in the early stages of their review. What we would like to start with is just by asking you if you have been contacted by them or if you have had the opportunity to submit anything to them as part of their review just yet?

**Chief Executive, Jersey Business:**

Yes, as of this morning I have had no direct contact in terms of our views. I think that is the same for the J.R.A. (Jersey Retail Association).

**Head of Retail, Jersey Business:**

That is correct, yes. We have had no notification of the panel being formed apart from the public press.

**Deputy J.H. Perchard:**

Okay, so ...

**Chief Executive, Jersey Business:**

Apart from what is on the website and the information that is on there, that is our knowledge, whatever is in the public domain.

**Deputy J.H. Perchard:**

So you would expect to be, at some point, consulted given your roles but have not been formally asked for anything?

**Chief Executive, Jersey Business:**

I would hope in terms of process before they get to policy recommendations they do that level of consultation among the business bodies, but I am not sure from the timeline whether that is proposed. That is an observation.

**Deputy J.H. Perchard:**

Thank you. How do you expect the policies developed or put forward by the board to affect the areas of businesses that you represent?

**Chief Executive, Jersey Business:**

Perhaps if I give an overview. I think this is probably one of the most important pieces of work for Jersey plc, if you like, that we will make in the next 10 or 15 years. It is a very difficult area that lots of jurisdictions and countries struggle with, with a multitude of factors that have to be played into this. From a Jersey Business perspective, across sectors it is what all our clients talk about in terms of their ability to have skilled resource to match their business needs and future potential requirements and the challenges that it faces. It is a critical part.

**Head of Retail, Jersey Business:**

It has long-reaching consequences for establishing the size of different industries so it is essential basically to have that collaborative education to the sector so that they can, when we are asked to consult, understand the bigger picture because in my experience if you have not taken the time to have that discussion then those sector representatives do not know the full picture and, quite understandably, react in an instinctive, protective fashion in their own businesses. Whereas what I

found over the last year working with retailers is when we educate the full picture then we get a well-understood response and some great ideas on how to solve problems together.

**Deputy J.H. Perchard:**

Thank you, that is really helpful. Just for the sake of any members of the public who might be engaging with this hearing, could you perhaps just outline how many businesses you represent and the cross-section of the kinds of businesses that you represent?

**Head of Retail, Jersey Business:**

I will go first because we are littler. So the Retail Association was formed in 2018 and we have just transitioned into being Jersey Retail, so we are a section of Jersey Business, so that our services can be accessed for free, moving away from a pay for membership model. All of our businesses have transitioned into the new entity, which we are currently recreating and branding with our members' input. We currently represent 50 brands. Now those brands or businesses I should say, that is incorrect, one of them has 17 brands and 900 staff so we represent 34 per cent if you think of the percentage of employees in retail in the size of the business. Sometimes that is the easiest way to understand. We have members in 10 of the 12 parishes, so we are across Island, we are not just about our hub in St. Helier, which we value, but we are across Island. Like I said, from the biggest retailer to one man bands and even now we have an online trader as well that we support.

**Chief Executive, Jersey Business:**

Jersey Business covers all sectors of the economy and we work with a lot of start-ups and established businesses, roughly about 50 per cent between the 2 at this time. As I say, covering all the sectors, we support in a range of ways. So we do not necessarily have a membership, we are not a membership body. We support as our services are needed but we support through the web sessions, the training sessions, the events that we run and we view that as learning in terms of sharing best practice. We will touch clients in a relatively light way in some instances where we give short-term advice and then we have more intensive relationships specifically around productivity where we can help, which is quite intensive where they will work with an advisor in terms of how to deliver the service. We touch every sector, we get a good feel for some of the issues that the sectors face but we are not a membership body in terms of going out to X thousand clients or what have you. Most businesses will touch Jersey Business in some way.

**Deputy J.H. Perchard:**

Do you find that you have a proportional engagement with small S.M.E.s (Small and Medium-sized Enterprises) and larger businesses?

**Head of Retail, Jersey Business:**

We do. Because part of my remit, we have carried a K.P.I. (Key Performance Indicator) over from the Association into Jersey Retail, a core part of what we do is consultation support because previously that has gone a bit wrong and this is the first time the industry have a clear voice. So we have continued that. We have large focus groups, at least one big topic a year, which currently is migration that we are discussing. Last year was skills development and workforce needs. We do one-to-one meetings if we have a small business that cannot leave their premises because they work 12 hours and we do large group things out of hours, in the evening, and we also do like Lunch and Learn things. That works really well. We have an 84 per cent response rate from our members so that is incredibly engaged. I work to make sure their voice is heard in a way that works for them. Some of those are written submissions, some are minuted from meetings that we have.

**Senator K.L. Moore:**

When do you expect to pull together the results of your consultation with your members on migration, and what do you intend to do with the results of that?

**Head of Retail, Jersey Business:**

It is very interesting. We kind of realised from the press articles back in March that this was going to happen. So the first thing we started doing was just talking about it as part of our members meetings and we started with a team of H.R. (Human Resources) managers that I work with that are in retail talking about vacancy rates and what their touch points are in the industry and what data would be helpful to give constructive feedback rather than anecdotal. I did reach out at that point to population and to business licensing and ask for some information. I got some helpful replies and some really great support from Statistics Jersey, who even did some bespoke tables for me to understand the recategorisation that we just did last year. That on the surface can make it look like the industry had shrunk, which it has not. I was very precious to make sure that if people are reviewing sectors that they understand the real size, et cetera. But there is a bit of a hesitance to come ... I asked some representatives to come and speak to members about things so we could start that information flow to get good consultation. They were busy but there has not been a take up of this request and I can kind of feel a worry of maybe putting things in the public domain while things are being formulated. I understand that. What I intend to do, which we have already booked in with members, is hold 4 meetings. We subsection our members, we will do H.R. managers, 50 plus stores, which are staffing wise, and then we will do 50 to 20 and S.M.E.s, we will do those one to ones. We are going to do it over July and August because that is when the Ministers will stop for a sec and we can collate our information because otherwise we are getting requests for other things at the same time. What we intend to do is request that some of the documentation of the panel is presented to members. We envisage doing some sort of education and then feedback in the same session. That worked with other things that we have done. We have worked really well with skills

development, doing it that way, and we have seen the Employment Forum feeding back information so it really works well.

**Deputy J.H. Perchard:**

Do you envisage that your findings will be able to be shared with scrutiny members?

**Head of Retail, Jersey Business:**

Yes, everything ... what we do if it is one to one then it gets recorded and then we anonymise data if it is sensitive, something to do with sales, but everything that we record I ask for the ability to publish. We have never privately published anything because that is what we are here for, is to be a conduit and to support the industry. That is about talking and being honest about the problems and finding solutions together.

**Chief Executive, Jersey Business:**

We have always had the ethos that everything we do we push out into the public domain. The minutes of our board meetings are out there in terms of what we do. Jersey Business is predominantly S.M.E.s in terms of its scale and size, although we have great relationships with some of the large corporates who we bring into events and work with. One of the key things that I am keen for Jersey Business, as far as this review is concerned, is we have an ability to look across the sectors so we can see the holistic picture from a business perspective and one of the things I am really keen to do is help ensure that the right level of data and information and knock-on cause and effects is available in a form that the business community can understand, as opposed to their micro segment, to try and get a better understanding across the piece as early as possible so that ... it is a bit like the proverbial gloom in the sense that you push in one area and it has implications in other areas as well and it is to try and help as informed a debate as possible. I am keen that Jersey Business has a role in that because we are independent in the sense that we are separate from government, we see all the sectors. We work with Lorie on the retail, we work with the agriculture sector, we work with the construction sector so we can form perhaps a more independent challenge and view. The key for me in the early stages is collating the information and lots of information sources in a coherent way, in understanding where the gaps are in our information and our data and how we can how we collect it. I think there are some gaps which I am sure Duncan would have liked to have been able to do. So we end up in a more informed decision from a business perspective but also in terms of lobbying through to government in terms of ... because we would look at it from a business angle, it is not just about a business angle so that is why I am keen for Jersey Business to play a real part in this.

**Senator K.L. Moore:**

Both the Chief Minister and the chair of the board have said that it is important not to compromise on time in developing this policy. Would you agree with that perspective?

**Chief Executive, Jersey Business:**

Well, to be fair, this is so important that it needs to be done properly and if I can just give an example. The process we have had so far, I think we had 8 business days to give our commentary on the framework but the danger with that is we need to be allowed time to research, to go across, to see what information is out there. As I look at the timetable that the policy panel propose, it appears that the first stage of external information where they go out to bodies like ourselves, is post the policy recommendations, the better policy options. I think it is important to gather the whole information that comes from the Statistics Office, it comes from reviews externally, it comes from the business leaders and the sector representatives and then you pull those together in terms of: "Well, what does that look like as a policy recommendation" but also identifying where the gaps are. Because there will be some gaps in information that do matter. One of the examples that has come out from some of the minutes is if you look at the ... in terms of migrants coming in, do we understand the full economic return which is both a tax take, it is also the potential cost as opposed to an average of 1.5 comes with every ... that sort of level of granularity is really important and to then break that down against sectors is really important as well. I would rather ensure we are doing a thorough proposition. The challenge then, though, is there will be a lot of information. I think Jersey does need support in how we bring that information together in an understandable form that I can understand, that Lorie can understand so that we are educated and we are not just focused on our narrow area. That naturally is going to take a little bit longer and it may need external support but this is so important that I would rather get this right.

**Senator K.L. Moore:**

Have you written to the board to express your concern about the timing of their plan in terms of the consultation?

**Chief Executive, Jersey Business:**

We will be doing. We will be doing. In many ways the catalyst has been the approach from yourselves in terms of this.

[13:30]

**Head of Retail, Jersey Business:**

I think also timeline wise what is currently proposed is the consultation period is November, December. I do not think many businesses can do a consultation during their peak. From the perspective of the retail industry we are basically saying: "Do not get involved", sorry, that is strongly

worded but that really frustrated us because it is very clear that that could not happen so we will make sure that we are well-educated well before that point.

**Chief Executive, Jersey Business:**

From a review of the information, I think to their credit the source of information and some of the quality of information that is starting to come in is really well grounded. I think the information coming from Duncan and the statistics team, particularly some of the modelling that has been done, really starts to help inform. We are doing the right thing. I was concerned at the outset that there was no funding set aside for any form of external support for what is probably the most important review.

**Senator K.L. Moore:**

When you talk about the information from statistics, do you mean the income assumptions?

**Chief Executive, Jersey Business:**

Some of the modelling that they are starting to do from day to day collects, but there are still gaps in that data. There is a really good report they have done in terms of various lenders you put across. You have your expectation in terms of the cost and the revenue and how that can move when you put certain levers across it, positive and negative. That starts to meet a much more intelligent analysis of what the levers are and what their implications are. It is very credible what I have seen so far.

**Deputy J.H. Perchard:**

Were you invited to join the Policy Development Board?

**Chief Executive, Jersey Business:**

No.

**Deputy J.H. Perchard:**

The board does include representation from the Chamber of Commerce and the I.o.D. (Institute of Directors), do you believe that the businesses that you represent are adequately represented on the board?

**Head of Retail, Jersey Business:**

I think it is a welcome edition, which is ... I have only been doing this a year but it is unfamiliar to see Chamber and I.o.D. welcomed on to the board, so that is a positive. However, it is only as good as that information flow back from that, is it not? So the Chamber has a huge remit and how is that information from those being fed back into those industries. They have subsections within Chamber. So I know Daphne, who has just started as Chair of the Retail Supply Committee, works very well



with myself and we want to work in partnership to do these education meetings. Since scrutiny interest we have started realising that the timeline is what it is and we may not be asked until some of these decisions are already starting to be formed so we are going to proactively work together, which is very positive, which we have done in the past with Chamber. I do not know, the panel did not seem particularly ... there is not many younger people on that panel. I do not know everybody's background, it did not see that diverse a representation of our community. There are some concerns.

**Chief Executive, Jersey Business:**

For me, you will never be able to represent every sector and you cannot in a panel of 10 or 12. I think it is a good panel, for diversity and age demographics that is not there and it does need to be. I would be quite brave and get someone who is perhaps relatively new into business, who has recently left school or what have you, who has some experience of the real world. I think that would be quite refreshing. I also think in terms of communities, it probably does not represent our full range of communities. I do not know whether that is an issue or not, I really do not, but I think it would be good if there could be some representatives. We deal with a lot of Polish businesses, Portuguese businesses who probably will not see that as a group that can represent their views. You are never going to satisfy every group. I think there could perhaps be a couple of additions. The only other thing perhaps is there some level of ... I think one of the economic advisers to one of the scrutiny panels is on it, have we got any expertise in migration policy and experience of other jurisdictions and other locations? That could be part of it, even if it just going through video conference. I think that is something that would probably add quite a bit. That will help in terms of how you assimilate all this information. I really do feel for the panel, there is a huge amount of information going to flow through that. It is very difficult to be able to narrow it down to the bits that you need to really understand.

**Deputy J.H. Perchard:**

Absolutely. You are absolutely right that you cannot possibly constitute a panel that does represent every single body or person but I suppose the minimum requirements of diversity, best practice, having a balance of gender, having a range of ages, having ethnic diversity probably would have been welcomed.

**The Connétable of St. Peter:**

Now, I know you have not been able to consult with your members yet but do you have any feel of the problems encountered by retail and other businesses with regard to the current migration policy or perhaps the lack of policy?

**Chief Executive, Jersey Business:**

I think the reality is economically most of our sectors and businesses are doing quite well and are growing and that is a real positive because we need to generate successful businesses that become more productive. Naturally in certain instances that will require extra skilled people and we have full employment, unlike most other jurisdictions. There is some natural real challenges in there. For the businesses it is probably the number one issue and concern we get, whereas wherever else you go in the world it is typically: "How do I grow the business?" in Jersey it is a case of: "I think I know how I can grow this business but unless I have confidence I can resource that business I will keep where I am now. I am doing quite well, thank you very much." So we potentially are missing a significant uplift in our G.V.A. (Gross Value Added) because businesses will not do the investment because their biggest concern is not the business model, it is: "How can I get the skilled resources?" It does not mean there is an easy answer but businesses will take the view they are not going to take that risk because they do not think they will get the resources. So the level of investment in tourism and other areas that means we can increase our productivity is not as likely.

**The Connétable of St. Peter:**

Do you think the current residency laws impact that in any way, that skills gap or shortage?

**Chief Executive, Jersey Business:**

It does not help there is a degree of complexity around it. That does not always help but there is no easy silver bullet here that is going to solve this situation. I think it is more about ... as a matter of interest, we used to get a lot of businesses that would come to us and say: "Well, we should just get the licences, can you help us?" We would look at them and say: "These are the reasons why, when this goes through H.A.W.A.G. (Housing and Work Advisory Group), it will be challenged for good reasons." We could start to help them articulate or better present the business rationale for what they were doing and the fact that part of it is they would develop local skills as part of the process. I think there is education to a degree on both sides. That is what people try to do in Jersey Business in terms of helping government policy be understood by business, but conversely helping businesses articulate in a clearer way, if that makes sense.

**Head of Retail, Jersey Business:**

I just wanted to add that what I have seen in the last year is through the lack of ... like this is the policy, is a default setting of let us rewind the licensing numbers. The thing is there has been like a: "We need to reduce this ... understanding within those departments" but no communication with the industry seeing the reductions. What we have had is a constant breaking down of the relationship because of lack of communication of why that is happening to an industry that are already struggling. Retail obviously being my absolute priority all the time. So in retail we have had 27 per cent of our licences stripped in the last 2½ years. So 325 licences have been removed from businesses where they were not actively being used. That is a complex thing. Those licences would have very much

been actively used as we come through our seasons but that is 78 more than any other industry. It is something to do with the way that the licensing application process works but there is never an explanation that was going to happen in that timeframe. What we have quite a lot is like a policy, we did not get a lot of headline: "This is going to happen. Over these years you are going to see a reduction of licensing, you need to now work on succession, productivity." We get a bottleneck problem. At the moment the vacancy rate in retail is unbelievable.

**Senator K.L. Moore:**

When did that trend start with the licences being turned down by H.A.W.A.G?

**Head of Retail, Jersey Business:**

Those licensing reduction stats that I have available are from January 2016 to June 2018. That is a 2½ year period that it has been reduced. If you think we hold about 800 registered licences across the industry, 300 is a massive ... it is a really big drop. It was a shock because, as Graeme said, what used to happen is businesses that could not ... we all fulfilled what was the old criteria, you advertised, you cannot get the staff, you try to keep people in the business competing with the other industries but even with all of those criteria, because comparatively some of those jobs are lower, these are not minimum wage jobs always either but they are just lower comparatively, so the nos were coming in and then all of a sudden at the licensing reviews it was: "Well, you used to have 30, now you have 15" so it was a really big shock. There was no real feel of the industry that they knew this was coming and they were not prepared. On the stats in the labour market information it looks like our workforce reduced last year by 1 per cent. That did not happen. What happened was we had mass vacancies. We could not fill them in December when those figures were taken. That is a very different thing and if you just have data and you do not speak to those industries then you do not see that happening. If our industry needs to shrink for whatever reason, that is another conversation but we need to be part of the conversation. We work in other arenas now promoting careers in retail and helping with productivity through Jersey Business, that is why we are joined as part of Jersey Business, it is a natural synergy. That is what we are all trying to do.

**Chief Executive, Jersey Business:**

There is more uncertainty now than there was 6 or 12 months ago. Previously it would have been in specific sectors, retail, hospitality and agriculture, now it is across more sector who say that is probably there number one concern and issue in terms of how they grow the business.

**Head of Retail, Jersey Business:**

I have had 3 businesses in the last 4 months that wanted to open new premises and cannot because they are too concerned about workforce. That might be that is enough of those, but we need that

open conversation so people are not trying to grow their business in that way. We need to support more with productivity improvements.

**Senator K.L. Moore:**

We have just this week seen a store closure, have we not, in St. Helier, on the outskirts of St. Helier.

**Head of Retail, Jersey Business:**

Store closures are complex. I know store openings definitely have been prevented and expansions, and more brands within concession businesses, definitely through workforce issues. Obviously with the Sunday trade - a different subject - there is concern about workforce generally is not there on the Island at the moment.

**Chief Executive, Jersey Business:**

You also see the weight of inflation implications as well. In reality industry now are pinching staff from other members of that sector and that has quite a challenging impact and it does not help Jersey plc as a whole because fundamentally there is that skills gap that is not being filled, it is just who pays most. That is even happening in financial services, particularly in the fund administration sector. It is quite challenging there.

**Deputy S.M. Ahier:**

Do you believe that the larger stores like the Next on Queen Street and the Austin Reed store which have been empty for quite some time, are empty solely because of a skills shortage or is it that the rents are too high as well?

**Head of Retail, Jersey Business:**

That is a complex one.

**Chief Executive, Jersey Business:**

My observation, I would say that a business leader would look at a number of factors in terms of the return on capital, whether they can get resources, where the risks lie, so their ability to attract skilled staff will be a factor but there will be other reasons there as well, which might be to the group as opposed to Jersey or it might be to do with Jersey. It is too simplistic to say. Rent is a factor, without a shadow of a doubt. Our High Street, in comparison to the U.K. (United Kingdom) is doing a lot better than the U.K.

**Head of Retail, Jersey Business:**

Extremely healthy, 1.9 vacancy rate as opposed to 10 or 12 depending on where you are. But these are all complex problems and if you get a reactive press ... like Next, their rent is paid so if you

owned that building would you want to devalue your property by saying: “Yes, I will take £300,000 a year” because that is now worth that, or: “I will keep the cashing the cheque that Next have promised to pay of £500,000 for the next 3 years?” You have problems ... that is a very bespoke problem.

[13:45]

If that was my money I know which one I would be doing. I will wait 3 years and then I will find ... you know, that is what is happening in that situation. We are seeing estate agents advising they are having to reduce rents to market value and you have trust companies and private owners of businesses having to mark down for the first time what used to be a very set level of property value. That is not a workforce thing, that is not a skills thing, I do not think, myself.

**Deputy J.H. Perchard:**

We are right on the edge of our 30 minutes but I just wanted to ask one final question. Is there anything in the migration policy that was pulled in advance of doing this work that you would like to see maintained. So it included short-term work permits, criminal record checks for migrants, voter and registration cards, prioritising employment licence requests for businesses that invest in skills and training. That was all on the table under the previous government and was pulled after the election.

**Head of Retail, Jersey Business:**

If you have a panel I think you have to start fresh and review everything. I am sure they will review those things as well as ... I would say with Brexit, with the C.T.A. (Common Travel Area) agreements you need criminal checks as part of that. I am sure some of the stuff will come back in quite naturally. It sounds very sensible to think about investment in succession and skills building if you are deciding that lower value certain sectors get licences for a particular reason. There is so much information to read it is hard to ...

**Chief Executive, Jersey Business:**

Just looking down the list, you asked the question are there any other issues in relation to population growth that the government should be focusing on, I think critically it is what I said earlier, the net economic impact of migrants and a proper analysis of that. That it is not prejudiced or headline numbers. You have to go below the numbers to understand what they are really telling you. I want to see a really good piece of work on that.

**Deputy J.H. Perchard:**

Thank you, we have gone slightly over, I apologise. Thank you so much.

[13:47]