

STATES OF JERSEY



**SCRUTINY REVIEW OF THE
GOVERNMENT PLAN: 2020–2023
(S.R.13/2019): ECONOMIC AND
INTERNATIONAL AFFAIRS SCRUTINY
PANEL FINDINGS – JOINT RESPONSE
OF THE MINISTERS FOR ECONOMIC
DEVELOPMENT, TOURISM, SPORT
AND CULTURE, INTERNATIONAL
DEVELOPMENT AND THE
CHIEF MINISTER**

Presented to the States on 23rd January 2020
by the Minister for Economic Development, Tourism, Sport and Culture

STATES GREFFE

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ECONOMIC DEVELOPMENT, TOURISM, SPORT AND CULTURE,
INTERNATIONAL DEVELOPMENT AND THE CHIEF MINISTER**

Ministerial Response to:	S.R.13/2019
Review title:	Scrutiny Review of the Government Plan: 2020–2023
Scrutiny Panel:	Economic and International Affairs

FINDINGS

	Findings	Minister	Comments
3.1	The remit of the Minister for Economic Development, Tourism, Sport and Culture currently comes under the Growth, Housing and Environment Department. Plans are in place to remove the Economic Development element from the department and into one standalone department. These changes are not reflected in the Government Plan.	EDTSC	The decision to create a standalone department for the economy came about after the Government Plan process had started. Over a similar period, a formal consultation process was taking place alongside the Government Plan – and separate to it – for the Target Operating Model for the Growth, Housing and Environment Department. The outcomes of this consultation were not pre-defined and there was always a possibility that changes to the department structure would be one of the results.
3.2	An initiative of the Efficiencies Plan is a spend reduction in the Target Operating Model (TOM) for Growth, Housing and Environment. It is anticipated that the re-organisation of staffing and redesign of tiers 3 and 4 in the Department will achieve savings, however, it is unclear whether the removal of Economic Development out of the Department will affect the achievability of this initiative.	EDTSC	It is currently envisaged that the redesign of the departments will be achieved within the existing budget. Planning is taking place with these parameters in mind. The internal structural changes will not affect the overarching priority to create a vibrant economy. The workstreams remain the same but improved coordination of staff and resources should result in more effective implementation.
3.3	The budget for the project “Sports Division – Minor Capital Replacements” does not include an adequate sum of money to maintain	EDTSC	The amendment from the EIA Scrutiny Panel was accepted by the EDTSC Ministerial team and will provide funding for considerable

	<p>the Island’s sports facilities. This could impact on the project “Inspiring an Active Jersey” which aims to make Jersey one of the most physically active populations in the world.</p>		<p>investment in the Island’s sports centres, enabling the government to further promote healthy lifestyles for Islanders. ‘Inspiring an Active Jersey’ remains an important priority in terms of the health and wellbeing of Islanders in the broadest sense. The workstreams associated with this project are targeted to generate the maximum benefit for the community.</p>
3.4	<p>The project “Inspiring an Active Jersey” includes a number of ambitious programmes and workstreams. The aims identified within the project, although commendable, will require a significant amount of investment to bring sports facilities up to standard. The Assistant Minister has stated publicly that the sums identified are less than adequate. Therefore, the aims of this project do not add up in monetary terms with the project “Sport Division – minor capital replacements.”</p>	EDTSC	<p>“Inspiring an Active Jersey” specifically relates to better outcomes for Islanders’ health and wellbeing and does not include investment in to new sports facilities or refurbishments. A review is taking place to consider a long-term strategy for sports facilities that will identify where investment is needed in the Island’s sports portfolio. It will also propose timescales for improvements of facilities. The Assistant Minister, Senator S.W. Pallett, is confident that the investment for ‘minor capital replacements’ is adequate.</p>
3.5	<p>The project “Promoting Jersey” seeks investment to introduce increased air route connectivity and encouraging businesses to open outside of the summer months. The Panel is concerned about the deliverability of this project in terms of the availability of staff and costs associated with some establishments remaining open during the winter months.</p>	EDTSC	<p>The project “Promoting Jersey” is predicated on an incremental approach. Higher levels of demand (more passengers and more routes) can encourage Jersey businesses to open outside of the summer months. The War Tunnels and La Mare Vineyards are 2 iconic attractions that have extended their seasons in the past year as visitor numbers have grown. The availability of staff and costs associated is clearly an issue, but businesses will look to adapt their business models to satisfy levels of demand. This can include greater use of technology, particularly in the back office. The ongoing migration debate will obviously impact businesses’ ability to staff and provide an economic contribution to the success of Jersey’s economy.</p> <p>Beyond the financial benefit of more tourist numbers and their</p>

			<p>spending, there are other benefits including higher tax revenues and a more vibrant dining, retail and entertainment landscape for our local community. Also of note, is the recent change to retail hours which helpfully provides an added reason to consider a 48-hour weekend break in Jersey out of season.</p>
3.6	<p>Part of the work on the project “Digital Policy Framework” is to protect Islanders with the emerging digital technologies such as artificial intelligence. The Panel was advised that, although this would form part of the project, how comprehensive the work would be was reliant on obtaining the right level of resources.</p>	CM	<p>The Digital Policy Unit has been part-funded from Unallocated Reserves during the MTFP period expiring 2019. Continuity of employment for some Digital Policy unit staff is dependent on Government Plan funding being agreed and subsequently baselined into the core departmental budget. If this is assured, a fuller programme of work can be delivered hence the qualified comment made previously to the Panel.</p>
3.7	<p>The project “Cyber Security Growth” seeks to deliver a number of initiatives which form part of the Cyber Security Strategy. The Panel is concerned that a coordinated approach between the Government and private sector in terms of cyber security is only now coming into fruition when Jersey has been at risk for a number of years particularly with a prominent finance sector.</p>	CM	<p>The Cybersecurity strategy was published in February 2017 and set out 5 pillars with 8 strategic goals. These are much broader than the Panel finding suggests as work is continuing across all of these.</p> <p>Turning to the finance sector point, the Jersey Financial Services Commission regularly updates business on relevant cybersecurity matters, urges continued vigilance and monitors for this within its supervisory remit.</p>
3.8	<p>The project “Heritage, Arts and Culture” seeks to award funding to four arm’s length bodies (Jersey Heritage, Jersey Opera House, Art House Jersey and Jersey Arts Centre Association). The Panel is concerned that the funding identified for 2020 (£700,000) has not yet been split between the four organisations. This will impact on the organisations’ ability to forward plan.</p>	EDTSC	<p>The availability of the funding was dependent on States approval of the Government Plan. Prior to the debate, discussions had been taking place, led by Deputy M. Tadier of St. Brelade (the Assistant Minister with responsibility for culture arts and heritage) on this understanding. The four organisations have now been advised of the grants they will receive in 2020.</p>
3.9	<p>There has been a significant lack of</p>	EDTSC	<p>Jersey Heritage Trust raised the</p>

	<p>strategic direction within Heritage, Arts and Culture, with the last strategy published in 2005. The Minister for Economic Development, Tourism, Sport and Culture plans to develop two strategies in 2020 – the Heritage Strategy and Arts and Culture Strategy. All four arm’s length bodies were supportive of the development of a Culture Strategy.</p>		<p>point that the Island’s heritage is a wider remit than arts and culture and suggested to the Minister that the terms should not be interchangeable. This is acknowledged and there is agreement from the organisations involved that two strategies should be developed during 2020: one to set a course for heritage in Jersey and another arts and culture.</p>
3.10	<p>The project “Heritage, Arts and Culture” seeks to award funding to four arm’s length bodies. A proposition (P.105/2019) lodged by the Minister for Economic Development, Tourism, Sport and Culture seeks approval to award the Association of Jersey Charities with £1 million of Channel Island lottery proceeds to distribute amongst various organisations. The organisations chosen may include those which fall under heritage, arts and culture. It was confirmed to the Panel that these proceeds would not be used to fund the Government’s commitments in the heritage, arts and culture areas.</p>	EDTSC	<p>This is correct. The funding from lottery proceeds is not guaranteed and therefore not included in the organisations’ grant funding. Any monies they receive from this source will be in addition to what they receive from the Government through EDTSC.</p>
3.11	<p>The project “Financial Stability Board” seeks investment to establish the Board. A Ministerial Decision was signed by the Chief Minister on 26th July 2019 which actions the Chief Economic Advisor to organise the recruitment of a full-time officer to serve as the secretariat. Therefore, it seems that work is already being undertaken to establish the FSB before the funding in the Government Plan is approved by the States.</p>	CM	<p>Work is already being undertaken on the back of the 2019 Ministerial Decision. Government has to continue planning and execution of a work programme as needs arise and make certain reasonable assumptions that the necessary funding will be provided for within prevailing Government Plans (formerly MTFP).</p> <p>Ministers are criticised where underspends arise in a given year from efficient working or commissioning; in this case such money has been put to good use in 2019 with a view to protecting the long-term interests of our Island and it is hoped that States Members will support the necessary long-term funding that sees this Board continue onto a statutory basis.</p>

3.12	The project “Financial Stability Board” (FSB) seeks investment to establish the Board. An interim FSB was established in 2012 but due to a lack of definition and funding it has faded away.	CM	We are unsure of the relevance of this point, particularly as there is no record of previous funding having been provided for that project in 2012. Indeed, identifying this clearly in the Government Plan as a deliverable initiative drives accountability for delivery and promotes visibility of the Board and in due course, its future work programme.
3.13	The project “Financial Stability Board” (FSB) seeks investment to establish the Board. The Panel question why the Government of Jersey is establishing and funding a Financial Stability Board when this could be undertaken by an external body. In that regard, the Panel will lodge an amendment to remove it completely from the Government Plan.	CM	<p>In previous correspondence and media comments the Panel Chair has suggested this is work that could be done by Jersey Finance or the Jersey Financial Services Commission.</p> <p>The Financial Stability Board will assess macro-economic risks, prudential risks and consequent financial shock that might be transmitted to the public finances. That is to say, the Board’s role is to identify, quantify and where possible recommend mitigation of risks to the Government of Jersey rather than risks to the industry itself. By placing the Board on a statutory footing, the Board will have independence and autonomy in their recommendations and in due course States Members will be asked to scrutinise and approve the enabling legislation thereby ensuring the Board is established to fulfil the correct purpose.</p>
3.14	The project “reversing the decline in Jersey’s Overseas Aid contributions” seeks funding to align the JOA budget more closely with other developed nations. The JOA has made improvements to its governance arrangements which should assure taxpayers that their money is being apportioned appropriately with the right level of safeguards.	ID	The Minister welcomes the recognition for all the improvements that have been made to the Governance controls and operations of Jersey Overseas Aid. These form part of a whole swathe of reforms and improvements to the way that JOA now operates.
3.15	The project “reversing the decline in Jersey’s Overseas Aid contributions” seeks funding to	ID	The focusing of Jersey’s aid on three areas which Jersey specialises in, and where we can deploy our

	align the JOA budget more closely with other developed nations. Within the supporting business case, the Panel welcomes the focused strategy from the JOA which will focus on three areas from 2020 onwards: Dairy for Development, Financial Services for the Poor and Conservation Livelihoods.		expertise as well as our money, is a concerted strategy by JOA to improve the impact of its aid and at the same time its value to the Island. The Minister is delighted that the panel recognises the importance of this reform, which will form the centrepiece of JOA's first-ever 5-year Strategic Plan (to be launched early in 2020).
3.16	There are two feasibility projects that relate to Fort Regent in the Government Plan. The first is the "Fort Regent" project and the second is the "Island Sports Facilities, Inspiring Places" project. There is a degree of crossover between the two projects, which require a consistent level of political oversight on both working groups which co-ordinate them.	EDTSC	This point has already been acknowledged previously and is being addressed by the Ministerial team and officers. Decisions about the future of Fort Regent cannot be taken until there has been a decision about the nature of its use in future. Similarly, any strategy for sports facilities in Jersey will need to take into account whether Fort Regent will continue to be available for sporting use. Senator Pallett, the Assistant Minister with responsibility for sport, together with Ministerial colleagues and officers, is working to ensure better alignment between the groups to ensure political oversight and value for money.
3.17	The pre-feasibility project "Island Sports Facilities, Inspiring Places" aims to deliver modern sports, leisure and fitness facilities. It has been accepted by the Assistant Minister for Economic Development, Tourism, Sport and Culture that more engagement is required with the Education Minister in order to use more facilities that are currently held by the Education Department.	EDTSC	This point has already been recognised by EDTSC, and Ministerial meetings have been scheduled to explore improvements in the community use of school facilities. Terms of Reference are being agreed between relevant departments for a review of the use of school facilities.
3.18	The major capital project "Cyber Security" seeks funding to develop a programme of technology initiatives to detect and protect the Government of Jersey from malicious activities. The Panel has rated this project as amber at this stage, because further Full Businesses Cases for individual	CM	Business cases are expected to be completed during Q1 2020 and can be shared with scrutiny before they are finalised. As they will contain both operationally and commercially sensitive information this will have to be done on a confidential basis.

	<p>projects will be developed once funding for the overall cyber security portfolio has been approved. The Chief Minister should ensure that the full business cases are passed to scrutiny before they are finalised.</p>		
3.19	<p>The capital projects “Client Relationship Management System” and “Service Digitisation” were included in a “Technology Transformation Fund” business case which details the overall portfolio of a technology programme. The Panel has rated both these projects as amber at this stage, because further Full Businesses Cases will be developed once funding for the overall technology portfolio has been approved.</p>	CM	<p>Business cases will be developed by the end of 2020 for Service Digitisation and by the end of 2021 for Client Relationship Management System.</p>
3.20	<p>There are several business cases that relate to investment in sport facilities, some are allocated funding over the 4 year period and others are not. There has been some confusion around how the allocation of funding for some sport provision will be distributed over the 4 year period. The Panel therefore considers that the business cases relating to sports facilities and the funding allocated to them are either at risk of duplication, or at risk of being delivered altogether because of a lack of funding.</p>	EDTSC	<p>The business cases will be reviewed in 2020 to ensure they are still delivering the allocation of funding in 2021, 2022 and 2023.</p>

RECOMMENDATIONS

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
3.1	The Minister for Economic Development, Tourism, Sport and Culture should share with Scrutiny, the detailed plans for the removal of Economic Development out of Growth, Housing and Environment.	EDTSC	Accept	As soon as these are available and after the staff concerned have been consulted, the plans will be shared with the panel.	End of Quarter 1 2020
3.2	The Minister should ensure that there is a consistent level of political presence on both the Fort Regent Working Group and Sports Facilities Group. This will help mitigate the risk of duplication as the remits of both groups include Fort Regent. The Panel suggests that the two groups are amalgamated into one main group.	EDTSC	Accept	This issue has been recognised and is being actively addressed.	Quarter 1 2020
3.3	The Minister should provide further supplementary information on each business case relating to sport. This should include specific breakdowns of how funding will be allocated in each business case.	EDTSC	Accept	We are happy to provide more information during the review process for funding for 2021, 2022 and 2023 and to provide further briefings for the panel.	Ongoing