

STATES OF JERSEY



REGULATION OF UNDERTAKINGS AND DEVELOPMENT (JERSEY) LAW 1973: COMMENTARY ON LICENCES GRANTED UNDER PART II FOR THE PERIOD TO 31ST DECEMBER 2004

**Presented to the States on 8th February 2005
by the Economic Development Committee**

STATES GREFFE

COMMENTARY ON LICENCES GRANTED UNDER PART II OF THE REGULATION OF UNDERTAKINGS AND DEVELOPMENT (JERSEY) LAW 1973 FOR THE PERIOD TO 31ST DECEMBER 2004

The Economic Development Committee presents the fourth annual report providing statistical information on licences granted under the Regulation of Undertakings and Development (Jersey) Law 1973.

The attached independent report by the States of Jersey Statistics Unit provides information on licences granted under Part II of the Law for the period to 31st December 2004. This report is separate from the half-yearly manpower survey and labour market reports also produced by the Statistics Unit on behalf of the Economic Development Committee. Data for the next manpower survey and labour market report for the period to 31st December 2004 is in the process of being collated.

The following points can be deduced from the report –

- Licences for new undertakings have continued to be granted in order to enable entrepreneurs and competition to develop. In the main, they have been granted with permission to engage locally qualified staff. The change in policy relating to undertakings with non-local principals now being permitted to establish themselves is enabling a wider choice to become available to consumers and is offering additional job opportunities for locally qualified staff.
- Licences granted for new undertakings in the building/construction industry showed a significant increase for the second consecutive year with total staff permitted up by 37% (from 224 to 307), predominantly for locally qualified persons.
- Applications by existing undertakings in the building/construction sector for additional staff increased considerably in 2004 compared to 2003.
- Licences approved for new single-person undertakings increased by 7% in 2004 compared to 2003, notably in the retail sector.
- 96% of the total number of permanent staff approved for new undertakings was for locally qualified persons. The banking and finance sector had the largest number of positions approved for non-locally qualified staff, suggesting that new finance business is still being established, but that the skills expertise required is currently not available.
- In respect of the 3-year joint licences, the number of staff permitted in the banking and finance sector decreased slightly, as expected, and particularly for non-locally qualified. The increase recorded by Other Offices/IT Business was mainly in the area of accountancy.
- In accordance with established policy, no applications from existing undertakings for the engagement of additional locally qualified staff have been refused. This is to allow additional jobs and vacancies to be filled by locally qualified staff wherever possible.
- No applications have been refused for the engagement of seasonal staff, which has been of particular benefit to the Tourism and Hospitality sectors.
- The 3-year joint licence has again proven to be an extremely successful mechanism, as can be seen from the number of undertakings which have entered into such licences. Undertakings have benefited from the fact that they can plan ahead with a degree of confidence utilising the licence as a manpower planning tool. Before granting such a licence, Government can influence business in strategic areas, such as training, recruitment and business planning, having regard to the need to regulate and manage demand on the resources of the Island.
- The information in the tables provides evidence that the current policy implemented is in line with the

States objectives to assist full employment of the resident population and the need to maintain a range of job opportunities for local residents.

Regulation of Undertakings Employment Licences

at 31st December 2004

This report summarises the granting of employment licences by the Regulation of Undertakings and Development Office under Part II of the *Regulation of Undertakings and Development (Jersey) Law 1973, as amended*.

The figures reported are based on licence information reported up to and including 31st December 2004. The figures for 2005 – 2007 are those projected under the continuation of 3-year joint licences granted before the end of December 2004.

It should be noted that not all businesses will have recruited staff up to their approved level of staffing.

3-year joint licences

Table 1 presents the cumulative number of 3-year joint licences in effect at the end of each calendar year, the total number of staff authorised by these licences and the percentage accessible to non-locally qualified persons (see notes).

Table 1: 3-year joint licences

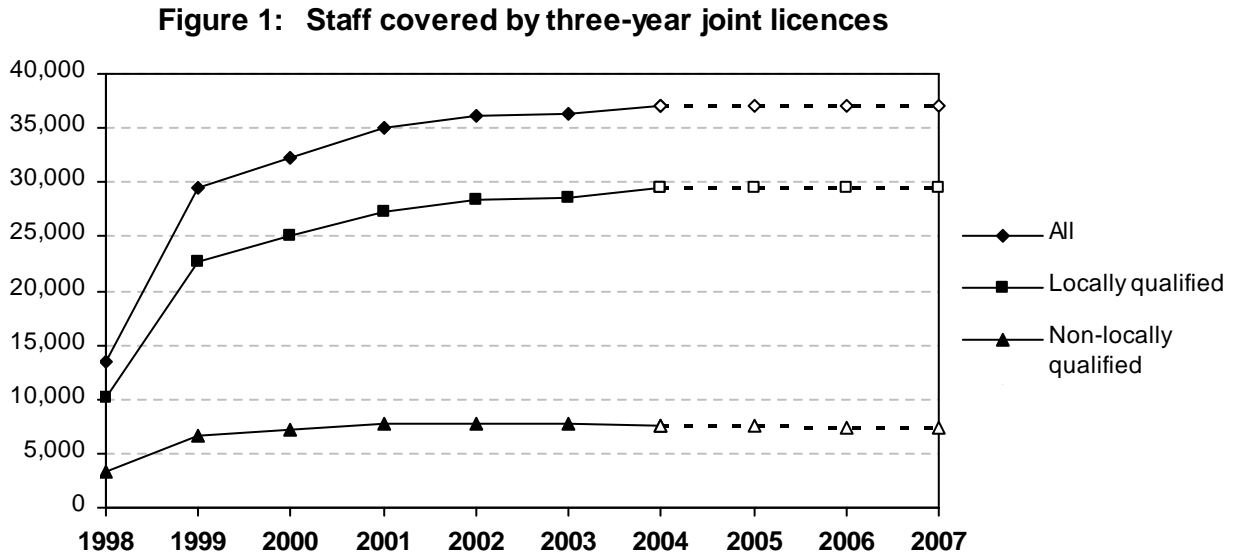
Year	Cumulative 3-year joint licences	Total staff approved	% non-locally qualified
1998	163	13,539	24.9
1999	605	29,415	22.7
2000	831	32,237	22.5
2001	929	34,950	22.1
2002	1,038	36,088	21.6
2003	1,093	36,256	21.1
2004	1,137	37,004	20.5
2005	1,137	36,988	20.3
2006	1,137	36,997	20.2
2007	1,137	36,997	20.2

(The figures for 2005 – 2007 are projections under 3-year joint licences granted before the end of December 2004.)

The increase in the number of authorised staff between 1998 and 2004 is due primarily to the rise in the number of joint licences issued over this period, but also incorporates an element of permitted expansion. Approximately three-quarters of total private sector staffing (including vacancies) now comes under the auspices of 3-year joint licences.

During 2004, the net number (new licences less those expired) of 3-year joint licences increased by 44, whilst the net change in permitted staffing during this period was 748, corresponding to an increase of about 2% from the total at December 2003.

Figure 1 shows total staff numbers and those for locally qualified and non-locally qualified persons, as approved by 3-year joint staffing licences covering the period 1998 to 2007.



(Dotted lines indicate projections under 3-year joint licences granted before the end of December 2004.)

The net increase in staffing was due to –

- established undertakings coming under the auspices of 3-year joint licences for the first time;
- approved expansion (or reduction) of undertakings already with 3-year joint licences;
- amalgamation of undertakings already with 3-year joint licences, which could involve either permitted expansion or reduction in staffing;
- expiry of 3-year joint licences for undertakings which had ceased trading.

Sectoral analysis

Table 2 (overleaf) shows the breakdown into sectors of the total number of staff authorised by 3-year joint licences. The corresponding percentage of non-locally qualified staff approved in each sector is presented in Table 3.

The increases in total approved staffing observed in the Import/Export and Service sectors were due primarily to a small number of existing undertakings signing up to 3-year joint licences. The increases in the Retail and Marine sectors were largely due to permitted expansion of existing undertakings, in the former case particularly in the area of fulfilment.^[1] The increase in approved staffing in Hotels and Guest Houses resulted from new licences for residential homes, which for historic reasons have been included in this sector.

Table 2: 3-year joint licences: number of approved staff by sector

RUDL Sector	2002	2003	2004	2005	2006	2007
Retail	5,006	5,020	5,412	5,406	5,406	5,406
Building/Construction	2,691	2,732	2,703	2,703	2,703	2,703
Hotels/Guest Houses	2,458	2,467	2,547	2,547	2,547	2,547
Restaurants/Catering	3,130	3,231	3,313	3,312	3,311	3,311
Banking/Finance	9,663	9,419	9,286	9,302	9,312	9,312
Other Offices/IT Business	4,173	4,211	4,342	4,325	4,325	4,325
Import/Export	567	605	740	740	740	740
Garages/Manufacturing	854	888	949	949	949	949
Agencies	279	266	267	258	258	258
Transport/Haulage	1,072	1,050	999	999	999	999
Marine	79	71	116	116	116	116
Service	4,028	4,316	4,434	4,436	4,436	4,436
Other	2,088	1,980	1,896	1,895	1,895	1,895
Total	36,088	36,256	37,004	36,988	36,997	36,997

(Figures for 2005 – 2007 are projections under 3-year joint licences granted before the end of December 2004.)

Table 3: 3-year joint licences: percentage of staffing approved for non-locally qualified persons by sector

RUDL Sector	2002	2003	2004	2005	2006	2007
Retail	20.6	20.4	18.9	18.7	18.7	18.7
Building/Construction	18.5	17.9	16.3	16.2	16.2	16.2
Hotels/Guest Houses	50.1	49.3	47.8	47.7	47.5	47.5
Restaurants/Catering	40.2	40.0	42.5	40.6	40.6	40.6
Banking/Finance	16.2	15.6	14.9	14.8	14.7	14.7
Other Offices/IT Business	15.2	15.1	14.9	14.9	14.7	14.7
Import/Export	15.0	15.0	12.7	12.0	12.0	12.0
Garages/Manufacturing	17.3	16.2	17.2	17.2	16.5	16.5
Agencies	23.3	18.8	19.1	17.8	17.8	17.8
Transport/Haulage	10.9	11.9	10.9	10.8	10.8	10.8
Marine	11.4	9.9	12.9	12.9	12.9	12.9
						12.9

Service	13.8	14.0	13.0	13.0	12.9	
Other	28.3	25.8	24.5	24.5	24.4	24.4
Total	21.6	21.1	20.5	20.3	20.2	20.2

(Figures for 2005 – 2007 are projections under 3-year joint licences granted before the end of December 2004.)

At 31st December 2004, about a fifth of all staffing authorised under 3-year joint licences was approved for non-locally qualified persons.

The proportion of staffing approved for the non-locally qualified has decreased from one in 4 in 1998 to about one in 5 by 2004. The proportion of non-locally qualified posts is projected to decrease marginally over the next 3 years.

There was considerable variation across sectors in the proportion of posts approved for non-locally qualified staff. For example, at 31st December 2004 such staffing accounted for about –

- half of the total approved in Hotels/Guest Houses;
- two-fifths of that in Restaurants/Catering;
- one in 5 in Retail;
- one in 6 in Building/Construction;
- one in 7 in Banking/Finance;
- one in 8 in Marine;
- one in 9 in Transport/Haulage.

New and existing undertakings *not* with 3-year joint licences

The information presented for these licences is of 2 types: new undertakings and existing undertakings requesting additional staff. The figures reported are for all of calendar 2004.

New undertakings

Table 4 shows the total number of applications from new undertakings and the corresponding breakdown of requested staff. The figures for approved licences are applications minus refusals.

Table 4: New undertakings: applications, refusals and approved licences (2004)

	Number of licences	Total staff	Locally qualified	Non-locally qualified	Seasonal	Contract
Applications	717	1,556	1,426	81	29	20
Refusals	13	31	14	17	0	0
Approved	704	1,525	1,412	64	29	20

For the approved licences, approximately 4% of the total number of permanent staff was authorised for non-locally qualified persons, a similar percentage as in 2003.

The refused licences either had non-local principals or had requested that at least half of the staff be non-locally qualified.

On a shorter 6-monthly perspective, the number of licences approved for new undertakings between July-December 2004 was down by 17% relative to January-June 2004 (319 compared to 385) but up by almost 5% (319 compared to 305) relative to July-December 2003. The approved staff numbers were correspondingly down by 22% (669 compared to 856) and up by 12% (669 compared to 599) relative to the respective 6-month periods.

Table 5: New undertakings: approved licences by sector (2004)

RUDL Sector	Number of approved licences	Total staff	Locally qualified	Non-locally qualified	Seasonal	Contract
Retail	143	260	258	0	2	0
Building/Construction	112	307	282	1	5	19
Hotels/Guest Houses	8	22	15	5	2	0
Restaurants/Catering	34	90	76	8	5	1
Banking/Finance	38	80	52	28	0	0
Other Offices/IT Business	111	231	224	7	0	0
Import/Export	7	23	22	1	0	0
Garages/Manufacturing	14	31	31	0	0	0
Agencies	23	61	47	1	13	0
Transport/Haulage	17	65	60	5	0	0
Marine	10	18	16	1	1	0
Service	178	320	313	7	0	0
Other	9	17	16	0	1	0
Total	704	1,525	1,412	64	29	20

The Service and Building/Construction sectors had the greatest number of staff approved for new undertakings, each accounting for about a fifth of the total. Retail accounted for a further sixth.

Building/Construction exhibited the greatest change from 2003, with total permitted staff under new licences up by 37% (from 224 to 307), predominantly for locally qualified persons. The Other Offices/IT Business and Agencies sectors also recorded notable increases compared to 2003 in the number of new licences approved and permitted total staff.

90% of the total number of permanent staff approved was for locally qualified persons. The Banking/Finance sector had the largest number of permanent positions approved for non-locally qualified staff; such positions accounted for more than a third (35%) of all staff approved under new licences in this sector.

The number of new licences approved for one-person undertakings increased by 7% in 2004 compared to 2003, from a total of 342 to 365, notably in the Retail sector (from 54 to 89).

Existing undertakings

Table 6 shows the total number of applications for additional staff by existing undertakings which had not entered into 3-year joint licences.

Table 6: Existing undertakings: applications, refusals and approved (2004)

	Number of licences	Total staff	Locally qualified	Non-locally qualified	Seasonal/Contract
Applications	297	1,092	461	29	602
Refusals	20	29	0	27	2
Approved	277	1,063	461	2	600

No application requesting additional locally-qualified persons was refused.

More than half (56%) of all approved additional staffing was seasonal or contract.

The total number of approved additional staff in 2004 was very similar to that in 2003 (1,069). However, in 2004 a considerably greater number of additional seasonal/contract staff was approved (600 in 2004 compared to 329 in 2003), the increase occurring predominantly in the Building/Construction sector, whilst in 2003 a greater number of additional permanent positions for locally-qualified staff was approved (461 in 2004 compared to 728 in 2003) primarily due to increases in the fulfilment industry in 2003.

Table 7: Existing undertakings: approved licences by sector (2004)

RUDL Sector	Number of approved licences	Permanent staff			Seasonal/Contract
		Total staff	Locally qualified	Non-locally qualified	
Retail	30	66	50	0	16
Building/Construction	101	642	145	0	497
Hotels/Guest Houses	3	3	3	0	0
Restaurants/Catering	3	9	5	0	4
Banking/Finance	4	12	12	0	0
Other Offices/IT					
Business	41	98	62	1	35
Import/Export	5	10	9	0	1
Garages/Manufacturing	4	11	11	0	0
Agencies	2	4	4	0	0
Transport/Haulage	20	66	55	0	11
Marine	1	4	4	0	0
Service	59	128	98	1	29
Other	4	10	3	0	7
Total	277	1,063	461	2	600

The Building/Construction sector accounted for five-sixths (83%) of all approved additional seasonal/contract staff and for three-fifths (60%) of the total number of approved staff.

The numbers of additional permanent (locally qualified) and seasonal/contract staff approved in Building/Construction were up by almost 50% and 80% respectively compared to 2003.

Approvals for non-locally qualified persons constituted 0.2% of all additional permanent staff.

Notes

The definition of “**locally qualified**” as applied under the *Regulation of Undertakings and Development (Jersey) Law 1973, as amended* includes all persons in the following categories –

- (i) residentially qualified persons falling within any of the Housing Regulations excluding Regulation (l) and Regulation (m);
- (ii) persons resident for the whole of the past consecutive 5 years;
- (iii) the spouses of (i) or (ii) above;
- (iv) the children under 18 years (or if students under 25 years) of those in (i), (ii) or (iii) above.

Statistics Unit
2nd February 2005

^[1] “fulfilment” relates to the distribution of goods ordered remotely, e.g. by mail-order, telephone or the Internet.