

2018.12.03

11 Senator K.L. Moore of the Minister for Treasury and Resources regarding the business cases which had been submitted to the Investment Appraisal Board: [OQ.213/2018]

How many business cases have been submitted to the Investment Appraisal Board and how many have been recommended for the Minister's approval?

Deputy L.B.E. Ash (Assistant Minister for Treasury and Resources - rapporteur):

There were 100 business cases received requesting around £75 million by the end of 2019 and a further £25 million by the end of 2020. The board is still in the process of making final recommendations to the Minister but so far she has approved 14 allocations. These were regarded as the most urgent. No requests have been completely rejected at this stage and some of them will need to be considered further as we put together the Government Plan for 2020.

3.11.1 Senator K.L. Moore:

In the statement that was released last week, and after I had submitted the question, the Minister is quoted as saying that it was pleasing to be funding a wide range of sectors. Given that the previous purposes of some of the funds that are being used in this project were dedicated for economic development, productivity and growth funding as well as public sector reform, could the Assistant Minister explain, please, how the Investment Appraisal Board are balancing out those specific priorities when making their decisions?

Deputy L.B.E. Ash:

The Investment Appraisal Board evaluates bids according to the *Her Majesty's Treasury Green Book Guidance on Business Cases*. It is a 5-case model: the strategic case, the economic case, the commercial case, the financial case and the management case. Requests for funding obviously exceeded the amount available. Therefore, the board broadly prioritises requests according to that particular ranking: investment to support recognised legal and compliance matters, e.g. Brexit-related; teams and posts that are a new feature of the target operating model, e.g. the new chief of staff post and associated team costs; investment to support the delivery of the target operating model, which examples would be systems improvement, transformational change, States-wide cultural change programmes. It supports the delivery of previously recognised agreed priorities with short-term funding requirements; it supports new and emerging agreed policy as outlined in the C.S.P. (Common Strategic Policy); and it supports the delivery of future cost efficiencies and income generation to create additional headroom from investment and/or savings.

3.11.2 Deputy M.R. Higgins:

The Assistant Minister outlined all the priorities. Can he explain, therefore, how Jersey Rugby Club got £140,000 if they were the sort of priorities that were being put forward? Can he also give examples of other projects that maybe meet that criteria that were not accepted?

Deputy L.B.E. Ash:

I can give you reasons why Jersey Rugby Club was supported. They were supported ... basically it is a bridge funding to get them through to the end of this season when it will then be reviewed as part of a complete review of sports functions within the Island.

[16:00]

From a reputational point of view, it would not have been a good idea if we had not provided that funding as Jersey Reds may not have been able to complete the season, which would have

let down a considerable amount of clubs in the U.K. and a loss of revenue caused to them. When we are an upstanding financial centre that would not send out a particularly good message. It also is the only professional club in the Island and provides a tremendous economic value, for instance, and I will give the Deputy an example. It is widely believed that for every visitor that comes over in that capacity they spend £300 here. London Irish the other day brought 1,000 visitors; that is £300,000 on one particular day. Bearing in mind a lot of this is in the winter, the flights that they are being brought in here on; it is very beneficial. As for other things that have not made the list, at the moment they are still being considered. As I said, no final decision has been taken and it would not be opportune to discuss them at this moment.

3.11.3 Deputy K.F. Morel:

When I first read of the Minister delegating responsibility to the Investment Appraisal Board of officers, I was concerned that the Minister was not taking part in the decision-making process, an appropriate decision-making process, and bringing the political aspect to that. I am now concerned that the Investment Appraisal Board has delegated everything to H.M. Treasury (Her Majesty's Treasury). Can the Minister confirm whether she does have a role in play where the funds are decided and that appropriate political oversight is made with the Investment Appraisal Board?

Deputy L.B.E. Ash:

Yes, the delegated power was previously with the Minister and it remains with the Minister. The role that the Council of Ministers previously had was advisory only, as is the I.A.B. (Investment Appraisal Board). Officers have always made recommendations to the Minister and indeed to Ministers in general. There is no change in that regard. Previously requests were able to go to Council of Ministers without the rigorous scrutiny that the I.A.B. now provides. This gives the Minister far greater assurance that she is allocating money in the most economic, efficient and effective way that she can. The board cannot take any decisions. It only advises the Treasurer and the C.E.O. (chief executive officer) who in turn advise the Minister.

3.11.4 Deputy M. Tadier:

I have no quarrel with the money given to Jersey Reds. I think the economic case has been made and it is important as such that we should even consider nationalising it in future if its future remains in doubt. But could it also be said that bridge funding has been sought by the Arts Centre and Opera House and that as an upstanding finance centre it would also be very detrimental to our reputation as an Island if either or both of these were to close their doors, as they have been threatening and suggesting that they do not know whether their money for 2019 will also be accepted? With this in mind, would the Assistant Minister and the Minister for Treasury and Resources, who is listening, give priority to these 2 areas, which currently need funding to get them through 2019 and beyond?

Deputy L.B.E. Ash:

As I said previously, the door is not closed on any of these requests. With regard to the Arts Centre and the Opera House, they do already receive quite substantial amounts of money, although I would concur with the Deputy, it would be nice if we can provide them with more money because they form an integral part of the culture of this Island. As I say, the Minister and I will continue to press strongly for this within the Council of Ministers and keep any requests at the forefront of our mind. We cannot guarantee everybody everything because there is not a complete pot of gold to go around.

3.11.5 Deputy M. Tadier:

While I appreciate we are going through a period of enormous change, when certain organisations who have put bids in do not hear theirs being reported back on but they do hear that others have been successful, it tends to send the message out that either they have not been successful or they have been forgotten. It seems that there is a great deal of uncertainty out there for longstanding organisations, not just in the arts sector, who do not know where they are. Have there been any lessons learned about the process that has been gone through with the Appraisal Board that the Assistant Minister thinks we could learn for next time?

Deputy L.B.E. Ash:

At the moment, as I said, we cannot discuss the requests that are still in the pipeline, hence the fact it would be difficult to go back and just say to people: “You are still pending” because they are still pending so it does not really fulfil any criteria. This is the first time it has been done in this manner and I am sure there will be lessons learned from it and those lessons we will carry out, yes.

3.11.6 Senator K.L. Moore:

Usually people expect a timeline if they are waiting and I can only make that a suggestion. But my question is that, when putting children first is a priority for this Government, yet funding for Tier 3 and 4 families who are receiving help at Brighter Futures - those families are of course those most in need in our community - has been cut because funding has not been forthcoming from Government. How does the board balance those most urgent cases, as described by the Assistant Minister, against a funding gap such as this with Brighter Futures that has put our most vulnerable families at further risk?

Deputy L.B.E. Ash:

With putting children first, there are other groups where we have definitely put children first. In fact, reverting back to the discussion on the rugby club, it is one of the reasons that it has been backed because they have 700 children up there participating in the mini rugby programme on a Sunday. So it is not that we are not looking to put children first; it is that there is a limited supply of people that we can help with £15 million out of £100 million of requests. But, as I say, going forward it still has not been finalised and until it is I would rather not comment.

The Deputy Bailiff:

May I just draw to Members’ attention the fact that the Consolidated Order Paper has now been circulated to Members. Unfortunately by mistake a non-consolidated version was previously made available. The consolidated version should be with individual Members on their desks.