

Government Plan 2023-2026: Scrutiny Review

Economic and International Affairs
Scrutiny Panel

12th December 2022

S.R.22/2022 (Re-Issue)



States of Jersey
States Assembly



États de Jersey
Assemblée des États

1. EXECUTIVE SUMMARY	1
2. CHAIR’S FOREWORD	3
3. INTRODUCTION / METHODOLOGY	5
The Common Strategic Policy	5
The Ministerial Plans	6
The Government Plan	6
Approach by Scrutiny	7
Panel Methodology	7
Public Hearings	8
Written Submissions	9
Written Questions and Follow Up	9
Findings and Recommendations	9
Overarching Recommendations	9
Ministers Scrutinised	10
4. FINDINGS AND RECOMMENDATIONS	12
Findings	12
Recommendations	15
5. INCOME AND EXPENDITURE	17
Departmental Heads of Expenditure	18
6. NEW PROGRAMMES IN THE GOVERNMENT PLAN 2023-26	20
Summary of Revenue Expenditure Growth (GP 2023-26)	20
PROGRAMMES WITHIN DEPARTMENT OF THE ECONOMY	21
I-ECON-GP23-001: New Telecoms Legislative Framework	21
I-ECON-GP23-002: Rural Initiative Scheme	22
I-ECON-GP23-003: Jersey Business	25
I-ECON-GP23-004: Digital and Cyber	30
I-ECON-GP23-005: Local Economy	31
I-ECON-GP23-006: Economics Unit	34

PROGRAMMES WITHIN EXTERNAL RELATIONS	35
I-EXT-GP23-001: Jersey London Office	35
I-EXT-GP23-002: Sanctions Officer	37
7. JERSEY OVERSEAS AID	39
8. ARTS, HERITAGE AND CULTURE	41
9. CAPITAL PROJECTS	43
10. VALUE FOR MONEY SAVINGS	47
11. WITNESSES AND EVIDENCE GATHERED	49
Appendix 1	51
Terms of Reference	51
Panel membership	52
Appendix 2	53
Overarching recommendations, presented by the Corporate Services Scrutiny Panel	53
Recommendations	53
Appendix 3	57
Written Submissions	57

1. Executive Summary

The Economic and International Affairs Panel was formed on the 19th of July 2022, with all of its members being new to the States. Overall, the Panel has found scrutiny of the Government Plan 2023-26 challenging due to the tight timeframe.

The Panel has found some areas of the Government Plan difficult to analyse due to the lack of detail in the Government Plan 2023-26 and requested further detail to understand how some of the figures had been arrived at. In addition, the confidentiality of Departmental Business Cases gave rise to reporting difficulties as, although the Panel had access to this information, it was unable to share this information as part of its report.

The Panel had understood that responsibility for Financial Services had been transferred from the Minister for External Relations and Financial Services to the Minister for Treasury and Exchequer prior to undertaking this review. However, 2 days prior to the Public Hearing with the Minister for Treasury and Exchequer (with a separately arranged hearing for the Minister for External Relations having been cancelled at short notice), the Panel was informed that the transfer order had not yet been signed and the Minister for Treasury and Exchequer was unable to attend in this capacity. The Panel agreed to question both Ministers at one hearing on a single day which covered the remits for External Relations and Financial Services. However, the areas of questioning were limited due to being condensed to accommodate the shorter timeframe.

The Panel was extremely disappointed to learn that the transfer order for these responsibilities had not been signed off despite it being part of the Chief Minister's nomination speech. The Panel noted that the funding for Financial Services continued to sit with the Department of the Economy for the life of the Government Plan and is pleased to note that the CoM has brought an amendment breaking down this funding between the Department of the Economy and Financial Services planned expenditure.

Until the transfer order has been signed, the Panel will continue to monitor the work of all 3 Ministers directly under its remit (which will increase to 4 following the transfer of responsibilities). This will be undertaken through regular briefings, meeting and Public Hearings and the Panel will report any findings of concern to the Assembly and members of the Public.

Whilst the Panel is satisfied in the circumstances with its review, it is its intention to follow up in certain areas in which it did not have time to ask questions, or lacked detail on, such as:

- Costings for Refurbishment of the Opera House
- Jersey Aircraft Registry
- Rural Initiative Scheme Grants
- Value for Money review of Arms Length Organisations

The Panel believes it could have undertaken a more comprehensive review had it been granted more time to scrutinise the Government Plan 2023-26. However, under these challenging circumstances, the Panel has managed to produce 21 key findings and 9 recommendations in this Report.

The Panel supports the overarching recommendations from the Corporate Services Scrutiny Panel review into the Government Plan 2023-26 which detailed concerns over the delayed lodging of the Annex. In addition, the Panel would like to see more transparency around business plans providing cost analysis in planned for expenditure. In addition, the Panel supports the recommendation made in the [PAC Legacy Report](#) for 2022 which states that

A document, which clearly sets out the scope of responsibilities of Ministers and their respective department(s), each Ministerial and departmental revenue income, expenditure budget lines, and other relevant information, should be published annually alongside the Government Plan.¹

¹ PAC 4/2022 Legacy Report

2. Chair's Foreword



Jersey's proposed Government Plan 2023-2026 has been produced at a challenging time for Jersey's economy, which already has shrunk in real terms over the last twenty years².

The Covid-19 pandemic and other global or external events, such as Brexit and the war in Ukraine, have created staffing shortages, increased trading costs and supply chain issues.

The [Fiscal Policy Panel's November 2022 annual report](#) has advised prudent spending by government to restore and improve the reserves that support Jersey's economy. This need for prudent spending extends to the delivery of the Council of Ministers' policy objective of supporting sustainable economic growth.

Reports published by Jersey's Comptroller & Auditor General and by Jersey's Public Accounts Committee have pointed out the need for government:

- to learn from and consider the impact of former political decisions through objective performance measures³; and
- to spend proportionately in terms of the size of the Island's economy and its population.⁴

The restricted scope, content and timing of information provided by government within the statutory timetable for debate of the Government Plan by the States Assembly has led to the Economic and International Affairs Panel confining its review to an examination of proposed increases in budgets. The Government Plan anticipates government carrying out its own 'value for money' reviews which raises questions regarding objective delivery, proposed methodology and the meaning assigned to 'value'.

The Panel accepts not all spending by government can be appraised purely in terms of return on investment of taxpayers' money. Some spending offers general social or health benefits to the community, such as food security or access to sports facilities. However, for Jersey's economic productivity to reverse the trend of previous years, it is reasonable to expect government to improve its results in forming and delivering economic policy. This will entail

²<https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20GVA%20and%20GDP%202021%2020221005%20SJ.pdf>

³ <https://www.jerseyauditoffice.je/audits/management-information-in-education-follow-up/>

⁴ <https://www.jerseyauditoffice.je/audits/governance-arrangements-for-health-and-social-care/>

realistic and joined up economic planning, supported by economic modelling, using objective data while referring to best known methods worldwide for sustainable economic growth.

The Panel is broadly supportive of improved funding to support farmers, the restoration of Jersey's iconic Elizabeth Castle and Opera House, and the role of the Chief Economic Adviser in collecting and analysing economic data. Staffing shortages across all sectors suggest a need for talent mobility both locally and through Jersey's immigration policy. The Panel hopes to see considered solutions produced by government moving forward, supported by objective data and transparency of information.

On behalf of the Panel, I would like to thank officers from the States Greffe for assisting the Panel in its communications and for producing this report within a very constrained timeframe. I also would like to thank my fellow Panel Members for endeavouring to process a large volume of information in a short time whilst challenged on many fronts.

I also thank the members of public and stakeholders who have engaged with our review notwithstanding other demands on their time.

A handwritten signature in black ink that reads "Moz Scott". The signature is written in a cursive, slightly slanted style.

Deputy Moz Scott
Chair,
Economic and International Affairs Scrutiny Panel

3. Introduction / Methodology

Following the 2022 elections, the newly formed Council of Ministers (CoM) developed its Government Programme. In contrast to previous years, this year the CoM was required to lodge and present several additional documents alongside the Plan resulting in what has been termed the ‘Government Programme’ which consists of the:

- The Common Strategic Policy (CSP) ([P.98/2022](#));
- Ministerial Plans ([R.139/2022](#));
- The Government Plan ([P.97/2022](#)); and
- Delivery Plans (to be presented to the States Assembly in early 2023)

The Government Programme is intended to create an overarching identity to the different planning documents and to allow each to play its role in a “*comprehensive, prioritised, affordable and deliverable government programme.*”⁵

In addition, this year differed to previous years in that the [Annex](#) to the Plan was lodged separately on the 20th October, more than two weeks after the lodging of the Plan. Unfortunately, the decision to lodge the Annex at this later date meant that Scrutiny Panels had a significantly reduced period to carry out a comprehensive review of the CoMs’ proposals. The Panel believes the delayed release of the Annex, and the lack of availability of delivery plans, was to the detriment of the Panel’s ability to scrutinise the proposals in as much detail as its members would have liked.

The Panel is therefore supportive of the overarching recommendation made by the Corporate Services Scrutiny Panel (CSSP) that going forward, the Annex is lodged at the same time as the Plan to allow for sufficient scrutiny to be undertaken (see Appendix 1).

The Common Strategic Policy

Each new CoM is required by law to bring a Common Strategic Policy (CSP) at the beginning of its term of office and, in accordance with [Article 18\(2\)\(e\) of the States of Jersey Law 2005](#), this must be approved by the States Assembly. The CSP was brought as a separate proposition to the Government Plan and sets out the CoM’s key priorities for the next 4 years with its specific aims and key outcomes set out within the document.

The CSP priorities, as set out in [P.98/2022](#) and approved by the States Assembly on 23rd November 2022, consists of 7 priorities for change which are listed as:

1. Housing and Cost of Living
2. Economy and Skills
3. Children and Families
4. Ageing Population
5. Health and Wellbeing
6. Environment
7. Community

These 7 priorities for change are described within the CSP as ‘interlinked’ and ‘*will help us to focus and take decisions that have regard to Jersey as a place to live, a place of work, a place to grow old with dignity, and a place to take pride in and protect.*’⁶

⁵ Council of Ministers Paper, 13th July 2022

⁶ [Council of Ministers Common Strategic Policy](#)

The Panel presented comments on the CSP which are available to view [here](#). The comments stated that the Panel believed the CSP was light in detail in a number of areas. The comments informed the Assembly that the Panel intended to examine the aims of the CSP in further detail, particularly the stated performance measure of increasing total GVA per person as a measure of the economic impact of government's economic policies. The comments also covered the following content of the CSP:

- Sustainable Economic Framework
- Skills Barometer
- Enterprise Strategy

The Ministerial Plans

The Ministerial Plans form part of the Government Programme 2023-2026 which set out each Minister's priorities together with the CoM's Legislative Programme for 2023. The Legislative section outlines Legislation that will be lodged for debate by the States Assembly during 2023. It does not include policy development and drafting for legislation to be lodged in later years, or business as usual Orders and Commencement Acts.

The Ministerial Plans are updated each year and are presented to the States Assembly. They do not require States Assembly approval.

The Government Plan

The Government Plan 2023 – 2026 was lodged by the CoM on 4th October 2022 and is due for debate no earlier than 13th December 2022. In accordance with [Article 9\(1\) of the Public Finances \(Jersey\) Law 2019](#), the Council of Ministers must prepare a Government Plan and lodge it in sufficient time for the States to debate and approve it before the start of the next financial year.

The Government Plan must:

- a) set out specified financial information
- b) not be lodged showing a negative balance in the Consolidated Fund at the end of any of the financial years covered by the plan
- c) set out how the proposals in the Government plan take into account the medium-term and long-term sustainability of the States' finances and the outlook for the economy in Jersey
- d) set out how the proposals in the plan take into account the sustainable well-being (including the economic, social, environmental and cultural well-being) of the inhabitants of Jersey over successive generations

The Government Plan Sets out the funding position for the Government, including income, and capital and revenue expenditure. It explains the financial context in which the Council of Ministers is taking action to address economic and political challenges, whilst investing in priorities and ensuring the long-term sustainability of Public Finances.⁷

⁷<https://www.gov.je/Government/PlanningPerformance/GovernmentProgramme/GovernmentPlan/Pages/GovernmentPlan2023to2026.aspx>

The Government Plan includes a Financial Annex which contains supporting information to accompany the life of the Plan. As mentioned earlier in this report, the Annex was lodged some 2 weeks later than the Government Plan, which impacted on the timeframe Scrutiny Panels had to undertake their reviews.

Delivery Plans

The Panel found it extremely difficult to scrutinise budgets in relation to the delivery of policy in the absence of delivery plans. This was particularly challenging regarding the scrutiny of cases for increased funding for Jersey Business, the Rural Initiative Scheme and the Local Economy.

Approach by Scrutiny

It was agreed at a Scrutiny Liaison Committee (SLC) meeting held on 3rd October that:

- Each Scrutiny Panel would focus on the aspects of the proposed Government Plan specific to its remit and that overarching themes would be led by the Corporate Services Scrutiny Panel. It was also agreed that Scoping Documents and Terms of Reference would be discussed and agreed by Panels with agreement provided electronically by the SLC.
- The communication strategy for the Government Plan would be Panel specific but an update on the progress of each Panel would be regularly reported to SLC.

Panel Methodology

Due to the delay in lodging the Annex, the Panel was unable to obtain as much detailed information as it would have liked. Information to help identify revenue programmes and capital projects was available, albeit limited, and following receipt of the draft Annex, the Panel was able to look at each of the allocated projects in more detail. A brief overview of the Panel's Terms of Reference was to review components of the Government Plan 2023-2026 in order to appraise additional revenue programmes and capital projects within Departmental remits and the extent to which they aligned with the Common Strategic Policy and the Ministerial Plans. Further review will need to be taken to understand if the Government Plan proposals on Departmental budgets, savings, staffing levels and spending of allocated funds will ensure productive service delivery to meet departmental and Ministerial objectives.

The Panel's full Terms of Reference are attached to this Report in Appendix 1.

The Panel has undertaken this review in as much detail as possible with the information provided by Government. Its evidence gathering process was as follows:

- Written correspondence to Ministers informing them of the review Terms of Reference, listing all of the programmes within the Panel's remit and to request any key documentation, including full business cases where available.
- Examination of the outline business cases and business justification cases provided by Government.
- Identification of stakeholders in relation to each programme to seek targeted submissions.
- Written questions to Ministers which the Panel were unable to effectively raise in the Government Plan hearings given the short time frame

- Public hearings with the relevant Ministers.

Public Hearings

The Panel scrutinised 3* Ministers as part of its remit for the purposes of this review. These are identified as follows:

- Minister for Economic Development, Tourism, Sport and Culture (2 hearings, one for Government Plan and one Quarterly Hearing which incorporated questions on the Digital Economy, Capital Projects and Economy and Skills, all of which form part of the Government Plan)
- Minister for International Development
- Minister for External Relations and Financial Services

*The Panel had planned its Public Hearings around questioning the Minister for Economic Development, Tourism, Sport and Culture, the Minister for External Relations, the Minister for Treasury and Exchequer (in his capacity as Minister originally presented as having responsibility for Financial Services in the Ministerial Plans) and the Minister for International Development.

As mentioned in the Executive Summary, the Panel had understood that responsibility for Financial Services had been transferred from the Minister for External Relations and Financial Services to the Minister for Treasury and Exchequer but the Panel was informed 2 days before the scheduled hearing with the Minister for Financial Services that the transfer of responsibilities had not taken place. The Panel was therefore unable to question the Minister for Treasury and Exchequer on the subject of Financial Services as he was legally unable to attend the Public Hearing in this capacity. The Panel agreed to question both Ministers during the same Public Hearing to cover the remits for External Relations and Financial Services. The areas of questioning were limited due to being condensed to accommodate the shorter timeframe.

The following paragraphs are excerpts from Hansard of the nominee speeches of the Chief Minister, Minister for External Relations and Financial Services and the Minister for Treasury and Exchequer.

Deputy K.L. Moore – Hansard 5th July

I would like to appoint Deputy Gorst as the future Minister for Treasury and Resources with Financial Services

Deputy P Ozouf – Hansard 11th July

The Chief Minister designate has, however, made one thing clear, that she wishes to transfer financial services to the Treasury, so I am being nominated for one role but with a clear expectation that half of the role, if that is half of the role, will move. So I believe that it is a sensible move. I fully support it and I commit to working with both the Chief Minister and the Minister for Treasury and Resources to effect the changes necessary to transfer responsibility for financial services.

Deputy I Gorst – Hansard 11th July

I am honoured to have been nominated for the role as Minister for Treasury and Resources where I will retain political responsibility for financial services. As Minister for Financial Services, a role I will be pleased to retain, I will continue to promote the industry across our key markets, ensuring we remain competitive and open to new opportunities, working hand in hand with those that this Assembly will elect today or tomorrow. We will implement our new financial services strategy, working with industry and the regulator. We will continue to modernise our statute book.

Written Submissions

A number of social media posts were circulated by the Panel to ask for public opinion on the following areas:

- Funding for Jersey Business
- Funding for the Rural Initiative Scheme
- The Elite Sports Strategy
- Freeze on Alcohol Duty
- Funding for the Jersey Opera House

The Panel wrote to industry stakeholders to gather written submissions. These included:

- Digital Jersey
- The Jersey Chamber of Commerce
- Jersey Business
- Jersey Hospitality Association
- Jersey Finance Limited
- Jersey Farmer's Union
- Jersey Construction Council
- Institute of Directors
- Jersey Construction Council
- Jersey Heritage
- Art House Jersey

The Panel received in total 13 written submissions, all of which can be found on the Scrutiny website following this [link](#). These are also included in Appendix 3 of this report.

Written Questions and Follow Up

The Panel also wrote to Ministers and Departmental officers to follow up on questions asked at Public Hearings which required more detailed information. Some of this information related to the confidential business cases and the Panel is unable to share this in the public domain. The information has however allowed the Panel to expand in certain areas of its review where more detailed analysis was required.

Findings and Recommendations

The Panel has made 21 key findings and 9 recommendations as part of this review. These will be sent to the Minister for a response within 6 weeks of presentation of this report with the Minister's response being published on the [States Assembly website](#).

Overarching Recommendations

As previously mentioned, it was agreed by the Scrutiny Liaison Committee that each scrutiny Panel would focus on the aspects of the Plan that were specific to its remit and that

overarching themes would be led by the Corporate Services Panel. The Corporate Services Scrutiny Panel has made some overarching recommendations in relation to the new Government Programme. These can be seen in Appendix 2 of this document.

Ministers Scrutinised

The Economic and International Affairs Scrutiny Panel scrutinises the work of 3 Ministers: the Minister for Economic Development, Tourism, Sport and Culture, the Minister for External Relations and Financial Services and the Minister for International Development. Therefore, and as mentioned previously in this report, until the Minister for Treasury and Exchequer is allocated responsibility for Financial Services, the project policy work contained in the programmes and capital projects assigned to the Panel currently predominantly sit under:



Minister for Economic Development, Tourism, Sport and Culture, Deputy Kirsten Morel



Minister for External Relations and Financial Services, Deputy Philip Ozouf



Minister for International Development, Deputy Carolyn Labey

Under the [Standing Orders of the States of Jersey](#), the Terms of Reference of a Scrutiny Panel are, in relation to the topics assigned to it –

- a) to hold reviews into such issues and matters of public importance as it, after consultation with the scrutiny liaison committee, may decide;
- b) to consider the existing and proposed policy of the Council of Ministers;
- c) to scrutinize draft Laws and draft subordinate enactments which are to be made by the States and consider possible amendments to them, if appropriate;
- d) to scrutinize subordinate enactments which have been made by a Minister;
- e) to scrutinize international conventions and agreements before they are extended to Jersey;
- f) to scrutinize a government plan and other financial proposals of the Council of Ministers;
- g) if appropriate, to report to the States upon any matter reviewed, considered or scrutinized by the panel and make recommendations in respect of the matter; and;
- h) to liaise, through the scrutiny liaison committee, with the PAC so as to ensure appropriate co-ordination of the scrutiny function.

The Economics and International Affairs Panel is assigned the topics of economic development (including financial services, innovation, competition, and the digital industry), tourism, sport and culture, external relations, international development and international relations.

4. Findings and Recommendations

Findings

FINDING 1

The confidentiality of Departmental Business Cases gave rise to reporting difficulties as, although the Panel had access to this information, it was unable to share this information as part of its report.

FINDING 2

The Government Plan shows that funding for Financial Services sits with the Department of the Economy for the life of the Government Plan. However, the CoM has brought an amendment breaking this funding down between the Department of the Economy and Financial Services of which the Panel is supportive.

FINDING 3

Funding of £200,000 is required for the new legislative telecoms framework to bring telecoms legislation in line with that of the UK given Jersey's use of a +44 area code.

FINDING 4

Funding of £900,000 is considered adequate for the Rural Initiative Scheme by the Minister for Economic Development, Tourism, Sport and Culture for 2023. However, the Minister proposes to unlock increased funding for 2024, 2025 and 2026 by bringing amendments to future Government Plans.

FINDING 5

The Minister is working on a process which clearly states how funding will be allocated within the Rural Initiative Scheme. This is currently in draft and will be shared with Scrutiny once complete.

FINDING 6

At the recent annual Farmers Conference held in Jersey, information was provided to attendees in relation to grant support under a newly proposed scheme. This information stated that funding would only be granted for projects once the projects had been delivered. The Panel believe this may impact upon those who have no initial start-up funding and could have unintended consequences as, without Government providing support to financially assist new entrants, this scheme could prove difficult to attract people into the sector which may impact on the long term sustainability of the agriculture sector in the Island.

FINDING 7

Government is looking into commissioning Jersey Business to undertake a piece of work on the experience business owners have with Jersey Business, the business process and Government.

FINDING 8

Jersey Business is due to receive an additional £700,000 in funding over and above its base grant of £860,000. This is despite there being no measurement being set for Jersey Business

for the delivery of policy as stated in the Common Strategic Policy (CSP) and it is unclear what the exact role of Jersey Business will be in delivering the CSP.

FINDING 9

The Panel understands that KPI's are the sole value for money assessment of Jersey Business which are built upon Government key strategies. These are not measured in terms of economic value and money to the Island.

FINDING 10

The Panel received a written submission from Jersey Business who stated that they had received funding over and above their £860,000 base grant of £1,060,000 to help assist businesses during the impact of Covid which was more than the additional funding of £700,000 allocated to them in 2023.

FINDING 11

The JAR did not generate any income in 2018 and 2019 despite its costs being in excess of £7,000,000. In addition, any income generated following the transfer of operational responsibility effected in May 2020 was payable to Ports of Jersey Limited rather than Government.

FINDING 12

The £200,000 shown in the Government Plan for the Jersey London Office is not a growth but a reversal of a cut in funding made by the last Council of Ministers in anticipation of sharing costs with Guernsey to combine a dual Island office.

FINDING 13

Grants and subsidies payment of £1,134,000 is used to cover External Relations overseas offices in London and Brussels.

FINDING 14

An additional Sanctions Officer is required for Jersey as a result of the increased workload due to the upcoming MONEYVAL assessment in September 2023 and, the increased implementation of sanctions due to the conflict in Ukraine. The funding for this post will cover the period of 2023 and 2024.

FINDING 15

In 2021, the Government Plan was approved by the States Assembly which included that annual funding for Jersey Overseas Aid should be pegged to GVA, increasing it to reach 0.28% of GVA by 2023, working towards the current OECD (DAC) average of 0.31% of national income by 2026.

FINDING 16

Jersey Overseas Aid is due to recruit an additional officer in 2023 to allow for more projects to be undertaken and provide efficient oversight and monitoring of all overseas projects. The Panel is informed that undertaking more projects poses less risk to public finances.

FINDING 17

The Government Plan will continue its previous commitment of providing 1% of revenue expenditure relative to Gross Value Added to the Arts and Heritage Sectors.

FINDING 18

Most written submissions were in favour of the Jersey Opera House calling it an iconic part of Jersey Heritage.

FINDING 19

The Panel has not been able to present any breakdown of the renovation costs in relation to the Opera House due to Government confidentiality.

FINDING 20

A contingency has been built in for the refurbishment of the Jersey Opera House. The Panel understands this is held in the capital costs contingency fund with Treasury and includes funding for unforeseen additional work including cost push inflation in construction costs. However, the Panel is not aware of what the total capital contingency is.

FINDING 21

£300,000 of the Elizabeth Castle refurbishment has been spent to date on professional surveys, exploratory work and preparing for planning permission.

Recommendations

RECOMMENDATION 1

The Council of Ministers should review the confidentiality of Business Cases and consider whether it is in the public's interest to keep Government Plan business justification cases and cost breakdowns confidential. This should be carried out within the next six months and implemented in time for the future Government Plan.

RECOMMENDATION 2

The Chief Minister should ensure due clarity and accountability by transferring the responsibility for Financial Services to the Minister for Treasury and Exchequer without delay.

RECOMMENDATION 3

The Minister for Economic Development, Tourism, Sport and Culture should present the draft process for funding allocation on the Rural Initiative Scheme to the Panel prior to presenting to the States Assembly once complete. This should be within 3 months from the presentation of this report as funding is due to commence in early 2023

RECOMMENDATION 4

The Minister for Economic Development, Tourism, Sport and Culture should present to the Panel the terms of reference, budget, timeline and conflict of interest protocol for the work being undertaken by Jersey Business to report on the experience of business owners with Jersey Business and Government.

RECOMMENDATION 5

The Minister for Economic Development, Tourism, Sport and Culture should provide the Panel with his findings from this piece of work as soon as possible.

RECOMMENDATION 6

The Minister for Economic Development, Tourism, Sport and Culture should ensure that clearly defined globally recognised key performance indicator measurements are identified and implemented to ensure Jersey Business is offering value for money.

RECOMMENDATION 7

The Minister for External Relations and Financial Services should explore the prospect of a dual office to help reduce costs. This should be undertaken in 2024 with a briefing provided to the Panel on its negative and/or positive impact to the Island.

RECOMMENDATION 8

The Minister for Economic Development, Tourism, Sport and Culture should review each grant for the Arts and Heritage sector year on year and ensure that business as usual costs and overheads are incorporated, in line with the Strategic Partnership Agreement, and not just project costs. This should be carried out in time for the next round of funding.

RECOMMENDATION 9

Although a contingency is in place for the refurbishment works at Jersey Opera House, the Minister for Economic Development, Tourism, Sport and Culture, together with the Minister for

Treasury and Exchequer should review this every 3 months to ensure that it is sufficient to support the life of the project. In addition, the Minister should provide a breakdown of costs and a work programme to the Panel once planning permission has been received. If there are any supply-chain issues, then the Panel will need to be informed, to ensure the potentiality of capital overspends are prepared for.

5. Income and Expenditure

As mentioned in the Executive Summary of this report, the Panel has found some areas of the Government Plan difficult to analyse due to the lack of detail in the Government Plan 2023-26 and requested further details to understand how some of the figures had been arrived at. In addition, the confidentiality of Departmental Business Cases gave rise to reporting difficulties as, although the Panel had access to this information, it was unable to share this information as part of its report.

FINDING 1

The confidentiality of Departmental Business Cases gave rise to reporting difficulties as, although the Panel had access to this information, it was unable to share this information as part of its report.

RECOMMENDATION 1

The Council of Ministers should review the confidentiality of Business Cases and consider whether it is in the public's interest to keep Government Plan business justification cases and cost breakdowns confidential. This should be carried out within the next six months and implemented in time for the future Government Plan.

The Government Plan 2023-2026 sets out the income and expenditure that will support the delivery of the Common Strategic Policy and Ministerial Plans in 2023. Consideration is given to the impact on Departmental budgets resourcing and staffing in relation to the delivery of public services. These include focus on:

- Economic and Fiscal context (advice of Fiscal Policy Panel and Income Forecasting Group – fiscal and economic soundness of the Plan)
- General Revenue Income (General Tax Revenues, Other Government Incomes, Departmental Incomes)
- Income forecasts
- Mini - Budget Proposals (cost of living)
- Public Sector Spending (Revenue Growth Funding, Value for Money, Revenue Heads of Expenditure, Reserve Heads of Expenditure)
- Impact of inflation
- Impact of Covid-19

Departmental Heads of Expenditure

The Proposed Government Plan 2023–2026 ([P.97/2022](#)) asks the States Assembly to approve the amount to be appropriated from the Consolidated Fund for 2023, for each head of expenditure. The tables below provide a summary of the proposed “Heads of Expenditure” allocated to the Departments for 2023 and estimates produced for 2024 - 2026:

Table 14 – Revenue Heads of Expenditure					
2022 Approved (£000)		2023 Allocation (£000)	2024 Estimate (£000)	2025 Estimate (£000)	2026 Estimate (£000)
36,678	Department for the Economy	40,264	39,812	39,611	39,808
2,918	External Relations	3,088	3,087	2,995	2,995
13,375	Jersey Overseas Aid	17,700	19,231	20,452	21,045

Summary Table 5(i) 2023 Revenue Heads of Expenditure			
	Income (£000)	Expenditure Allocation (£000)	Head of Expenditure (£000)
Department for the Economy	0	40,264*	40,264
External Relations	290	3,378	3,088
Jersey Overseas Aid	0	17,700	17,700

The Panel asked for a breakdown of the £290,000 Income that had been proposed for External Relations. The following was provided:

The £290k income received into ER is broken down into:

- £250k aerodrome licence fee paid by Ports of Jersey to GoJ – this covers the DCA costs and is a legal requirement;
- The remaining £40k is the estimated licence fees generated from foreign carrier permits⁸

⁸ Email from Department of External Relations – 03.12.22

Changes to the Departmental budget from 2022 to 2023 are detailed in the following tables.

Changes to Net Revenue Expenditure Department for the Economy (Economic Development, Tourism, Sport and Culture)	
	(£000)
2022 Approval	36,678
Staff Costs	5,854
Other Operating Expenses	4,314
Grants and Subsidies Payments	30,096
New Revenue Growth	16,458
2023 Estimate	40,264
Net Difference 2022 to 2023	3,586

The Panel noted that, within the Government Plan, the budget for Financial Services sits with the Department of the Economy for the years 2023 – 2026. The Panel was concerned how this funding would be transferred to Treasury and Exchequer once the transfer order had been signed. The Panel is pleased to note that an [amendment](#) to the Government Plan has been lodged by the CoM to show the breakdown of funding for the Department of the Economy and Financial Services. The Panel was informed that the legal political responsibility currently was with the Minister for External Relations and Financial Services. The Minister went on to say that the correct Minister was legally being challenged by Scrutiny and that the work for Financial Services was not being neglected and was continuing as usual.

Deputy M.R. Scott:

The Government Plan annexe - that is page 30 - notes that both financial services and financial crime sit under the budget for the Department for the Economy for the term 2023 to 2026. Is it the Council of Ministers' intention that financial services carry on under the Department for the Economy for the life of this Government Plan?

The Minister for External Relations and Financial Services:

The legal responsibility for political matters rests with me. The way that the civil service is organised beneath that is the matter which is the implementation that we are working on to put that in a clearer and more understandable way. There have been a number of lack of clarities, as Deputy Young pointed out. The Assembly made it very clear that they want a clear line of responsibility between a Minister and their department and the Department for the Economy currently has this number of constituent parts. That is what we are seeking to achieve.⁹

FINDING 2

The Government Plan shows that funding for Financial Services sits with the Department of the Economy for the life of the Government Plan. However, the CoM has brought an amendment breaking this funding between the Department of the Economy and Financial Services of which the Panel is supportive.

⁹ Public Hearing with the Minister for External Relations and Financial Services – 18.11.22

RECOMMENDATION 2

The Chief Minister should ensure due clarity and accountability by transferring the responsibility for Financial Services to the Minister for Treasury and Exchequer without delay.

Changes to Net Revenue Expenditure External Relations and Financial Services	
	(£000)
2022 Approval	2,918
Staff Costs	1,857
Other Operating Expenses	387
Grants and Subsidies Payments	1,134
2023 Estimate	3,088
Net Difference 2022 to 2023	170

Changes to Net Revenue Expenditure Jersey Overseas Aid (International Development)	
	(£000)
2022 Approval	13,375
Inflation and Formula Driven	3,224
Previous Revenue Growth	1,101
2023 Estimate	17,700
Net Difference 2022 to 2023	4,325

6. New programmes in the Government Plan 2023-26

Summary of Revenue Expenditure Growth (GP 2023-26)

The table below identifies the programmes that will receive first-time investment in 2023 which have not been included in previous iterations of the Government Plan.

New Additional Revenue Expenditure Programmes Economic Development, Tourism, Sport and Culture (Department of the Economy)					
Description	Reference	2023 Estimate (£000)	2024 Estimate (£000)	2025 Estimate (£000)	2026 Estimate (£000)
New Telecoms Legislative Framework	I-ECON-GP23-001	242	242	242	242

Rural Initiative Scheme	I-ECON-GP23-002	900	700	600	600
Jersey Business	I-ECON-GP23-003	700	700	700	700
Digital and Cyber	I-ECON-GP23-004	200	200	200	200
Local Economy	I-ECON-GP23-005	300	300	300	300
Economics Unit	I-ECON-GP23-006	100	100	100	100
Total		2442	2242	2142	2142

As part of its evidence gathering process, the Panel questioned the Minister for Economic Development, Tourism Sport and Culture, together with the Director of the Economy, on the new additional revenue programmes.

Programmes within Department of the Economy

I-ECON-GP23-001: New Telecoms Legislative Framework

Department for the Economy

Funding allocation requests in Government Plan 2023-2026 (£000):

2023	2024	2025	2026
242	242	242	242

New Telecoms Legislative Framework

The Panel asked for more details around the new telecoms legislative framework and how the figure of £242,000 for the new telecoms legislation framework had been arrived at. It was informed that existing legislation needed to be updated following on from the 2021 Telecoms Legislative Act in the UK and the funding was for specialist expertise to look at the overall security framework. Jersey had to ensure its telecom security was compliant with UK regulations, especially given its use of a UK +44 area code.

Assistant Minister for Economic Development, Tourism, Sport and Culture

‘The background of the telecoms security framework and its legislative side is following on from work in the U.K. and their 2021 legislative Act on telecoms. We have simply got to make sure that our telecom security is compliant, especially given we use the U.K. 44 number group. This number I believe comes from bringing in some specialist expertise to help look at how the telecoms security framework of the U.K. is being implemented, look at the best practice relevant for how we manage our telecoms

*providers and our telecoms infrastructure and as well it brings in, I presume, any kind of buffer that we require from the department to support on that single project.*¹⁰

The Panel asked if the funding would be required year on year as was being proposed. However, the Panel was informed that, if the money was not required in future years, it would be an underspend in the Department and would be returned to Treasury in the usual way.

FINDING 3

Funding of £200,000 is required for the new legislative telecoms framework to bring telecoms legislation in line with that of the UK given Jersey's use of a +44 area code.

I-ECON-GP23-002: Rural Initiative Scheme

Department for the Economy

Funding allocation requests in Government Plan 2023-2026 (£000):

2023	2024	2025	2026
900	700	600	600

Rural Initiative Scheme (RIS)

The Panel was keen to understand the process of how the funding would be allocated and what process would be used for the allocation. It was informed that there was a clear and quantified method of delivering the funding and it was not done in an ad hoc way. The Minister informed the Panel that part of the allocation process for funding would be to ensure that environmental benefits and landscape management objectives were being adhered to which would help in determining the funding of grants. The Minister informed the Panel that he was currently working on a draft process for funding allocations and, once the process was in a suitable format, he would share it with the Panel.

Minister from Economic Development, Tourism Sport and Culture

*'We have a very clear and quantified method for delivering it. In fact, we are creating a new system for unlocking funding for whether they are growers, smallholders or dairy farms. We are having an entirely new system to deliver the funding, which is based on the public goods that they deliver rather than on the products that they deliver.'*¹¹

The Panel asked the Minister if he thought the budget being allocated for the RIS would be sufficient for the life of the Plan to which he replied that he intended to unlock more funding for the future years to reach £900,000 year on year.

The Minister did not state where the additional funding would come from but the Panel agreed this was a desirable requirement to support rural initiatives across the period of the Government Plan 2023-26.

¹⁰ Public Hearing with the Minister for Economic Development, Tourism, Sport and Culture – 04.11.22

¹¹ Public Hearing with the Minister for Economic Development, Tourism, Sport and Culture – 04.11.22

Minister from Economic Development, Tourism Sport and Culture

‘So, first of all, I refer to an answer that I gave in our last session last week where those forward-looking numbers I intend to try to make them reach £900,000 in each of the future years. That is my aim. I want to try to unlock more than £700,000, £600,000 and £600,000.’¹²

The Minister informed the Panel he planned to do this via amendments to the next Government Plan.

At the recent annual Farmers Conference held in Jersey, which the Panel attended in early November, information was provided to attendees in relation to grant support under the newly proposed scheme. This information stated that funding would only be granted for projects once the project had been delivered. The Panel believes this may impact upon those who have no initial start-up funding and could have unintended consequences as, without Government providing support to financially assist new entrants, this scheme could prove difficult to attract people into the sector, which may impact on the long term sustainability of the agriculture sector in the Island. Although it was not asked of the Minister as part of the Government Plan 2023-26 review, the Panel would like to follow this up in 2023 with the Minister and will be asking for more detail in this area.

The Panel would also like to follow up with the Minister as part of its work programme in 2023 what Government owned land (if any) was available for farming start-ups on a concession agreement base.

The Panel heard from a number of stakeholders who provided a response to social media posts asking for feedback. In general, most expressed the view that the proposed £2.4 million over the 4 years of the Government Plan was relatively low in comparison to other jurisdictions, with one of the submissions asking that there be more transparency around where the funding is allocated and that it should target small farmers in addition to local organic farmers.

Emma Mourant – Public Submission

Firstly, I am astonished that this question is even being asked of the general public. The government themselves have acknowledged that without government support there will be no agriculture sector left in Jersey in 10 years' time. A very desperate prospect where food security and the way Jersey's land is managed would be lost.

Jersey's level of support for the agriculture industry is woefully low compared to other jurisdictions. At £24 per head of population, we fall way below the UK at £96, the EU at £159 and the Isle of Man at £128.

When 1% of the government budget has been secured for the Arts at a cost of £9 million, the question should not be whether £2.8 million should be invested in a Rural Initiative Scheme but rather how can the Jersey government support the agriculture sector further before it is too late?¹³

Andrew Syvret – Public Submission

Given the fresh food security issues we face as an insular population ~ it is surely axiomatic that such expenditure is essential. Additionally, with the dramatic losses

¹² Public Hearing with the Minister for Economic Development, Tourism, Sport and Culture – 04.11.22

¹³ Written Submission – Emma Mourant – 12.11.22

observed in Jersey's biodiversity ~ advocacy must be targeted at rural initiatives that improve soil & water quality, restore damaged habitats & create new ones.

The sum in question seems relatively small given budgets discussed elsewhere in the Government Plan. With nutrition critically linked to health & wellbeing, as an island we should be encouraging ethical growers of every size & ambition as an utmost priority.¹⁴

Anonymised – Public Submission

Greater transparency about which growers have received funding is also required so that the public can see how their funds are being spent. There is limited information available about agricultural grant awards under schemes implemented by past Governments; support for such initiatives hinges on public buy-in.

Furthermore, the Government could consider including support for local organic farmers in terms of assisting with Soil Association Accreditation costs as part of the Rural Initiative - this after all improves the land for the next generation, provided it isn't rezoned and built upon.¹⁵

The Panel is pleased that the rural sector is being provided with funding and has received private briefings from the Minister and his team on this issue. The Panel will continue to monitor this area.

FINDING 4

Funding of £900,000 is considered adequate for the Rural Initiative Scheme by the Minister for Economic Development, Tourism, Sport and Culture for 2023. However, the Minister proposes to unlock increased funding for 2024, 2025 and 2026 by bringing amendments to future Government Plans.

FINDING 5

The Minister is working on a process which clearly states how funding will be allocated within the Rural Initiative Scheme. This is currently in draft and will be shared with Scrutiny once complete.

FINDING 6

At the recent annual Farmers Conference held in Jersey, information was provided to attendees in relation to grant support under a newly proposed scheme. This information stated that funding would only be granted for projects once the projects had been delivered. The Panel believe this may impact upon those who have no initial start up funding and could have unintended consequences as, without Government providing support to financially assist new entrants, this scheme could prove difficult to attract people into the sector, which may impact on the long term sustainability of the agriculture sector in the Island.

¹⁴ Written Submission – Andrew Syvret – 13.11.22

¹⁵ Written Submission – Anonymous – 13.11.22

I-ECON-GP23-003: Jersey Business**Department for the Economy****Funding allocation requests in Government Plan 2023-2026 (£000):**

2023	2024	2025	2026
700	700	700	700

Jersey Business

The Panel noted that, throughout the life of the Government Plan, proposed funding of £700,000 is allocated to Jersey Business. The Panel was keen to explore this in more detail and, at its public hearing with the Minister for Economic Development, Tourism, Sport and Culture, the Panel asked how much this funding was in addition to their existing base grant. The Panel was informed that the base grant was £860,000 so, with the additional proposed funding of £700,000, the total funding to Jersey Business would be £1.56 million year on year for the next 4 years.

The Panel asked at its recent Public Hearing with the Minister what the additional funding would be used for. It was informed that it was to provide the business support facilities that Jersey Business were ultimately asked to step up during COVID. However, now that COVID had finished, the impacts of COVID on Jersey businesses had not and it was considered a benefit to the Island if this role carried on.

Deputy M. Scott:

Can you please confirm what this funding will be used for and what return on investment of these taxpayer funds is being sought?

The Minister for Economic Development, Tourism, Sport and Culture:

It is to provide the business support facilities that Jersey Business were ultimately asked to step up during COVID and they have shown during that time the very flexible and very wide-ranging support for businesses that they have been able to provide. While COVID has passed, the impacts of COVID on Jersey businesses have not, so this enables them to carry on delivering those levels of service.¹⁶

The Panel asked if this was in effect now moving from a temporary scheme to a permanent one and was informed that it was with the Minister stating:

The Minister for Economic Development, Tourism, Sport and Culture:

Absolutely, so instead of saying we are going to remove the COVID funding and you reduce your headcount accordingly and then effectively in my view become less able to support the economy post-COVID we are saying that was a good idea and does not appear to be controversial to make sure that we are building on that and making the temporary permanent on the basis that Jersey Business do give a broad range of advice to any business that wants to see it, not just in terms of growth, but it also does

¹⁶ Public Hearing with the Minister for Economic Development Tourism, Sport and Culture – 04.11.22

*filter those companies that they think have the greatest overall chance of becoming successful.*¹⁷

The Panel went on to ask how Jersey Business performance was measured and what did the Jersey Business Partnership Agreement with Government entail through methods of reporting. The Panel understands that KPI's are the sole value for money assessment of Jersey Business which are built upon Government key strategies. These are not measured in terms of economic value and money to the Island. The Panel asked how it was measured in terms of the Partnership Agreement and was informed that it was via key data point which are set at the beginning of the year.

The Minister for Economic Development, Tourism, Sport and Culture:

*It is via the key data points that are set for them at the beginning of the year as a result of the business cases that are provided at the beginning of the year.*¹⁸

The Panel was also informed that Jersey Business gave advice and did not hand out money to businesses.

The Minister for Economic Development, Tourism, Sport and Culture:

Support is not financial support. Jersey Business only provide advice. They do not provide financial support.

Deputy M. Scott:

It is funded by the taxpayer, though.

The Minister for Economic Development, Tourism, Sport and Culture:

*Yes, that advice is funded by the taxpayer, but Jersey Business do not hand out money to businesses.*¹⁹

The Panel asked what evidence there was regarding the increase in demand for the services of Jersey Business and was informed that the figures provided to Government by Jersey Business showed an increasing demand for their services.

Deputy M. Scott:

I do believe there are a number of businesses in the Island who have benefited from such help, but why does Jersey Business's support services need to be expanded from those available before 2020 and what evidence is there of increased demand?

The Minister for Economic Development, Tourism, Sport and Culture:

*Jersey Business have shown us that there is constant demand for their services, and it has only increased. Because we do not run Jersey Business, we provide the funding for them, we rely on their figures, and they are showing us increasing demand for their services.*²⁰

The Panel was keen to know what feedback Government received from businesses regarding their interaction with both Jersey Business, the business process and Government. The Panel was informed that government was investigating areas of red tape for local businesses and a

¹⁷ Public Hearing with the Minister for Economic Development Tourism, Sport and Culture – 04.11.22

¹⁸ Public Hearing with the Minister for Economic Development Tourism, Sport and Culture – 04.11.22

¹⁹ Public Hearing with the Minister for Economic Development Tourism, Sport and Culture – 04.11.22

²⁰ Public Hearing with the Minister for Economic Development Tourism, Sport and Culture – 04.11.22

piece of work had been commissioned by Government with Jersey Business to undertake that, whilst it would be focused on the business experience with Jersey Business, would most certainly include business owners' experience with Government.

Deputy M.R. Scott:

Sorry, Minister, I probably was not clear, I was meaning more in terms of what you receive or perhaps investigate in terms of the experience of businesses in terms of interacting with government and if there are any kind of issues there?

The Minister for Economic Development, Tourism, Sport and Culture:

I understand. So we are doing a piece of work on that at the moment, which ... and we are in the commissioning stage with Jersey Business to undertake exactly a piece of work to look at not just interaction with government but it will absolutely include interaction with government, but it is about business processes and trying to understand those processes that businesses find more onerous, with a view to trying to smooth down those processes to make them easier.

Deputy M.R. Scott:

That is great to hear. Just very quickly, what is the piece of work called and when do you expect to be publishing?

The Minister for Economic Development, Tourism, Sport and Culture:

We are literally commissioning it. I signed off just last week the business case for Jersey Business to work on.²¹

No evidence has been received by the Panel that suggests the additional funding sought for Jersey Business under the Government Plan is also intended to cover this project.

Within the CSP, the Panel notes that the CoM is trying to identify opportunities to cut red tape.

To support Jersey's existing businesses and harness our Island's entrepreneurial spirit, we will develop an Enterprise Strategy, identify opportunities to cut red tape, incentivise start-ups, and help established businesses to grow and thrive.²²

The Panel would be keen to follow up in this area with the Minister as part of its work programme in 2023 to see if the work being undertaken by Jersey Business is linked to this CSP objective.

FINDING 7

Government is looking into commissioning Jersey Business to undertake a piece of work on the experience business owners have with Jersey Business, the business process and Government.

RECOMMENDATION 4

The Minister for Economic Development, Tourism, Sport and Culture should present to the Panel the terms of reference, budget, timeline and conflict of interest protocol for the work

²¹ Public Hearing with the Minister for Economic Development Tourism, Sport and Culture – 27.10.22

²² Common Strategic Policy

being undertaken by Jersey Business to report on the experience of business owners with Jersey Business and Government.

RECOMMENDATION 5

The Minister for Economic Development, Tourism, Sport and Culture should provide the Panel with his findings from this piece of work as soon as possible.

The Panel received a number of written submissions from members of the Public regarding the continued Covid-19 funding for Jersey Business. Whilst one of the submissions was in favour of the additional funding, two more detailed submissions did not see the justification for the funding and asked what cost benefit analysis had been carried out. One submission was also critical of Jersey Business not being regulated to give out business advice and that it did not seem to carry any form of professional indemnity insurance. The same submission went on to say that Jersey Business seems to have made no positive impact in creating productivity in the economy.

Anonymised – Public Submission

Can I ask what cost benefit analysis has actually been carried out for this? I would also ask what real impact Jersey business has on small businesses currently in existence to succeed without having to access other larger or unique firms to obtain basic advice on areas like HR, GDPR, Financial obligations, effect and meaningfulness of new regs to those specific businesses.²³

Anonymised – Public Submission

Unlike most businesses in the island, JB are not regulated nor seem to carry any form professional indemnity insurance. This must limit their activities. They hold themselves out as professionals but do not have to adhere to the principles of any professional body. There is no requirement for them to make money, work efficiently or commercially – as they state themselves they are “not for profit”. There seems to be no measurable targets as to their performance. They pay no tax (directly or indirectly) and they, themselves, seem to make no positive impact in creating productivity in the economy. They say that they are uniquely placed to work across all sectors though I would suggest that a simple google search would highlight numerous Jersey resident taxpaying businesses (directly or through the taxation of the shareholder) offering similar services.²⁴

The Panel received a response directly from Jersey Business as part of its targeted stakeholder evidence gathering. Jersey Business was keen to point out that the budget allocation was a fixed allocation and would remain static for the life of the Government Plan. They went on to say that the Covid Recovery Grant in 2022 was £1,060,000 and in effect, not receiving the proposed additional funding of £700,000 would result in a reduction to what they had received previously with the same level of service being provided.

²³ Written Submission – Anonymous – 11.11.22

²⁴ Written Submission – Anonymous – 12.11.22

Written Submission – Jersey Business

In this current year Jersey Business received income from two Government Grants to cover fixed costs and client facing support as detailed below:

- *Original core grant £860,000*
- *Covid Recovery grant £1,060,000*
- *Total Grant Income £1,920,000*

In 2023 Jersey Business will receive a total Government grant of £1,560,00 to cover fixed costs and client facing support. This is a consolidation of the original core grant and an allocation from the 2023-2026 Government plan and will ensure the advice and support provided by Jersey Business before, during and since the Covid-19 pandemic can continue.

- *Original core grant £860,000*
- *2023-2026 grant allocation £700,000*
- *Total Grant Income £1,560,000²⁵*

Within the written targeted letter to Jersey Business, the Panel had asked what consultation had taken place with Government to arrive at the figure of £700,000. It was informed that Jersey Business meet quarterly with Government to keep them up to date with activity and budgetary requirements. The response went on to say that:

Written Submission – Jersey Business

In deciding where to focus our activity we review the Government Common Strategic Plan and the Ministerial Policies and take into account specific Government strategies such as the Carbon Neutral Roadmap. We deliberately design our support to accelerate the delivery of these priorities into the business community and design our performance measures to capture the changes we are facilitating. In doing so we also take account of the prevailing economic conditions so that we can provide practical support to address the challenges that businesses are facing.²⁶

The Panel discussed the possibility of lodging an amendment to reduce the funding being proposed for Jersey Business. However, the Panel did not agree unanimously that it had sufficient information to support an amendment. The Panel notes that an [independent amendment](#) has been lodged for debate during the States sitting on 13th December in relation to the £700,000 of funding.

Arms Length Organisations

The Government has funded a number of Arm's Length Organisations (ALO's) which work via a Memorandum of Understanding (MoU) between the 2 parties, one of which is Jersey Business. The Panel heard from the Minister for Economic Development, Tourism, Sport and Culture that a review would be undertaken in the future to look at the value for money of these ALO's. The Panel has asked to see the Terms of Reference for this review and a programme of its works. However, it has been informed that the review has not yet started and is due for commencement in the coming months. The Panel will continue to communicate with the Minister regarding this review and will undertake scrutiny, should the Panel think it necessary.

²⁵ Written Submission – Jersey Business – 18.11.22

²⁶ Written Submission – Jersey Business – 18.11.22

FINDING 8

Jersey Business is due to receive an additional £700,000 in funding over and above its base grant of £860,000. This is despite there being no measurement being set for Jersey Business for the delivery of policy as stated in the Common Strategic Policy (CSP) and it is unclear what the exact role of Jersey Business will be in delivering the CSP.

FINDING 9

The Panel understands that KPI's are the sole value for money assessment of Jersey Business which are built upon Government key strategies. These are not measured in terms of economic value and money to the Island.

FINDING 10

The Panel received a written submission from Jersey Business who stated that they had received funding over and above their £860,000 base grant of £1,060,000 to help assist businesses during the impact of Covid which was more than the additional funding of £700,000 allocated to them in 2023.

RECOMMENDATION 6

The Minister for Economic Development, Tourism, Sport and Culture should ensure that clearly defined globally recognised key performance indicator measurements are identified and implemented to ensure Jersey Business is offering value for money.

I-ECON-GP23-004: Digital and Cyber

Department for the Economy

Funding allocation requests in Government Plan 2023-2026 (£000):

2023	2024	2025	2026
200	200	200	200

Digital and Cyber

The Panel queried what the £200,000 funding for digital and cyber would be used for at its recent quarterly hearing with the Minister for Economic Development, Tourism, Sport and Culture. It was informed that the majority of the funding would be allocated to a new Cyber Response Team called Cert.je who would be looking at Jersey's resilience in terms of cyber security. Cert.je was established in 2021 and needs priority resourcing to provide effective engagement with high-risk areas of the economy, to build international relationships, and to provide support for organisations and Islanders to manage cyber-attacks.

Deputy M.B. Andrews:

‘So £200,000 has been allocated to digital and cyber in the Department for the Economy’s new revenue expenditure growth over each year of this Government Plan, please could you provide more information about what is to be funded from this amount and what impact you expect it to have on economic and departmental productivity and within what period?’

The Minister for Economic Development, Tourism, Sport and Culture:

The majority of this is for the C.E.R.T. (Cyber Security Response Team), otherwise known as CERT.JE. They are very much a defensive ... they are looking at Jersey from a, well, resilience perspective in terms of cyber security. There is no question that cyber threats are greater now than they have ever been. Jersey, like every jurisdiction, has to protect itself against these threats. C.E.R.T. has been created recently to help us to do that. Their work needs to be developed and fleshed out. That is what it is.²⁷

The Panel was content with the level of information provided by the Minister on this funding and no further questions were asked. The Panel will however make reference to Cert.je as part of its ongoing work programme and follow up as necessary.

I-ECON-GP23-005: Local Economy
Department for the Economy

Funding allocation requests in Government Plan 2023-2026 (£000):

2023	2024	2025	2026
300	300	300	300

Local Economy

The Department for the Economy is proposed to receive funding of £300,000 for the life of the Government Plan in respect of the local economy. The Panel noted the funding was due to be divided between sport, maritime and aviation. It asked the Minister how this funding would be allocated.

The Minister informed the Panel of the breakdown of this funding as follows:

The Minister for Economic Development, Tourism, Sport and Culture:

‘as far as maritime is concerned, we believe that will be almost just over £74,000, Sector lead for aviation and maritime as opposed to the maritime officer, sorry, £92,000. Programme manager, that is in the overall department programme manager, that is a half time post, as in 0.5 of an F.T. (full-time), £40,000, and then a grants officer, which is to help with obviously administering grants, et cetera. That is a part-time job as well and that is just shy of £23,000.²⁸

²⁷ Public Hearing with the Minister for Economic Development Tourism, Sport and Culture – 22.10.22

²⁸ Public Hearing with the Minister for Economic Development Tourism, Sport and Culture – 04.11.22

The Panel has a number of questions it will consider raising with the Minister in the future regarding this post. It is unsure of the background and would like to explore various angles to this role namely:

- What is the job description?
- Who is undertaking the role currently?
- Does the salary of £23,000 and the role being part time consider this role to be junior?
- Has Government considered existing headcount and capacity to undertake this part time role?

Due to the time constraints, the Panel was unable to raise these issues. However, it will consider doing so in the future whether in written format or during a Public Hearing.

The Annex to the Government Plan also states that, in addition to these posts, investment is required in policy resources to support the development of the maritime sector, which requires important updates to legislation and a dedicated officer to support this work, as well as the establishment and operation of the Ports Policy Group and complex work on developing sea transport links, the latter being particularly critical to sustaining lifeline services for Jersey.

The Panel was pleased that the Minister was able to provide such a comprehensive breakdown of the funding at the public hearing. However, the Panel is concerned regarding the aviation section of this funding. Subsequent to publication of the Government Plan, it learnt that the Jersey Aircraft Registry is due to be closed down before the end of 2023. The Panel has received a private briefing on this topic, but it did not question the Minister in any detail during the Government Plan review about whether the budget will be reduced or applied elsewhere in light of this decision.

The Panel also understands that a loan of £10 million was applied to Blue Islands in 2020 and has noted a recent press announcement that Blue Islands is in talks with the government to undertake additional direct flights to Rennes. The Panel has written to the Minister asking if this loan has been repaid and how the additional direct flights will be funded. The Panel hopes to be able to present this information early in 2023.

The Panel also notes in a [written question](#) to the States Assembly the Minister was asked to provide a breakdown, per year, of the set up and maintenance of Jersey's aircraft registry since its inception a further provide a breakdown, per year, of the income it has produced. The Minister responded as follows:

Set-up costs 2013 - 2017 Since the decision was made on 17th September 2013 by the then Minister for Economic Development to pursue a Jersey Aircraft Registry until 1st February 2017, £860,801 was spent on establishing and developing the Jersey Aircraft Registry (JAR). This breaks down as follows:

- *IT development - £372,000*
- *Registrar services - £115,000*
- *Insurance - £25,000 • Specialist Advice & Consultancy - £177,000*
- *Civil Aviation Authority (CAA) - £15,000*
- *External Marketing, admin and PR support - £32,000*
- *Travel and associated expenses - £17,000*
- *External legal advice - £11,000*
- *Miscellaneous including internal resources - £96,000*

The written response also includes additional costs to maintain the registry in addition to operating costs incurred by Ports of Jersey (PoJ) for management.

Following an internal review of Registry performance in late 2016, a decision to pursue a new Aircraft Registry business model was taken. As a consequence of this decision, further expenditure was almost exclusively limited to Officer time and insurance costs. The former was accommodated within existing department staff and has not required additional spend while the latter is set out in the table below. Additional costs incurred by Government to maintain the registry are included below:

- 2016 £66,000
- 2017 £8,151.30
- 2018 £7,340.50
- 2019 £7,755.94
- 2020 £7,448.66
- 2021 £7,304.30
- 2022 £7,514.72

Finally, the response includes the following information regarding income the JAR has produced as follows:

JAR income

- *In 2016, total record fee income generated by the JAR was £11,789*
- *In 2017, total recorded fee income generated by the JAR was £15,617*
- *The JAR did not generate any income in 2018*
- *The JAR did not generate any income in 2019*

Any income generated following the transfer of operational responsibility effected in May 2020 was payable to Ports of Jersey Limited rather than Government, however the JAR has not generated any income for PoJ since taking over responsibility.

FINDING 11

The JAR did not generate any income in 2018 and 2019 despite its costs being in excess of £7,000,000. In addition, any income generated following the transfer of operational responsibility effected in May 2020 was payable to Ports of Jersey Limited rather than Government.

The Panel is aware that Sports Facilities sit with the Department of Infrastructure and is therefore concerned of the budget being proposed for a Sports Liaison Officer to liaise with Jersey Sport and develop policy. The Panel was also informed that an 'Elite' Sports strategy was being looked at in which 'elite' athletes would be managed and provided with funding: however, this is not yet in place with no budget secured for its purpose. This concerns the Panel as it had been previously informed that the Elite Sports Strategy could contribute to the economy by way of developing athletes and the Island being used as an Elite base. However, there is no business case for this proposal and the Panel is unsure as to how the use of public money would be measured.

The Panel has further questions on this issue and will follow up with the Minister in due course in the form of written questions or at Public Hearings.

- Which part of the CSP is the sports liaison officer delivering?
- Is this a temporary position until the strategy has been completed and if not, why not?
- What political direction has the person undertaking this new role been given?

The Panel will continue to monitor the funding for local economy throughout the life of the Government Plan including the area of Elite Sports and Jersey aviation funding.

I-ECON-GP23-006: Economics Unit
Department for the Economy

Funding allocation requests in Government Plan 2023-2026 (£000):

2023	2024	2025	2026
100	100	100	100

Economics Unit

The Panel was informed that the Economics Unit required additional funding as the current base level of staffing is currently unable to fully support the demand growth in work requests (e.g. inflation strategy group, housing policy, general economic advice, annual report and accounts, tax forecasts). In addition, the Chief Economic Advisor Directorate has focused principally on servicing the Fiscal Policy Panel and Income Forecasting Group. The team is currently under extreme pressure to provide a considerable amount of additional analysis across all public sector areas, over and above its historic role.

When questioned at its recent public hearing, the Panel was informed that the funding was for one additional member of staff who could deliver a greater degree of economic analysis at both a microeconomic and macroeconomic level.

The Chief Economist also informed the Panel that there was a shortfall in economic model data with a need to get beneath the headline data to gain an understanding of what would drive the economy in the future.

Chief Economist

‘In terms of some of the economic data we might want to do, some of the nuanced levels we might want to get beneath the headline data so we have a good understanding of sectors, what would drive the economy in the future, which will enable us then to shape policy interventions, projects and programmes going forward.’²⁹

The Panel heard from the Chief Economist following its letter that he anticipated needing further funding down the line to build his team.

‘With distinct reference to Option 4 in the business case. Currently there is temporary funding to establish the economic programmes approach and therefore the risk to future economic prosperity is not acute during the next year. It is likely that further funding will be desirable in future years to secure the economic programme approach and help further economic prosperity.’³⁰

The Panel wishes to stress the importance of data collection in forming and informing policy and measuring it. It has written to the Chief Economist and asked for further information regarding optimal economic data for such purposes and intends to explore the use of available

²⁹ Public Hearing with the Minister for Economic Development Tourism, Sport and Culture – 04.11.22

³⁰ Letter from Chief Economist – 23.11.22

statistics in further informing the Performance Framework to which the CSP refers for the purposes of monitoring the performance of government economic policy.

The Panel will continue to question the Minister in these areas as part of its overall work programme and, should the need for further information be required, the Panel will ask for briefings and public hearings.

New Additional Revenue Expenditure Programmes External Relations					
Description	Reference	2023 Estimate (£000)	2024 Estimate (£000)	2025 Estimate (£000)	2026 Estimate (£000)
Jersey London Office	I-EXT-GP23-001	200	200	200	200
Sanctions Officer	I-EXT-GP23-002	92	92	0	0
Total		292	292	200	200

The Panel questioned the Minister from External Relations and Financial Services together with Departmental officers on the new additional revenue programmes.

Programmes within External Relations

I-EXT-GP23-001: Jersey London Office
External Relations

Funding allocation requests in Government Plan 2023-2026 (£000):

2023	2024	2025	2026
200	200	200	200

Jersey London Office

The Panel was keen to understand why the existing office in London had proposed funding allocated of £200,000 per year for the life of the Government Plan. The Panel was informed this was a reinstated budget allocation that was removed by the previous Council of Ministers in respect of the Jersey London office.

Minister for External Relations and Financial Services:

'In reality it was not growth, it was a cut made by the last Government in respect of the Jersey London office. It was never discussed. It was not a cut that could ever be done and it is a curious situation that you have had to effectively regard a growth bid to reinstate a cut that could never be done. But all that matters is that kindly the Minister for Treasury and Resources has reflected that and approved that that £200,000 should be reinstated, and hence that is very clearly reinstated. It is not growth, it is the

*correction of a non-achievable and quite frankly crazy cut for the London office. So the London office has now got its £200,000 that it should never have had taken away.*³¹

The Panel understands this cut was made on the premise that the Jersey London office would share costs with Guernsey and become a dual island office. However, this did not happen and the funding was to be reinstated. The Minister for External Relations and Financial Services informed the Panel that Guernsey did not wish to be involved in the Jersey London Office.

The Minister for External Relations and Financial Services:

*May I answer that? The Jersey office has always been a Jersey office only. For some reason a previous individual, long since now departed, believed that there would be scope potentially to work with Guernsey. Guernsey do not wish, for reasons that are nothing to do with us, to have an involvement in the Jersey London office, so it was a cut that was never achievable.*³²

The Panel understands via articles in the [media](#) that the Minister for Economic Development, Tourism, Sport and Culture has identified a desire for the islands to work together on matters of regulation and where savings and efficiencies could be made. It further understands that the Presidents of the Committee for Economic Development, Home Affairs and Education Sport and Culture were present at meetings in Guernsey together with the Chief Minister and the Lead for External Relations to discuss this collaboration further. In addition, the CoM has presented an amendment to the Government Plan regarding collaborative working with Guernsey and can be viewed [here](#). The Panel has been unable to use the content of this amendment within its report due to time constraints however, will continue to question all the Ministers within its remit on this issue and provide updated information to both the Public and the Assembly moving forward.

FINDING 12

The £200,000 shown in the Government Plan for the Jersey London Office is not a growth but a reversal of a cut in funding made by the last Council of Ministers in anticipation of sharing costs with Guernsey to combine a dual Island office.

RECOMMENDATION 7

The Minister for External Relations and Financial Services should explore the prospect of a dual office to help reduce costs. This should be undertaken in 2024 with a briefing provided to the Panel on its negative and/or positive impact to the Island.

The Panel went on to question the Minister about the grants and subsidies payment of £1,134,000 and asked for an explanation as to how this was allocated. It was informed that this sum was used for funding the overseas offices and covered staff salaries, rent, rates, running costs and other charges. In order to operate within the laws of other jurisdictions, the overseas offices are incorporated and set up as limited companies.

³¹ Public Hearing with the Minister for External Relations and Financial Services and the Minister for Treasury and Exchequer – 18.11.22

³² Public Hearing with the Minister for External Relations and Financial Services and the Minister for Treasury and Exchequer – 18.11.22

Deputy R.S. Kovacs:

The proposed budget for External Relations makes references to grants and subsidies payments of £1.134. Can the Minister explain what this grant will be allocated for and how are they selected?

The Minister for External Relations and Financial Services:

Those are the overseas offices. When I showed this pictorial graph, it may be of assistance for you to actually show that grants of £1.1 million are effectively there but they cover staff costs in relation to the different offices because the offices are not government departments; they are run under limited companies both in London and in Brussels. Those are grants, effectively, for staff.³³

FINDING 13

Grants and subsidies payment of £1,134,000 is used to cover External Relations overseas offices in London and Brussels.

I-EXT-GP23-002: Sanctions Officer

External Relations

Funding allocation requests in Government Plan 2023-2026 (£000):

2023	2024	2025	2026
92	92	0	0

Sanctions Officer

The Panel noted the additional funding for a sanctions officer of £92,000 for 2023 and 2024. Questions around this new post were asked at the public hearing with the Minister for External Relations and Financial Services. He informed the Panel the post would be based in Jersey to work on new legislation for the upcoming MONEYVAL assessment and the ongoing conflict in Ukraine which required additional work on sanctions.

Deputy R.S. Kovacs:

'This additional one will be in respect of MONEYVAL mainly?'

Director General, External Relations:

Yes, but also because clearly unfortunately the conflict in Ukraine is not coming to an end and we cannot see that happening any time soon so there is a desperate need for more resource, particularly in respect of licence applications at the moment.

The Minister for External Relations and Financial Services:

It might be just helpful if I point out that we have been drafting in people that have been working on international trade in order to deal with sanctions. We have had to reduce work, and Deputy Gorst previously has had to basically reduce effort on our international trade work in order to deal with sanctions. Therefore, this new post will

³³ Public Hearing with the Minister for External Relations and Financial Services and the Minister for Treasury and Exchequer – 18.11.22

*mean that that is going to be able to ... those individuals can concentrate on their job, which is international trade, European and global trade.*³⁴

The Panel was also informed that the need for sanctions had been increasing prior to the conflict in Ukraine and was given further information from the Director of Financial Crime.

Director, Financial Crime Strategy:

*'I think strategically it is important with sanctions that we identified for some time that we would need to monitor the level of resource needed, and this was some time before the Russia/Ukraine conflict. So we had already taken steps under the last Government to increase the planning for resources. As the Minister has mentioned, the Russia/Ukraine conflict has increased that need but in many ways that is stress-testing the unit to make sure that it is working as effectively for Jersey as possible.'*³⁵

The Panel was content with the responses given by the Minister(s) and their team and the panel intends to continue to hold them to account throughout the next 4 years for both existing and upcoming policy matters.

FINDING 14

An additional Sanctions Officer is required for Jersey as a result of the increased workload due to the upcoming MONEYVAL assessment in September 2023 and, the increased implementation of sanctions due to the conflict in Ukraine. The funding for this post will cover the period of 2023 and 2024.

³⁴ Public Hearing with the Minister for External Relations and Financial Services and the Minister for Treasury and Exchequer – 18.11.22

³⁵ Public Hearing with the Minister for External Relations and Financial Services and the Minister for Treasury and Exchequer – 18.11.22

7. Jersey Overseas Aid

New Additional Revenue Expenditure Programmes International Development					
Description	Reference	2023 Estimate (£000)	2024 Estimate (£000)	2025 Estimate (£000)	2026 Estimate (£000)
Jersey Overseas Aid	N/A	17,700	19,231	20,452	21,045
Total		17,700	19,231	20,452	21,054

Jersey Overseas Aid

Funding allocation requests in Government Plan 2023-2026 (£000):

2023	2024	2025	2026
17,700	19,231	20,452	21,045

In 2021, the States Assembly approved in the Government Plan the linking of Jersey Overseas Aid's funding to Jersey's GVA, meaning the funding is automatic and proportionate to the Island's economy. The Organisation for Economic Co-operation and Development (OECD) country average is 0.32%. The UN target is for countries to spend 0.7% in Official Development Assistance (ODA). Although not a new addition to the Government Plan, funding will increase to JOA from 2023 – 2026. The JOA budget was £13,375,000 in 2022 and has been estimated as £17,770,000 for 2023.

The Minister for International Development informed the Panel the administrative costs of JOA, at about 5% of the overall budget, compare well with the 7% of most Organisation for Economic Co-operation and Development (O.E.C.D.) international development budgets.[1]

The Panel was informed that JOA was due to hire another officer. The Panel enquired as to whether it would be a better use of funding to contribute to an increased number of projects and was informed that the appropriate number of staff compared with the number of projects funded is important for increased good governance and decreased risk.

Deputy M.R. Scott:

What is the sort of rationale between necessitating adding another member of staff, as opposed to doing less with the staff that you have and donating more?

The Minister for International Development:

You mean donating more per project?

Deputy M.R. Scott:

Wanting more, yes, so having fewer projects and contributing more through those projects.

The Panel was also informed that the maximum amount awarded for development grants would be increased from £1.2 million to £1.4 million from next year, and that JOA needs to be the right size to conduct the appropriate due diligence.

Executive Director, Jersey Overseas Aid:

Yes, we have just increased the maximum size of projects for grants to start next year to £1.4 million from £1.2 million. We think we have got a budget to start roughly the same number of projects and we may end up adding a staff member to help us deal with that; the number of projects or in emergency projects which need less oversight.^[3]

Jersey Overseas Aid has its own head of expenditure. The Panel was informed that the Jersey Overseas Aid was ever evolving and had changed since the last term.

The Minister for International Development:

In the last term we evolved quite a bit. It started off as a committee, as Simon said, and then got formed into a commission and then the last term it got given a Minister because there was not a Minister around the table when the budget was discussed, so a Minister was appointed.³⁶

The Panel asked how the additional funding for JOA would be allocated and what criteria needed to be met by overseas organisations in order to receive funding.

The Panel was informed that funding was broken down into emergency and grant funding which covered any ongoing and new emergencies. Project selection for grants was usually a 6-month process which involved an open call for proposals with a degree of due diligence applied. The Panel was further informed that when it came to funding for charities, there was a point scoring system and a procurement policy.

Executive Director, Jersey Overseas Aid:

Once we are satisfied in the application form, we, as officers, write a recommendation based on 8 or 9 different points, like sustainability, financial management, how they chose the beneficiaries, that kind of thing and it goes to the commission who will decide yes or no for funding.³⁷

The Panel was given a short overview of how applications may be processed and was informed by the Executive Director of JOA that although the application form is simplified, a representative of JOA would sometimes sit with the applicants to discuss the application in more detail.

Executive Director, Jersey Overseas Aid:

'We have a simplified application form for them and when they apply we will sit with them, rather than say: "Right, that is your submission." We will sit with them sometimes and go through bits that we think need extra work or thought. How are you going to

^[3] Public Hearing with the Minister for International Development – 15.11.22

³⁶ Public Hearing with the Minister for International Development – 15.11.22

³⁷ Public Hearing with the Minister for International Development – 15.11.22

manage risk? How are you going to procure the materials for the school you are building? Once we are satisfied in the application form, we, as officers, write a recommendation based on 8 or 9 different points, like sustainability, financial management, how they chose the beneficiaries, that kind of thing and it goes to the commission who will decide yes or no for funding.³⁸

The Panel asked who made the ultimate decision and was informed that it was a 2-stage process which required a recommendation from the Minister and the Executive Director of the JOA before going to the Commission for final approval.

Executive Director, Jersey Overseas Aid:

'It is kind of a 2-stage process, it needs a recommendation from us and without that it would not go to the commission. It has to be recommended by professional officers as being fundable and recommended by the commission.'

As previously mentioned, the linking of Jersey Overseas Aid's funding to Jersey's GVA, means the funding is automatic and proportionate to the Island's economy. The Panel is unable to provide any further scrutiny on the level of funding. The Panel is not challenging this figure and will continue to monitor the funding of overseas aid projects through dialogue with the Minister and the relevant officers.

FINDING 15

In 2021, the Government Plan was approved by the States Assembly which included that annual funding for Jersey Overseas Aid should be pegged to GVA, increasing it to reach 0.28% of GVA by 2023, working towards the current OECD (DAC) average of 0.31% of national income by 2026.

FINDING 16

Jersey Overseas Aid is due to recruit an additional officer in 2023 to allow for more projects to be undertaken and provide efficient oversight and monitoring of all overseas projects. The Panel is informed that undertaking more projects poses less risk to public finances.

8. Arts, Heritage and Culture

The Panel is aware that the Government Plan 2023 – 2026 maintains its previous commitments to fund Arts, Heritage and Culture (AHC) at 1% of revenue expenditure. As part of its call for evidence, it wrote to Arts, Heritage and Culture Stakeholders asking if they would provide a response to the following questions:

The Government Plan 2023 – 2026 has projected £9,516 for 2023, £10,949 for 2024, £11,284 for 2025 and £11,484 for 2026.

- *Do you think the 1% is adequate to be divided amongst all the Arts and Heritage Strategies?*
- *What proportion of the 1% do you envisage your company receiving?*
- *Is this sufficient for your business plan for the year?*

³⁸ Public Hearing with the Minister for International Development – 15.11.22

- *What process does your company use to claim funding?*
- *Is this process straightforward or do you think it could be improved?*
- *What option do you have if you do not receive a sufficient proportion of the funding?*

The Panel received a submission from Jersey Heritage who stated that, whilst 1% may be considered adequate, it was low in comparison to other jurisdictions such as Malta and Iceland who received 2.5%. Jersey Heritage also questioned the 1% in that it did not take into account Business as Usual costs. They discussed the recently presented [Heritage Strategy for Jersey](#) and informed the Panel that the projects in the strategies themselves do not describe the totality of the work undertaken by funded organisations or the cultural infrastructure necessary before strategies can be implemented. Jersey Heritage went on to say that:

Business As Usual services are described in the Strategic Partnership Agreement and the level of services in the Business Plan. So the grant, as an element of the 1%, is a contribution towards the level of SPA services set out in the Business Plan plus some of the undertakings in the Strategy, rather than for Strategy projects alone.³⁹

Jersey Heritage also said that it had received the same level of grant in 2023 as it had received in 2022 and this totalled 57% of the total 1% allocated to Arts and Heritage. They went on to say that ‘a stand still grant does not take into account inflationary pressures’.

The Panel questioned the Minister on other areas of arts and heritage and in particular, around the Creative Island Partnership⁴⁰ and how this was progressing. The Minister informed the Panel that the CIP was an ongoing piece of work and had been allocated funding of £80,000. The Panel was further informed that the CIP is a round table between people in the arts sector working with officers to discuss where best to deploy not just funding but also skills in the arts sector as a whole. The work that comes out of the CIP is informed by work undertaken by the ArtHouse Jersey, the Arts Centre, and the Opera House.

Deputy M. Scott:

How much of the funding that you have managed to secure is being directed at this concept of championing the Creative Island Partnership through to 2023?

The Minister for Economic Development, Tourism, Sport and Culture:

The Creative Island Partnership is a constant, ongoing piece of work at the moment. I am flicking through my figures to see if there is a particular amount set against that. I can see creative spaces £80,000.

Group Director, Economy:

It is a 5-year programme managing the main contribution.

The Minister for Economic Development, Tourism, Sport and Culture:

Exactly. The Creative Island Partnership is an ongoing piece of work and I do not have a set figure against that. Sorry, I will correct myself a little bit there. Creative Island

³⁹ Email from Jersey Heritage – 05.12.22

⁴⁰ The Creative Island Partnership (CIP) has been established by the Government as a forum for individuals interested in working together to deliver the objectives of the Arts Strategy. The CIP is a network that includes: regularly funded arts and cultural organisations, lead partners in sport, education, business, health, tourism and environment, independent expert arts and cultural advisors (who may be working internationally), a wider group of leaders, creative practitioners and entrepreneurs whose work is connected to the creative sector.

Partnership events £12,000, creative spaces, which is also a part of that, £80,000. The Creative Island Partnership is a round table between people in the arts sector working with officers to discuss where best to deploy not just funding but also skills in the arts sector as a whole. The partnership itself probably does not cost a particularly large amount, but the work that comes out of that, and that was informed work by ArtHouse Jersey and informed work done by the Arts Centre, the Opera House company and so on. I do not think there is one particular figure set against the partnership itself.⁴¹

FINDING 17

The Government Plan will continue its previous commitment of providing 1% of revenue expenditure relative to Gross Value Added to the Arts and Heritage Sectors.

RECOMMENDATION 8

The Minister for Economic Development, Tourism, Sport and Culture should review each grant for the Arts and Heritage sector year on year and ensure that business as usual costs and overheads are incorporated, in line with the Strategic Partnership Agreement, and not just project costs. This should be carried out in time for the next round of funding.

9. Capital Projects

Summary Table 5ii – 2023 Capital and Other Projects Heads of Expenditure

Jersey Opera House			
Project Total	2023	2024	2025
11,731	6,270	3,230	n/a

During the pandemic, £2.2 million was awarded by the Government's Fiscal Stimulus Fund to partially refurbish the Jersey Opera House but the project has faced numerous delays. In October 2022, the Minister for Economic Development, Tourism, Sport and Culture announced that the Opera House would receive additional funding of £6,270,000 and £3,230,000 over the next 2 years for a full refurbishment of the building bringing the total funding to £11,731,000.

The Panel asked how the figure of £11,731,000 had been arrived at for the refurbishment of the Jersey Opera House and was informed it involved numerous experts advising Government on what exactly needed to be done.

Deputy R.S. Kovacs:

Thank you. Moving now into capital projects like the Opera House, how has the estimate of £11.7 million for the restoration of the Opera House been reached?

⁴¹ Public Hearing with the Minister for Economic Development, Tourism, Sport and Culture – 04.11.22

The Minister for Economic Development, Tourism, Sport and Culture:

By a number of engineers going through the Opera House with a fine-tooth comb and telling us what needs to be done basically.⁴²

The Panel was also informed that the refurbishment works had yet to start and had to receive planning approval with the start of the project dependent on the speed of that planning process. The Panel went on to question the Minister on whether there was contingency built into the total cost. The Panel was informed that the contingency was in place. However, some of it had already been used to get to the level the project was currently at. The Panel understands the contingency is held in the capital costs contingency funds with Treasury and includes funding for unforeseen additional work and higher than anticipated inflation in construction costs.

Deputy R.S. Kovacs:

Have any contingency plans been built in for inflation or for any supply chain issues that may ...

The Minister for Economic Development, Tourism, Sport and Culture:

All projects have a level of contingency. The contingency in this case is there. Some of it has already been used in order to kind of maintain the levels we are at, but there is contingency built in.

Group Director, Economy:

More specifically, an inflationary number has been put against the 2 years of the project. So we are anticipating obviously increasing costs over that period of time which has been factored in.⁴³

The Panel received 6 submissions from members of the public following some social media posts asking for feedback. The majority of these submissions were in favour of investment in the Opera House with one calling it ‘an iconic part of Jersey Heritage.’

Breakdown of Costs

These were provided to the Panel in confidence and cannot be shared as part of this document. The Panel will use this information to monitor planned expenditure, and the Panel will request briefings where it deems it necessary to do so pending there being any concerns arising in relation to the capital spend.

The Panel notes that a [written question](#) to the Minister asking for a breakdown of costs was presented to the Assembly on 31st October 2022.

Question

Given that the draft Government Plan 2023-2026 includes £11.7 million of funding allocated to the Jersey Opera House, will the Minister provide –

(a) a detailed breakdown of the schedule of works to be carried out based on this figure, together with the proposed timeframe of each itemised piece of work; and

⁴² Public Hearing with the Minister for Economic Development, Tourism, Sport and Culture – 22.10.22

⁴³ Public Hearing with the Minister for Economic Development, Tourism, Sport and Culture – 22.10.22

(b) a schedule of all proposed on-going maintenance on completion of the above works, detailing the future funding provision to ensure annual maintenance rather than periodic high repair costs?

Answer

a) A detailed breakdown of the scope of works for the renovation project is included in the below annex.

b) We are currently working on a new legal structure operating model for the Jersey Opera House company. Within this operating model we will factor in a fully costed maintenance fund to ensure that the pressure of maintaining the building is removed from those in charge of the arts programme.⁴⁴

Although the response to the written question states that a detailed scope of the works is provided in the Annex to the question, this does not break down any of the costs.

Following drafting of this report, the Panel has discussed the possibility of the Minister considering private capital investment in relation to opera house and other capital projects. This is something the Panel will raise with the Minister at its future Public Hearings and part of its ongoing work programme.

FINDING 18

Most written submissions were in favour of the Jersey Opera House calling it an iconic part of Jersey Heritage.

FINDING 19

The Panel has not been able to present any breakdown of the renovation costs in relation to the Opera House due to Government confidentiality.

FINDING 20

A contingency has been built in for the refurbishment of the Jersey Opera House. The Panel understands this is held in the capital costs contingency fund with Treasury and includes funding for unforeseen additional work including cost push inflation in construction costs. However, the Panel is not aware of what the total capital contingency is.

RECOMMENDATION 9

Although a contingency is in place for the refurbishment works at Jersey Opera House, the Minister for Economic Development, Tourism, Sport and Culture, together with the Minister for Treasury and Exchequer should review this every 3 months to ensure to ensure that it sufficient to support the life of the project. In addition, the Minister should provide a breakdown of costs and a work programme to the Panel once planning permission has been received. If there are any supply-chain issues, then the Panel will need to be informed, to ensure the potentiality of capital overspends are prepared for.

⁴⁴ Written Question 256

Elizabeth Castle

Project Total	2023	2024	2025
4,953	2,027	1,676	n/a

The Panel noted that there was a discrepancy of circa £300,000 in the funding totals for Elizabeth Castle and asked the Minister to explain this shortfall.

Deputy R.S. Kovacs:

Now to the renovation of Elizabeth Castle, this was a continuing capital project which £2 million is allocated next year and a further £1.6 million in 2024. The total project approved the allocation in the previous Government Plan of £3.9 million. Does this remain the total budget spend and can you explain any differences?

The Minister for Economic Development, Tourism, Sport and Culture:

I cannot explain any differences.

Deputy R.S. Kovacs:

So, in continuing the capital project for Elizabeth Castle renovation, £2 million was allocated next year and a further £1.6 million in 2024. When the project was approved the allocation in the previous government was £3.9 million. Does that mean that is the total budgeted spend and any differences since the allocation?

Deputy M.R. Scott:

So basically there is a difference of £300,000 and so why is that? Does the £2 million and the £1.6 million remain the total budgeted spend?

Group Director, Economy:

I would have to look into it.

The Minister for Economic Development, Tourism, Sport and Culture:

I would have to get back to you on that; absolutely. The project is entirely being run by Jersey Heritage Trust, not by government.⁴⁵

Following this Public Hearing, the Panel was informed that the shortfall was due to *spending to date on the project (i.e., during 2022). This would have been on professional surveys, exploratory work, preparing the work to receive planning permission etc.*⁴⁶

The Panel was keen to know what work was involved in the refurbishment of Elizabeth Castle and was informed that it included updating the hospital block and bringing new accommodation in.

⁴⁵ Public Hearing with the Minister for Economic Development, Tourism, Sport and Culture – 22.10.22

⁴⁶ Email from Department of Economic Development, Tourism, Sport and Culture – 29.11.22

Deputy M.B. Andrews:

What does the work involve on Elizabeth Castle?

The Minister for Economic Development, Tourism, Sport and Culture:

There is a huge amount. It is worth looking in to the project report. That includes things like the hospital block, bringing new accommodation into there. It is a really exciting project but there is a huge amount of renovation, reopening up and kind of repurposing as well. It will make the castle a real attraction in the Island, an even stronger attraction than it already is.⁴⁷

FINDING 21

£300,000 of the Elizabeth Castle refurbishment has been spent to date on professional surveys, exploratory work and preparing for planning permission.

10. Value for Money Savings

Overview

This Council of Ministers proposes to establish a Value For Money (VFM) programme, over the next four-year period, which will engender a strong and positive financial management culture that strives for continuous improvement, delivers cashable efficiencies, and improves productivity and reliability of its services ensuring that taxpayers, service users and Islanders receive better value for money outcomes.⁴⁸

The Panel has noted in its comments to the CSP an excerpt from the [report](#) of the Fiscal Policy Panel (FPP) regarding value for money savings.

Value for Money

The Government Plan includes Value for Money targets for 2023 and 2024 that look are realistic and achievable. However unspecified measures have been included for future years. Speculative measures should not be included in the Government Plan. They may lead to pressures in later years if they are subsequently not found.⁴⁹

The Panel believe more work should be carried out in this area and value for money savings will form part of its ongoing work programme and areas of questioning for each of the Ministers under its remit.

The Government Plan proposes £10 million of VFM savings in 2023, with the intent that a further £30 million of savings will be delivered across 2024 to 2026. The table below shows the VFM totals for 2023 considered by the Panel in this report:

⁴⁷ Public Hearing with the Minister for Economic Development, Tourism, Sport and Culture – 22.10.22

⁴⁸ Government Page 45

⁴⁹<https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/FPP%202022%20Annual%20Report.pdf>

Table 16: Value for Money Savings			
	2023 Estimate (£000)		
Department for the Economy	160		
External Relations	12		
Jersey Overseas Aid	0		
Reserve for Centrally Held Items	7,140		
Unallocated Future Savings (estimates)	<u>2024</u>	<u>2025</u>	<u>2026</u>
	10,000	10,000	10,000

The Government Plan indicates that 'cashable efficiency targets have been allocated to Departments as part of the Departmental Revenue Budgets'⁵⁰ and that the non-pay inflation saving is shown in the Reserve for Centrally Held Items⁵¹.

The Panel questioned the Minister for Economic Development, Tourism, Sport and Culture on where the value for money savings would be found to meet the estimate of £160,000. It was informed that the Department has consistently delivered on its efficiency commitments every year, and the one for 2023 is no different with efficiencies expected to be made in general business as usual expenditure, looking to travel less and use video conference or Microsoft Teams meetings in addition to an element of non-pay inflation that comes through into department budgets.

The Panel also asked why there were no value for money savings for the life of the Government Plan and was informed that the value for money savings and efficiencies form part of the role of Treasury and Exchequer and had not yet been identified for future years.

The level of grants that are distributed to Arm's Length Organisations (ALO's) was also discussed as a possible efficiency saving to align with the Minister's own priorities as expressed in the Ministerial Plan. The Panel was informed that this is something that will be looked at in more detail to see if efficiencies could be made and in which areas. As mentioned previously in this report, the Minister is planning to undertake a review into the value for money of ALO's which is due to commence in the coming months.

The Panel will continue to monitor this as part of its ongoing work programme.

Due to the short time frame afforded to the Panel to question the Minister for External Relations and Financial Services, it was unable to question him on the value for money savings. However, this area will inform part of the Panel's upcoming question plan for a hearing with the Minister in the new year.

⁵⁰ Proposed Government Plan 2023 – 2026, page 46

⁵¹ Proposed Government Plan 2023 – 2026, page 46 / 47

11. Witnesses and Evidence Gathered

Public hearings were held with the following Ministers:

- Minister for Economic Development, Tourism, Sport and Culture – 27th October 2022 (whilst this was a quarterly hearing, questions relevant to the Government Plan were raised).
- Minister for Economic Development, Tourism, Sport and Culture – 4th November 2022
- Minister for International Development – 15th November 2022
- Minister for External Relations and Financial Services on – 18th November 2022

Requests for written submissions were sent to 17 stakeholders and responses were received from the following:

- Digital Jersey
- Jersey Business
- Jersey Farmer's Union
- Jersey Construction Council
- Jersey Heritage
- Jersey Sport
- Arthouse Jersey

To view all the submissions, responses to written questions and public hearing transcripts, please visit the [review page](#) on the States Assembly website.

Re-issue Note

The report has been re-issued due to an update to finding 15 of the report which previously stated that JOA was aligned to GVA at 1%. This is not entirely correct and the finding has been amended to reflect this.

Appendix 1

Terms of Reference

Government Plan 2023 - 2026
Terms of Reference
Economic and International Affairs Scrutiny Panel

1. To review components of the Government Plan 2023-2026 Proposition which are relevant to the remit of the Economic and International Affairs Scrutiny Panel to investigate the following:
 - a) The impact on the cost of doing business in the Island of the budget measures proposed for 2023.
 - b) The impact of the proposed Administrative Tax Measures on the cost of doing business in the Island.
 - c) How the proposed additional revenue programmes and capital projects are within Departmental remits and align with the Common Strategic Policy and the aims and objectives of the Ministerial Plans, including:
 - i. Whether the Government Plan will achieve the aim of increasing productivity in real terms.
 - ii. Whether Government is using the best performance indicators to measure economic growth and progress.
 - d) Whether the Government Plan proposals on departmental budgets, savings, staffing levels and spending of allocated funds will ensure productive service delivery that meets departmental and Ministerial objectives.
 - e) Whether the projects as proposed are deliverable with the resources and within the timeframes defined in the Government Plan.
 - f) Whether the resources allocated to projects ensure value for money, are best use of public funds and meet international obligations.

Panel membership

The Panel comprised of the following States Members:



Deputy Moz Scott
Chair



Deputy Raluca Kovacs
Vice Chair



Deputy Max Andrews
Panel Member

Appendix 2

Overarching recommendations, presented by the Corporate Services Scrutiny Panel

Recommendations

RECOMMENDATION 1 (OVERARCHING): The components encapsulated within the Government Programme should have an evident link running through them and this should be clearly referenced within future Government Plans. Future Government Plans must include clear reference to how the Common Strategic Policy, Ministerial Plans, Delivery Plans, heads of expenditure and the Performance Framework link as part of the Government Programme.

RECOMMENDATION 2: The Council of Ministers should consider how the Jersey Performance Framework indicators outlined within the Common Strategic Policy can be reviewed, tightened and refined. Further consideration should be given to supplementing real mean equivalised household income with further metrics to assess progress of the Housing and Cost of Living priority. Indicators including low income and duration, key drivers of poverty, should also be considered for inclusion within next year's Government Plan.

RECOMMENDATION 3 (OVERARCHING): The Government Plan Annex must be produced and published in tandem with the Government Plan for future iterations of the Plan. Given the shortened lodging period for a Government Plan within an election year, consideration should be given to future election years with regard to how the Annex can be provided in tandem with the Government Plan and without placing undue difficulty on officials.

RECOMMENDATION 4 (OVERARCHING): The Government must ensure for all future Government Plans that priority is given to the work of Scrutiny and due regard to ensuring Scrutiny receives any requested information to inform its work within the allocated timeframe provided and in accordance with the proceedings outlined within the Code of Practice for Engagement between Scrutiny Panels and the Public Accounts Committee and the Executive.

RECOMMENDATION 5 (OVERARCHING): Future Government Plans must provide detailed Ministerial mapping for departmental budgets which includes a detailed breakdown of how funding is split between programmes and services when lodged. This mapping must be apparent in the Ministerial Plans so that it is clear as to how the workstreams and policy initiatives laid out in the Ministerial Plans align and appear in the Government Plan as funding proposals.

RECOMMENDATION 6 (OVERARCHING): A mid-year review update report must be published in future years prior to the lodging of the Government Plan by the deadline of 31st August each year. The report must include progress updates on all projects and programmes, detail on how the funding has been allocated to date, whether the delivery is on track and to be delivered by the identified timescale and within the budget allocated.

RECOMMENDATION 7: The Council of Ministers must clearly evidence how the economic, social, environmental, and cultural sustainability and wellbeing requirements of the Public Finances (Jersey) Law 2019 are demonstrably outlined and linked throughout the components of the Government Programme and in future Government Plans.

RECOMMENDATION 8 (OVERARCHING): To enhance transparency and accountability of the Government Plan process, the Council of Ministers must include detail in relation to ongoing expenditure and business as usual projects within future Government Plans.

RECOMMENDATION 9: The Council of Ministers should consider how the Government Plan can be further refined to include how spending and taxation evolves over time and how different functions of the Government are created or reduced as priorities of public spending and policy. This level of detail should be included within future Government Plans.

RECOMMENDATION 10 (OVERARCHING): The Council of Ministers should consider how future Government Plans can be made more accessible to children and young people. Consideration should be given to creating a young-person friendly two-page summary document and the provision of workshops in respect of the Government Plan process. This work should be completed in time for inclusion in next year's Government Plan.

RECOMMENDATION 11 (OVERARCHING): The Council of Ministers should consider how the accessibility of future Government Plans can be further enhanced for members of the public. Consideration should be given to the use of digital summary reports to accompany future Government Plans and where possible avoiding the use of proposition numbers within public facing documents.

RECOMMENDATION 12: The Council of Ministers should consider how administrative data collected from businesses and households can be used to assist in framing Jersey's economic and fiscal strategy more accurately in order to get a proper purchase on local economic activity given the limitations of national accounting in a Jersey context. This work should be completed in time for inclusion in next year's Government Plan.

RECOMMENDATION 13: The Council of Ministers must ensure that due regard is given to the sufficient provision of targeted support to Islanders impacted the most by the cost-of-living crisis. Targeted support through direct payments to the most vulnerable Islanders should not be discarded as an option unequivocally but should be considered as required if best suited to provide the needed support as identified by end Quarter One 2023.

RECOMMENDATION 14: The Council of Ministers must explore by end Quarter One 2023 whether alternative support mechanisms such as a one-off tax credit or rebate would be administratively practical in Jersey and the extent that in distributional terms it could be used to provide targeted support to contain its costs.

RECOMMENDATION 15: The Council of Ministers must prioritise the stamp duty review during Quarter One 2023 and must ensure that broad consultation with stakeholders and members of the public is carried out as part of the review process to inform any proposed changes to the legislation. The proposals must be finalised for inclusion in the Draft Finance Law (2024 Budget) (Jersey) Law 202- by end October 2023.

RECOMMENDATION 16: The Council of Ministers should provide in future Government Plans information about unit costs of public services and exploration of different means of service to the public. This may include active benchmarking, comparison between the public service and private sector, to aid in transparency.

RECOMMENDATION 17 (OVERARCHING): The Council of Ministers must include within future Government Plans recognition of the trade-offs involved, either explicitly or implicitly made through the political decision process when prioritising funding allocations to new revenue expenditure growth investments.

RECOMMENDATION 18 (OVERARCHING): In line with the recommendations of the Fiscal Policy Panel, the Government Plan should only include Value for Money savings where there is clear evidence of how they will be achieved.

RECOMMENDATION 19 (OVERARCHING): The Council of Ministers should undertake reporting on the impact to public services resultant of value for money savings made, with the reports being published with each Government Plan.

RECOMMENDATION 20 (OVERARCHING): The Council of Ministers must ensure the monitoring process for the Value for Money Programme is included in future Government Plans to provide further transparency and accountability.

RECOMMENDATION 21 (OVERARCHING): The Council of Ministers must ensure that business cases for New Revenue Growth Programme bids are provided to Scrutiny Panels prior to lodging each Government Plan.

RECOMMENDATION 22: The Chief Minister must provide further clarity with regard to how ITS Release 4 will be funded and the roll-out schedule for Release 3. Clarity should be provided by Quarter One 2023.

RECOMMENDATION 23: Should the Community Fund be established as a States Fund, the Council of Ministers must ensure that the requirements of Article 6 (2) and Article 9 (4) (b) of the Public Finances (Jersey) Law 2019 are observed.

RECOMMENDATION 24: The Council of Ministers must strengthen its commitment to prioritise the transfer of future surpluses to the Stabilisation Fund and Strategic Reserve to

rebuild the Funds to appropriate levels and should observe the advice of the Fiscal Policy Panel to transfer a minimum of £14 million into the Stabilisation Fund in accordance with the Panel's new projections, as outlined within its Annual Report 2022. A long-term plan must be developed to increase the size of the Strategic Reserve and must be addressed within the next Government Plan.

Appendix 3

Written Submissions

Government Plan 2023 - 2026 Review ~ Rural Initiative Scheme

13th November 2022

Dear Scrutiny Panel,

Reference the proposed investment of £2.8 million over the next four years in the Rural Initiative Scheme to support the agriculture industry.

Given the fresh food security issues we face as an insular population ~ it is surely axiomatic that such expenditure is essential. Additionally, with the dramatic losses observed in Jersey's biodiversity ~ advocacy must be targeted at rural initiatives that improve soil & water quality, restore damaged habitats & create new ones.

The sum in question seems relatively small given budgets discussed elsewhere in the Government Plan. With nutrition critically linked to health & wellbeing, as an island we should be encouraging ethical growers of every size & ambition as an utmost priority.

Hoping my brief comment is of some utility.

Thanks & kind regards,

Andrew Syvret

Government Plan 2023 - 2026 Review ~ Rural Initiative Scheme

11th November 2022

Good afternoon

Should £2.8 million be invested in a Rural Initiative Scheme over the next four years?

I am responding as comments on this question were requested from the public via social media.

Firstly, I am astonished that this question is even being asked of the general public. The government themselves have acknowledged that without government support there will be no agriculture sector left in Jersey in 10 years' time. A very desperate prospect where food security and the way Jersey's land is managed would be lost.

Jersey's support for the agriculture sector has been in steep decline for the last 20 years. During this period the island has "taken farming for granted" according to Deputy Kirsten Morel in his speech at the Farming Conference on 10 November 2022.

In the last 10 years, Jersey has lost 50% of farmers. The remaining farmers have absorbed many increases in costs without passing these on to consumers. This, together with unequal market competition, makes the current situation unviable for farming businesses to continue without support.

Jersey's level of support for the agriculture industry is woefully low compared to other jurisdictions. At £24 per head of population, we fall way below the UK at £96, the EU at £159 and the Isle of Man at £128.

When 1% of the government budget has been secured for the Arts at a cost of £9 million, the question should not be whether £2.8 million should be invested in a Rural Initiative Scheme but rather how can the Jersey government support the agriculture sector further before it is too late?

regards

Emma Mourant

Government Plan 2023 - 2026 Review ~ Funding to Jersey Business

15th November 2022

Anonymous

I refer to your request for comment in relation to the additional funding for Jersey Business in the sum of £700,000.

I do not believe that the additional funding is justified. In fact, I am struggling to see any value in Jersey Business itself.

As an organisation the role of Jersey Business (“JB”) would, very simplistically, appear to be twofold: to help businesses deal with the excessive red tape and disjointed business practices that have been created by Government and secondly to help provide a safety net for Government not to change these practices.

Rather than continue to throw money at a quango would it not be more efficient and provide greater value for money to make Jersey more business friendly by addressing the root causes of too much regulation, form filing and a disjointed civil service?

Unlike most businesses in the island, JB are not regulated nor seem to carry any form professional indemnity insurance. This must limit their activities. They hold themselves out as professionals but do not have to adhere to the principles of any professional body. There is no requirement for them to make money, work efficiently or commercially – as they state themselves, they are “not for profit”. There seems to be no measureable targets as to their performance. They pay no tax (directly or indirectly) and they, themselves, seem to make no positive impact in creating productivity in the economy. They say that they are uniquely placed to work across all sectors though I would suggest that a simple google search would highlight numerous Jersey resident taxpaying businesses (directly or through the e taxation of the shareholder) offering similar services.

Their 2021 Annual Report and Accounts are full of verbose phrases but they offer no actual insight into what they actually do on a day to day basis to justify the substantial funding they have received.

They point to their work during the pandemic but the co-funding scheme was confusing and flawed which has led to a string of appeals.

In addition, they prominently state that they drive productivity improvement – one would suggest more detail is required here as it very unclear from their report how this is actually achieved.

In relation to their own performance analysis, they list the following as differences that they made. It should be remembered that according to JB they have a “unique ability to work across sectors”:

- 12 organisations attended leadership development – could have been supplied by the private sector – not unique
- 5 businesses improved process – not unique
- 10 people learnt new business skills – not unique
- 47 improved their media presence - not unique
- 2 new businesses to Jersey – not unique
- 9 businesses helped to ask for grants – not unique
- 156 businesses supported – no detail as to how? not unique

The above being achieved over a 52 week period with a team of nearly 20. We would have expected twice the above, as a minimum, with a team of that size. It is noted that they incurred c£40k in external accounting, finance support and other legal and professional fees. One would like to understand better how these fees were incurred as one would have expected that a business so unique and “having intimate knowledge and intelligence about the business community” would not need such a level of external support.

There is nothing whatsoever within their annual accounts to suggest that they offer anything that is not available from the private sector.

The cost to the public of Jersey for 2021 was c£1.3m funded solely by the taxpayer (directly or indirectly). This will be the ongoing number before inflation or any additional funds are voted.

If one uses a 20% flat tax rate then “taxable business profits” of c£7m would need to be generated by business to fund JB. I find it incredibly difficult to believe that the activities of JB resulted in anywhere near sufficient new business activity to justify the cost of running JB let alone making a positive contribution. Additional funding of £700,000 will require “new” additional taxable business profits of £3.5m to break even. New business activity generated by JB therefore would need to run at c£10m per annum to justify the total funding. It being noted that the island has virtually full employment so achieving this goal, one would suggest, would be virtually impossible and therefore it is assumed that JB and Government accepts that it has a negative effect on overall island productivity.

As highlighted in the message from the Chair, their role is to help Government develop and deliver key economic strategies. As stated above JB seem to simply exist to deal with problems within Government. In reviewing the FOI request entitled “Staff job titles and grades” it would seem on first reading that the work JB purportedly does for Government is already very well catered for whilst the work they do externally can easily be done by the private sector at no cost to the taxpayer and no detrimental effect on economic productivity.

<https://www.gov.je/government/freedomofinformation/pages/foi.aspx?ReportID=5887>

I would be very interested to know whether your request for comment has elicited any positive responses from any non-Government funded (wholly or partly) organisations.

I would urge Scrutiny to look carefully at value for money across all Government departments and any entity that is predominantly funded by Government. Government should be small and focused, not large, unwieldy and in certain areas self-serving. Rather than increase their funding, the funding of JB should be frozen and then reduced as JB is wound down.

Government Plan 2023 - 2026 Review ~ Funding to Jersey Business

13th November 2022

Anonymous

Good afternoon

I have just seen your advertisement for the 700k grant for Jersey business proposed in the government plan.

Can I ask what cost benefit analysis has actually been carried out for this? I would also ask what real impact Jersey business has on small businesses currently in existence to succeed without having to access other larger or unique firms to obtain basic advice on areas like HR, GDPR, Financial obligations, effect and meaningfulness of new regs to those specific businesses.

Jersey has an extremely large proportion of businesses in Jersey that are small/medium businesses.

I would also ask that you explore whether Jersey business expands to advice and support for charities?

I'm aware the association of Jersey charities exist and is there to support but sometimes the expanse of regulations and safeguarding are not as clear as the potential support you could get from a small business perspective.

Would there be consideration about whether some of this extra funding will be conditioned on the basis to support charities dealing with ever increasing regulation?

Government Plan 2023 - 2026 Review ~ Funding to Jersey Business

13th November 2022

Anonymous

I would need to know more about where this money is actually going.
If in anyway it will help support Jersey Business advice centre then I will support it.
They have been invaluable to me over the last years.

Government Plan 2023 - 2026 Review ~ Elite Sports

16th November 2022

I am writing in response to the piece in the JEP today asking for opinions on the above.

I think this is a great idea and essential to ensure Jersey is pushing its athletes to their potential. I also feel that the 'Move More' initiative is brilliant at targeting a huge number of otherwise inactive individuals. But even with 'elite' and the 'move more' areas catered for, where does that leave a large number of other athletes who may not reach elite level but are committed and progressing through their sport and also need help to achieve perhaps UK age group rankings or similar? This is an area which is getting more and more popular and certainly there are Jersey residents who would be able to qualify for and represent Jersey in.

Something that the Jersey Sport Foundation did which may or may not be picked up through these discussions is not only to support elite potentials through a pathway but also to support community athletes who were able to show their commitment and upward trajectory in their area.

Looking just at athletics on the island the current offering is poor. Athletes have to travel to the UK to run a race that will have UKA accreditation yet Jersey could offer this and does but only for a handful of races. I wonder how many other athletes are in this position where the offering of races in Jersey does not give them the opportunity to get a result that holds the UKA licence which is essential for any selection to happen. The races that do happen are all great in their own right and I am not dismissing them but I am highlighting that certain areas are not being covered.

Children are supported seemingly well through Jersey Spartan Athletics Club but adults, although welcomed, are very few. A number of smaller run clubs have established themselves because the JSAC doesn't cater for everyone sufficiently and there is no other athletics club with a run track to join. One look at the Guernsey Athletics website shows an up to date, vibrant community. Sadly, it is not the same for JSAC. Is there anyone responsible for looking into athletics long term or is it grouped together under sports?

If I am not in touch with the right team for this, then please do let me know and I will follow up with the right person.

I hope that although my opinions are solely relating to athletics that they are useful, and that they are not seen as negative but encouraging to help more athletes in Jersey.

I have included the Panel's questions below along with our answers:

1. The £20 million voted by the former States Assembly for the Technology Accelerator Fund is reduced by an initial grant of £230k to be paid to Digital Jersey in 2022 to design a detailed programme for the Fund.

As the Proposition states, Digital Jersey will have access to up to 5% of the total fund to design and operate the Technology Accelerator Programme. The £230k is from that 5% to enable Digital Jersey to pay an external partner to assist with the design of the programme and other costs incurred in the pre-launch phase.

2. What will this detailed programme involve and how will this funding be allocated?

As we discussed with the Panel, the design phase is likely to last until the end of 2022 and so we are unlikely to have a Strategic Programme Plan to share until early in 2023.

3. How much of this grant is expected to be used for the design purpose of the project?

We will endeavour to minimise costs where possible but we expect that between the cost of employing Challenge Works as well as additional local resource in project planning, financial planning, etc, we will utilise most of the £230k but as stated this is part of the design and management overhead outlined in the Proposition.

4. Have clear political priorities within the potentially wide options mentioned in the Proposition for funding of projects or programmes providing high value economic and environmental solutions for the Island been advised to Digital Jersey to contain the cost of the potential design work?

Political priorities agreed by the last Government and also by the States Assembly, e.g. the Carbon Neutral Roadmap, are included within the original Proposition. Challenge Works and Digital Jersey have been discussing political priorities with the new Government and we are currently looking at how the process will work for prioritising which Government objectives are addressed and in what order by the Technology Accelerator Programme. In any case the governance process will mean that all programme proposals will have to be approved by Government through the Oversight Board, whether they are targeting economic, social or environmental objectives.

5. In your view, has sufficient funding been provided in the Government Plan 2023 – 2026 to address the technological and digital skills gap locally?

Digital Jersey has recently published a Digital Skills Strategy refresh and supported CYPES in the development of their Digital Education Strategy. We continue to work in partnership with CYPES, Skills Jersey, Highlands, the Jersey Employer Group and local industry to develop a costed implementation plan for the recommendations. We will then discuss funding options with Government, including the potential to use the Technology Accelerator Fund.

6. To what extent will this gap need to be addressed through the promised Common Population Policy and in what way?

Whilst Digital Jersey is not formally involved in the development of the Common Population Policy, we regularly respond to requests for information and views and in addition to focussing

on the improvement of local skills have been running a successful MoU with the Business Licensing Hub (formerly Population Office) for a number of years to make it easier for companies to access digital talent where it is not locally available.

7. Can you please inform the Panel what other funding you are due to receive, if any, for 2023?

Our core grant for 2023 as included in the 2023 plan is as follows:

- Economy Department: £2,325,000 (a £100,000 increase on 2022, in line with previous Government Plan commitments)
- CYPES: £202,000 (a £50,000 decrease from the original Government Plan commitment for 2023)

8. What additional funding are you to due to receive, if any, in 2024 and 2025?

At present no additional funding has been agreed above 2023 levels with the Economy Department and there is no CYPES funding currently after 2023.

9. In what areas of government digital policy other than the Technology Accelerator Fund is Digital Jersey involved that are noted within the Government Plan?

Digital Jersey continues to engage with all Government departments as requested and in line with our Operational Plan which is agreed with the Minister for Economic Development, Sports and Culture. Digital Jersey developed the following 5 Year Plan for Jersey and is working with all relevant departments involved with aspects of that, e.g. Economy, CYPES, External Relations, etc. We are not currently involved in the development of Government's 'internal' digital strategy for the delivery of services.

<https://www.digital.je/our-work/5-year-strategy/>

10. In your view has Government provided a sufficient vision of the Island's future economy to adequately inform the skills gap barometer that is being developed by government to direct the content of future skills training?

Digital Jersey worked closely with the previous Government on the development of the 'Outline Economic Strategy for Jersey – A Vision for 2040' (<https://www.gov.je/government/planningperformance/tradeinvestmentgrowthframework/pages/outlineeconomicstrategy.aspx>), we have been told that that is still the supported vision for our economy and we are supportive of it.

Please let us know if you require any further information.

Best,

Tony.

Tony Moretta
CEO
tony.moretta@digital.je
+44 7797 921 402
www.digital.je



Economic Affairs Scrutiny Panel
States Greffe
States Assembly
Morier House
St Helier
JE1 1DD

18th November 2022

Dear Deputy Scott,

Ref: Economic Affairs Scrutiny Panel Government Plan Review 2023-2026

Thank you for your letter entitled 'Economic & International Affairs Scrutiny Panel -Review of the Government Plan 2023-2026' sent to us on 9th November 2022. Our comments and view on the points you itemized are include below.

- 1. We note that Jersey Business is due to receive additional funding of £700,000 year on year for the period 2023 – 2026 of the Government Plan. If all of the funding not be used in the first year, will this roll over into the following year?**

Jersey Business provides confidential advice and support to business across all industries at any stage of their business lifecycle. Business receiving our support are looking to grow as well as needing to evolve and become more efficient. Where businesses need to reduce in size or close altogether, we provide help to enable them to do so in a safe way.

We provide 1:1 support to over 100 business in many industries including retail, healthcare, hospitality, business services and the construction trades. Between January and October 2022 our programmes and services have been accessed by over 130 business leaders and we have responded to over 630 general business enquiries. Our website has received 56,552 visits from 41,190 users who downloaded 6,825 guides or templates.

In this current year Jersey Business received income from two Government Grants to cover fixed costs and client facing support as detailed below:

Original core grant	£860,000
Covid Recovery grant	£1,060,000
Total Grant Income	£1,920,000

In 2023 Jersey Business will receive a total Government grant of £1,560,00 to cover fixed costs and client facing support. This is a consolidation of the original core grant and an allocation from the 2023-2026 Government plan and will ensure the advice and support provided by Jersey Business before, during and since the Covid-19 pandemic can continue.

Original core grant	£860,000
2023-2026 grant allocation	£700,000
Total Grant Income	£1,560,000

As a result:

- The overall income that Jersey Business will receive from Government grants in 2023 will decrease by 19% in comparison to 2022.
- This grant income is a fixed allocation. The grant does not increase year-on-year, in fact it remains static for the duration of the 2023-2026 Government plan.

The total grant income of £1,560,000 that is allocated to Jersey Business for 2023-2026 will cover the fixed costs of the organisation. As a result:

- It is expected that all the grant income will be used in each of the years of the Government plan.
- In the unlikely event that the grant is not used in the relevant year it will be carried forward and used on client facing support activity.

2. How much of an increase is this to your base grant?

As detailed above, the grant allocation for 2023 is a decrease of 19% on the income received in 2022.

3. What engagement with Government did you have to arrive at this figure?

We have quarterly meetings with our colleagues in Government to keep them up-to-date with our activity and budgetary requirements.

In deciding where to focus our activity we review the Government Common Strategic Plan and the Ministerial Policies and take into account specific Government strategies such as the Carbon Neutral Roadmap.

We deliberately design our support to accelerate the delivery of these priorities into the business community and design our performance measures to capture the changes we are facilitating. In doing so we also take account of the prevailing economic conditions so that we can provide practical support to address the challenges that businesses are facing.

We bring this together in our annual business plan which includes a performance framework that details the support that we deliver across the business community and the return on that investment. This framework shows:

- The activity that we plan to deliver directly to businesses individually and through group programmes.
- The businesses and individuals who will benefit from this support.
- The impact that we expect this support to have on those businesses which we measure by getting qualitative and quantitative feedback directly from participants.

This business plan, and the budget required to support it, is agreed with our Minister & Government colleagues.

4. What is your role in the development of the Productivity Support Scheme to which the Plan of the Minister for Economic Development, Tourism, Sport and Culture refers? To what extent does the increased funding relate to it and support delivery of increased economic productivity?

The Productivity Support Scheme (PSS) is designed to improve the productivity of an organisation by investing in projects that increase efficiencies and grow revenue.

Our colleagues in the Department for Economic Development devised the scope and rules for the PSS which was launched as a pilot in 2021. We provided feedback on the pilot and many of our recommendations were adopted in the 2022 scheme. We have committed to provide similar input as we reach the end of this year.

We are involved in promoting the scheme and providing advice and support to applicants. These activities are undertaken by our marketing and advisory teams who:

- Ensure our website provides clear information about the criteria and rules for accessing the scheme.
- Contribute to the promotion of the scheme via our marketing and communications activity.
- Undertake an initial assessment of 'Expressions of Interest' to ensure potential applicants qualify and have project that could be supported by the scheme.
- Support the applicant business in making a formal application to ensure the project is clear and has a realistic project and cost plan.
- Gather the application and supporting paperwork required for the application and deliver this to the Department for Economic Development who make the final determination.
- Provide follow-up reports as required to ensure the applicant uses the funding appropriately and can claim additional drawdowns as necessary.

We do not:

- Make the final decision on which projects are supported through the scheme. That decision is made by a panel convened by the Department for Economic Development.
- Conclude the grant agreement with the applicant.
- Make the grant payments.

The support we provide to government and to businesses in developing and accessing the PSS, and any other government service or grant, is delivered by our own team and is therefore funded by our core grant.

5. In what other ways do you believe Government could assist businesses and support growth of economic productivity?

Growth in economic productivity requires investment in the levers that drive productivity. These levers include skills improvement; capital investment in plant and equipment; investment in technology, including back-office systems; innovation in new products and markets and removing the barriers to revenue growth including promoting exports.

Consequently, Government should ensure there is support and funding for programmes and initiatives that stimulate and magnify private sector investment into these areas. These initiatives should be designed to accelerate the operational changes needed to increase productivity and to give support to those organisations that are unable to undertake such projects independently.

In addition to our advisory team, Jersey Business has a business efficiency specialist and delivers a business improvement programme and productivity circle, all of which are focused on developing and delivering productivity improvements within the private and third sector. These improvements enable the organisation to become more efficient thus freeing up resources that they can use elsewhere in the business. In this way, we help organisations become more resilient and better able to adapt to changing economic conditions.

Like all our client facing activity, this specialist support is focused on organisations that need help to undertake improvements that will make a difference to how they operate in the future. They

might need this help because they have limited human or other resources or because they do not have the time, skills or confidence to assess how efficiently they operate and to then identify potential opportunities for change.

The PSS, Rural Initiative Scheme and Technology Accelerator are also initiatives that stimulate economic productivity. Both schemes are, or will be, designed to accelerate and maximise investment into innovation and change programmes at an organisational or Island level.

To deliver continuous improvement in economic productivity we must maintain these initiatives because they are designed to address the reasons why productivity is not increasing as we would like. They develop and support people who can identify and create the change that is needed within organisations across the economy.

Is Jersey Business involved in Government’s future plan to include budget measures to promote innovation, including a policy roadmap on innovation for Jersey businesses? If so in what way?

Jersey Business is already involved in supporting innovation projects in Jersey, especially in diversifying the economy and introducing new ways of working. This work is delivered by our advisory and industry teams and is focused on start-up and growth businesses that will introduce new investment into key industries to improve overall sector productivity.

Will your future reports include value added to businesses that have worked with you?

Each team in Jersey Business is focused on delivering value to a specific client base:

- Our information service is a one-stop-shop to deliver a quick response to any question about setting up or running a business in Jersey.
- Our advisory team provides 1:1 support to a portfolio of growth companies that have the ability to become more efficient in the delivery of their products and services. Much of this work involves business and financial planning to ensure that these organisations are viable, sustainable and deliver valuable economic impact. It also supports businesses to access Government grants and support.
- Our industry team works on projects that have an industry wide impact across the retail, tourism and rural economy industries. Typically, these projects remove barriers or help develop opportunities that improve the productivity and sustainability of those industries.

The process undertaken by Jersey Business to develop the business plan takes into account the Government’s long-term strategic objectives and the prevailing economic conditions. We are able to pivot how we work and the support we deliver, as evidenced during the Covid-19 pandemic, to help businesses address current challenges. By taking an economy wide view, we ensure that our support addresses market failure and does not distort or displace the market.

Our annual report details the value we have added to businesses and the Jersey economy. We know that we create this positive impact because we:

- Gather feedback from participants on all our programmes to understand the difference we make to their skills, knowledge and confidence.
- Measure the productivity improvement forecast for each project involved in the business improvement programme so we can demonstrate a return on investment.
- Undertake an independent annual survey to gather feedback from across the business community about the difference we make.

In our 2021 annual survey we scored:

- 8.5 out of 10 for meeting our client's needs
- 8.7 out of 10 for client satisfaction
- 8.8 out of 10 for being easy to contact
- Had a net promoter score of 64 (any score over 50 is considered to be exceptional)

As a result of this feedback, we are confident that our work:

- Increases the skills needed to lead growth and productivity initiatives.
- Delivers efficiencies and encourages business investment.
- Helps businesses to adapt their business models in response to prevailing economic conditions so that they can better manage their cost base and utilise their workforce.
- Enables businesses that are no longer viable to close safely.

Yours sincerely,



Graeme Smith
CEO



Response - Economic and International Affairs Scrutiny Panel - Review of the Government Plan 2023 - 2026	
Date of Response	Thursday, 10 th November 2022
Prepared By	Catriona McAllister, CEO
Summary of Board Paper	This paper provides a detailed response to the letter received by email on 9 th November 2022. Our answer to each question asked in the letter is outlined below.
What are the key obstacles to Jersey Sport delivering Government's Sports Strategy?	<p>1. Political and Departmental Awareness of Inspiring an Active Jersey</p> <p>The Government Strategy for Sport and Physical Activity was launched in September 2020 and set out a 10-year framework to increase the number of islanders who are physically active enough to support good mental and physical health by 10%. For the Strategy to be successfully delivered, it needs to increase the political understanding of its aims and how it can contribute significantly to the seven priorities for change. Sport and Physical Activity transcends many Government departments and areas of political responsibility and is an enabler of several key GOJ policies and strategies.</p> <p>However, planning and policy for Sport and Physical Activity within Government is almost nonexistent. There is little understanding by politicians or officers about the role of Jersey Sport. There is a lack of subject matter expertise within the Government and no one advocating for the sector. Hopefully, this will improve with the appointment of a Policy Officer for Sport. For Jersey Sport to effectively contribute to the IAJ Strategy, there needs to be a more significant political understanding of support for the Strategy.</p> <p>2. Management Arrangements</p> <p>The Economy Department commissions Jersey Sport through a Partnership Agreement to deliver specific services for other GOJ departments and to provide grants and support to the Sports community. The use of the funds is prescribed and fixed. The management of the Partnership Agreement has been very mixed, and in five years, we have had six different monitoring/Partnership Officers at various levels. The impact of this is that there is little understanding of the remit of</p>

Jersey Sport or even what they are funding us to do. The lack of consistency in approach makes it challenging to build relationships to the point required - that Officers understand our remit and value and are in a position to advocate for us within Government. The individual Officers are always supportive and have worked hard to build up knowledge and understanding, but the frequency of change creates a lack of consistency. It is unclear how we as an organisation can put forward new projects or initiatives for consideration and funding to help deliver against Government priorities.

The lack of understanding of the IAJ strategy and its ambitions and outcomes is also concerning. The Department cannot meaningfully set the parameters for our remit and direct what GOJ requires of us if they don't have a detailed understanding of the Strategy and, more importantly, understand how the sector can contribute to many agendas and priorities. Likewise, they cannot inform and advise the Minister with the depth of knowledge required, which often leads to a misconception about the role of Jersey Sport and how we operate. To their credit, the Department has recognised these issues, and a new Sports Policy role has been created and will commence imminently. Hopefully, this will provide both the depth of knowledge and consistency required to strengthen our partnership with EDTSC.

3. Funding

Jersey Sport developed a Government Plan Business Case 2023-27 for the IAJ elements we are best placed to deliver. This was based on the vision of increasing physical activity by 10% by 2030. Funding increases were focused on projects that target those who are least active and are from underrepresented groups.

Jersey Sport appreciates that we are operating in a challenging financial climate and that increasing funding is difficult. However, having taken considerable time and prepared a compelling case, we have had zero discussion or feedback on the submission. We are not even confident it was ever considered, read or presented to the relevant Ministers. The process is poor, and the arms-length organisation's ability to support the Government is ignored until they need something from us. It often feels like a one-way street.

In short, the IAJ strategy cannot be delivered because it is unfunded. The current funding will not be sufficient to maintain our activity, and cuts in services will be required to

	<p>stay solvent. Our grant has no inflation mechanism; therefore, we will experience a significant cut year after year.</p> <p>The Inspiring Active Places part of the Strategy, which is about building Sports and Wellbeing Facilities, has received limited funding, which is insufficient to move any of the projects forward. It is currently unclear how the development and improvement of sports facilities will be taken forward, meaning this part of IAJ is also stalled.</p> <p>4. Staff Recruitment and Retention</p> <p>The delivery of Sport and Physical Activity programmes is a labour-intensive process, with every activity requiring a minimum of two coaches/instructors. One of our biggest challenges is recruiting and retaining suitably qualified staff. With no inflation on our grant, we are limited in our capacity to provide cost-of-living increases, and with a hot labour market across all sectors, it may be challenging to retain our existing team. We have already had to pause one very popular programme due to staff shortages, and there is a real danger that programmes may not be deliverable.</p>
<p>What funding are you receiving to deliver the Government Sports Strategy?</p>	<p>Jersey Sport currently receives £2.142m. The vast majority of this funding is to provide specific activities to CYPES and Public Health, such as school swimming, PE and Cycling and GP Referral. Around £314k is given to Sports and Schools through grants.</p>
<p>Does the proposed funding in the Government Plan address these adequately?</p>	<p>No. There is no funding increase for Sport or Physical Activity in the Government Plan. As stated above, the IAJ strategy is not achievable and is receiving none of the increased funding requested in the next Government Plan period.</p>
<p>How do you consider Jersey Sport can be improved?</p>	<p>It would be a significant step forward if the GOJ's management of arms-length bodies were improved, and we are pleased that this work is underway. It would help significantly to develop an agreed scope and remit for the organisation's relationship with GOJ that is understood across Government and by Ministers, politicians and the public.</p> <p>Multiple departments regularly approach Jersey Sport to support their work. If there is a Sport or Physical Activity element, it is good that we are seen as the ideal partner for the project. However, this is not done in a coordinated fashion. Therefore, it is difficult for us to business plan for the totality of what we may be asked.</p> <p>It would significantly help our effectiveness and responsiveness if a defined remit for our work with GOJ could</p>

	<p>be developed. Following this, we could undertake an exercise to scope the quantum of what will require from us from GOJ as a whole. This would allow us to undertake a zero-based budgeting process, allowing better alignment between the requirements and associated funding needs.</p>
<p>Do you consider the funding sufficient?</p>	<p>Quite simply, no. As highlighted above, due to inflation, our funding is being eroded. We are developing plans to increase our fundraising capacity significantly, but the services we deliver directly for GOJ should be sufficiently funded through the grant.</p> <p>Additional funding is available for Sport through the lottery proceeds, but as we do not distribute this, there is a missed opportunity to join up thinking, add value to our work and ensure that lottery grants are aligned with the IAJ Strategy. Oddly, the body GOJ set up to manage and develop Sport and who already gives our £314k of grants to the sector is not the distributor of all funding to the Sport and Physical Activity sector. Jersey Sport believes we should administer all sports funding, including the lottery proceeds. This would allow for a single application process for financial support to the sector.</p> <p>The benefits of having islanders play sport and do physical activity is well known. The focus of our work and the IAJ strategy is to ensure opportunities to be active are equitable, and in doing so, contribute significantly to health improvement and social equality; two key Government priorities. It would therefore seem to be counterproductive not to invest in a sector that can do so much to positively impact the Seven Priorities for Change.</p>

18 November 2022

Deputy Moz Scott
Chair of Economic and International
Affairs Scrutiny Panel
c/o Janice Hales, Research and Project Officer
States Greffe
Morier House
St Helier JE1 1DD

Dear Deputy Scott

**Economic and International Affairs Scrutiny Panel
Review of the Government Plan 2023 - 2026**

Thank you for your request for evidence in support of your review of the Government Plan. Answers to your questions are provided below.

Do you think the 1% is adequate to be divided amongst all the Arts and Heritage Strategies?

The proposition to establish the 1% mechanism, P40/2019, was made on the basis that 1% of total government expenditure on cultural services was the European average across 28 countries. The report noted that some island jurisdictions spend more e.g. Iceland and Malta at 2.50%.

Some significant but necessary Government investments in arts and heritage in 2022 from the Fiscal Stimulus Fund and the Capital Programme mean that this year the total investment is higher than 1%. One conclusion to be drawn from that fact is that if the 1% is an adequate level of investment to support sustainable cultural services it may not be enough to maintain the cultural estate and that consequently, continued access to additional capital funding is necessary from time to time.

The question makes an assumption that the Strategies comprehend the totality of cultural services which require funding. In fact there are significant Business As Usual costs associated with cultural services, while the Strategies are principally concerned with change and development. In the case of Jersey Heritage these services are described in the 2022 Strategic Partnership Agreement. Jersey Heritage is to deliver 15 ongoing services in the Partnership Agreement, deliver directly on 28 of the 74 actions in the Strategy and is a contributing partner in 31. It is important that the correct balance is struck between sustaining appropriate levels in recurring costs associated with contracted services and developing new cultural programmes across the sector.

There is also an important balance to note between the delivery of services and strategies through Government partnership funding of the cultural organisations; direct curation and

1



production by the Department; and championing by the Department of delivery of strategies through actions by the Government as a whole. The Department is retaining around 12% of the 1% for the second of those three approaches. While much might be achieved through a focus on the third approach without taxing the allocation for delivery through funded organisations, Jersey Heritage recognises the need for a level of specialist Government staffing sufficient to intelligently client cultural services.

Care must also be taken in how widely the net is cast in defining what 'Arts Heritage and Culture' is a legitimate call on the 1%. P40/2019 was agreed on an analysis of the impact of inflation on the funded organisations: Jersey Heritage, Jersey Opera House, Jersey Arts Trust (Arthouse), Jersey Arts Centre and Don Balleine (L'Office du Jèrriais). Since then a number of other areas of Government expenditure have been included in the 1%: Liberation, Battle of Flowers, etc. That is entirely legitimate in principle but in practice beats the allocation thinner and could mean that, even if the 1% is adequate at the moment, it may not be in the future.

The most important aspect of the 1% principle is that as total Government expenditure rises, a mechanism is available to the Department to support funded organisations cope with inflationary pressures, so long as the scope of expenditure is not overly extended. That pressure is obviously very considerable at present with RPI at 10.4% and construction inflation somewhat higher, particularly relevant to an organisation maintaining 30 heritage properties.

What proportion of the 1% do you envisage Jersey Heritage receiving?

Grant levels are currently formally confirmed in the first quarter of the year in which the grant is due. At this stage, we have been advised that the 2023 grant will be set at the same level as 2022.

That would in total be 57% of the 1%, comprising an operating grant of 49% and a minor capital grant (established by P75/2010) of 8%.

A number of factors should be taken into account when considering that proportion.

Firstly, it does not represent a split between 'heritage' and 'arts' funding. Much of the work of Jersey Heritage, particularly its museums functions, would be defined as 'arts' in a UK context and Jersey Heritage is the only organisation in Jersey formally accredited by Arts Council England. The proportion of funding available to more specifically 'heritage' functions, for example public records management, archaeology and historic environment advice, is relatively small.

Secondly, Jersey Heritage is a relatively large organisation in the cultural sector because it combines museum, archive and historic environment functions that in larger jurisdictions are found in separate organisations. Although when brought together in a single grant, funding is a large total number, the model represents considerable efficiencies through shared central costs and professional expertise.

Thirdly, the grant is circa 60% of the total cost of operating the heritage service with circa 40% of costs derived from fundraising and trading providing considerable added value. As pointed out below there is a positive relationship between the levels of grant and levels of self-generated income.

Is this sufficient for your business plan for the year?

Service Levels in the Business Plan are adjusted around known level of grant and assumptions of self-generated income.

The proposed level of grant is maintained in 2023 and may be sufficient to maintain 2022 service levels if self-generated income assumptions are sound and price rises are agreed by the Board. But a stand-still grant does not take into account inflationary pressures. With staff costs around 60% of total operating costs, 10% plus RPI, local factors in the employment market and high construction inflation, in the context of remaining constraints in Island tourism from which the larger part of our self-generated income derives, the proposed grant is probably not sufficient to maintain, in the medium term, the level of services achieved in 2022.

Longer term, the continuation of such an approach would undoubtedly lead to the problems of sustainability and value which P40/2019 was designed to solve.

What process does Jersey Heritage use to claim funding?

Jersey Heritage submits a Business Plan proposing service levels in the autumn. The current Plan responds to both the Strategic Partnership Agreement and the Heritage Strategy. This is accompanied by a draft budget which includes assumptions and financial projections for the following years. The Department is able to consider, for example, the draft 2023 budget from Q4 2021 onwards, the draft 2024 budget from Q4 2022, in preparing its own projections for 2023/4.

Is this process straightforward or do you think it could be improved?

The Department and the funded organisations would benefit from earlier commitment to grant and associated service levels over a longer term period, agreed in principle in the light of Government Plan projections. Perhaps the whole cycle of application, including the submission of organisational business plans, would be improved if brought forward in the year. It would also help funded organisations in preparing their own plans to have sight of a longer-term Departmental business plan. Just as organisations are required to align business plans with the Common Strategic Policy, the process will be improved by the Department articulating alignment with the Partnership Agreement and Strategy. The move from a four year MTFP to a one year Government Plan has created challenges as well as opportunities for some concerned, but there is a strong case for planning over a longer term, albeit on assumptions, rather than on an exclusively annual basis. This may be particularly so in the case of heritage management, not only because of a high level of recurring costs but also because of the necessarily long term nature of heritage investment projects, such as the conservation of La Cotte de St Brelade for example.

Advice in the middle of October of an initially proposed grant cut, somewhat counter-intuitive in the context of increased available funding in the Government Plan, within a week of the release of RPI figures of over 10% and a significant reduction in international tourists visiting Jersey, has created some difficulties in the preparation of the Jersey Heritage budget for 2023, negotiating under time pressure, towards the delivery of the Strategic Partnership Agreement and the Heritage Strategy.

We submitted some comments to the Comptroller and Auditor General for the 27 May project to review Grants to Arts, Heritage and Culture Organisations and will be interested in its conclusions.

What option do you have if you do not receive a sufficient proportion of the funding?

The Government has contracted to provide a level of funding reasonable to ensure Jersey Heritage can deliver its obligations under the Strategic Partnership Agreement and Heritage Strategy. Unless the value of the grant is maintained over the longer term in the way anticipated by P40/2019, and so long as Jersey Heritage meets its obligations under the Agreement and Strategy, the only options in response to insufficient grant funding are cost reductions on those services and/or increased self-generated income through further commercialisation of services.

Cost reduction leads directly to service level reduction. However tempting it may be to lean on euphemisms like 'efficiency savings', that is the history as confirmed by a number of Government sponsored reviews. With the funding under the 1% principle, Jersey Heritage has in 2022 finally been able to return to levels of Archive staffing cut in 2003, education staffing cut in 2008, plan for succession in key specialist posts and consider returning to public access levels squeezed over the period, as growth of resident use changes the seasonality of the visitor attraction business. With Jersey Heritage's contractual commitments, including to the Government, the Société Jersiaise and the National Trust, for property, collections management and services creating a high level of fixed costs and restricted funds, in addition to growing difficulties in recruitment owing to employment-market conditions requiring attention to wages, potential cost cutting would fall mainly on public programmes.

But shrinkage in public programmes inevitably reduces potential for self-generated income. An appropriate level of programming in 2022 has seen our membership rise to 18,000 Islanders, a 45% increase in resident visits compared to pre-pandemic conditions in 2019 and actual growth in UK tourist visitors to heritage sites even though there are considerably fewer UK tourists visiting the Island. The evidence over a long period is of a positive association between levels of grant and levels of self-generated income, creating a better value service of higher impact and better outcomes overall.

At the same time, there is a potentially negative association between over-commercialisation and cultural impact: the large membership is associated with its current exceptional value, for example. Data shows cultural reach into lower income Islanders compares poorly to the UK, where many heritage services are free to access. Higher pricing increases might well generate more income but would be likely to exacerbate the access problem, especially as Islanders face cost-of-living challenges.

These are policy issues, which should be considered as such in the light of the Island's overall ambitions rather than only as management responses to short-term funding decisions. And note that many of the services, including for example public records management which is statutorily free-to-access, are not potentially commercial.

Is sufficient support being provided by government to assist creatives in commercialising their work through technology, digital skills/support or otherwise?

I understand that the Panel is trying to ascertain if we use digital within our business, are adequately supported in respect of digital skills and if not, what can be done to improve this.

As part of the Heritage Strategy programmes, Jersey Heritage has this year commissioned on behalf of the Heritage Advisory Partnership a cross-sector Training Needs Analysis. The TNA identified that digital skills are not consistently well developed across all the heritage organisations included in the TNA. The draft report makes a recommendation for an expert resource to over-see digital development across the heritage sector and to act as a source of training, advice and consultancy to heritage partners because it is important the Island's Heritage Strategy is enabled and supported by the right technology.

As part of the 1% funding, Jersey Heritage has been able to invest in in-house technical expertise in 2022 and the business plan includes provision for a digital curator to develop an approach to the Programme identified in the Heritage Strategy to improve digital access to heritage. The Action in the Strategy is to provide for: 'audit of existing digital heritage assets and user experience and action plan to identify priorities for development across sector, particularly looking for opportunities for sharing resources without compromising identity (including membership, recruitment, fundraising etc)'.

As things stand Jersey Heritage has a significant online reach with 340,000 uses of our Archives and Collections Online catalogue predicted this year, for example. If funding is maintained there are undoubtedly further opportunities to be taken, in partnership with the Government and the sector.

Yours sincerely



Tim Brown
Chair, Jersey Heritage



ArtHouse Jersey
Greve de Lecq Barracks
St Mary
JE3 3AA

Deputy Moz Scott
Chair EIA Scrutiny Panel
Scrutiny Office
States Greffe
Morier House
St Helier
JE1 1DD

14 November 2022

Dear Deputy,

Thank you for your letter of 9 November regarding your panel's review of the Government Plan 2023-2026.

ArtHouse Jersey is a charity that serves our Island community through the arts. We produce large-scale exhibitions, theatre pieces, concerts and community-focused workshops and projects, working with artists from every discipline and all backgrounds. We support the creation of art that is accessible to the full-breadth of Island audiences and that improves the lives of Islanders. To achieve this we seek to work with artists who have ambition and talent to create inspiring, high-quality work. Crucially, we provide Jersey-based artists with financial investment, free advice and artist-led development opportunities, ranging from facilitated workshops and projects, guided residencies, and industry networking, to drop-in sessions with our team.

We recognise the ability of the arts to deliver transformational change that serves our community. Government provides funding to ArtHouse Jersey in recognition of our

contribution to population level objectives as set out in the Jersey Performance Framework.

We thank the panel for their interest in our sector and public funding directed to the arts, as set out in the Government Plan 2023 – 2026, which maintains commitments to fund Arts, Heritage and Culture (AHC) at 1% of revenue expenditure.

Please find below responses to your questions.

Do you think the 1% is adequate to be divided amongst all the Arts and Heritage Strategies?

It is very difficult for us to offer a view on this for two reasons.

We recognise that we are not privy to the full picture. The Minister and his officials, being responsible for the entire sector, have a more complete grasp of the situation and are best placed to judge the competing demands and opportunities that might be pursued in order to ensure the best possible outcomes for the general public.

Secondly, it is important to note that the sector and government are still in the process of collectively assessing its needs and opportunities for the future. At this stage, it would be surprising if there was more funding available than was required, given the years of dire underinvestment that preceded. The uplift in funding has enabled organisations to do more than firefight, and work being undertaken now, guided by the new Arts Strategy (an essential tool that will help guide the future development of the sector) will build a platform on which investment decisions can be taken in future with confidence.

There is increasing recognition that the arts have the potential to transform lives and improve the lot of Islanders across our community; government may well conclude that they are a key tool in delivering even more progress across a range of population level objectives and invest accordingly.

What proportion of the 1% do you envisage Arthouse Jersey receiving?

We understand that we are to receive grant funding of £1.13m in 2023; judging from the figures provided in your letter this would equate to 11.9% of £9.52m.

Is this sufficient for your business plan for the year?

Yes. We have an ongoing dialogue with the officials and the Minister which enables us to develop an appropriate business plan and associated programme of activity where expectations are aligned. It seems clear to us that they are trying to move forward in a manner that will deliver long-term benefits for the creative ecosystem and Islanders.

We've found that the departmental team listen to our needs, but also take their responsibility for public funds seriously, as they should, providing robust challenge as part of the dialogue with reference to measurable outcomes and value for money. Sometimes this means that we do not get the outcome that we might hope for, but we generally find that there is a willingness to explain decision-making set against a wider context. Our experience is that funding is provided as an investment, with us being expected to deliver key objectives through our programme of work.

Government's investment is essential. We have stretching income diversification targets that need to be met to make up our full budget. Public sector funding enables us to generate this additional income, albeit against the backdrop of a challenging financial climate.

What process does Arthouse Jersey use to claim funding?

Government has helpfully recently written to us to confirm the process for H1 2023 grant payments, which is set out below:

- 31 October 2022: provide draft business plan
- 16 December 2022: final review of 2022 business plan including KPIs to ensure alignment with Common Strategic Priorities as well as review of 2022 governance checklist
- 31 January 2023: Grant Assurance Statement for 2022 grant received along with draft unaudited accounts

Is this process straightforward or do you think it could be improved?

It is relatively straightforward, but it could be improved.

We've seen positive developments over the past two years, in large part due to the bolstered policy team in place, with whom we have been able to have informed discussion, something that stands in contrast to our past experience. Perhaps most notable and significant has been government's willingness to indicate the likely levels of

funding that may be available earlier in the calendar year for the following year (not confirming grant levels, but maintaining a commentary of what looks likely), along with providing guidance as to the probable funding trajectory for the years ahead. This enables organisations to plan and programme effectively and will make a great difference over time.

A further helpful step forward was the recently convened meeting for organisations in receipt of public funding to discuss how partners and government can most effectively and efficiently work together. The session had input from the Chief Minister, Minister for EDTSC, Treasury Minister, Chief Executive, Chief of Staff, Director General and Group Director of the Department for Economy, as well as the Comptroller and Auditor General, which underlined the significant focus being placed on developing partnership and joint-working. It focused on exploring what works well and what can be improved with reference to the experience of the variety of organisations in attendance, and as such demonstrated a refreshing new approach to partnership. The Director General and Group Director of the Department for Economy were clear throughout that issues encountered by grant-receiving organisations in the past were best avoided in future by close partnership working and continued dialogue.

What option do you have if you do not receive a sufficient proportion of the funding?

We would need to reduce our activities and deliver less by cutting the programme and reducing the headcount, which would result in a smaller impact for the population. The money that Government invests in us goes beyond the visible programme that we produce; it also enables an extensive outreach programme within schools and across the community. We are a key driver of the local arts eco-system with a significant proportion of our budget being invested back into the creative economy through commissions, grants and paid work in addition to providing affordable workspaces for a number of Island creatives.

It is also important to note that the funding gives us the resource to raise money from other sources and there is a direct correlation between the funding we receive from Government and the amount we are able to raise elsewhere.

Is sufficient support being provided by government to assist creatives in commercialising their work through technology, digital skills/support or otherwise?

Yes at this early stage since the investment became available we believe that there are appropriate levels of support in these areas. It is important to recognise that the uplift in

funding and re-invigored focus on the sector are still at a nebulous stage and that it will take time for this work to fully bear fruit.

Thank you again for the opportunity to provide comment on these areas.

Kind regards,

A handwritten signature in black ink, appearing to be 'T. Dingle', written in a cursive style.

Tom Dingle
Director of ArtHouse Jersey

18 November 2022

Deputy Moz Scott
Economic and International Affairs Scrutiny Panel
Scrutiny Office
States Greffe
Morier House
St Helier
Jersey JE1 1DD



Dear Deputy Scott

REVIEW OF THE GOVERNMENT PLAN: 2023 - 2026

In response to your request on 9 November with regard to the above, please find detailed below our initial thoughts, and experience, in relation to the proposed Government Plan, revenue and capital funding for Jersey Arts Centre and the Creative Island Arts Strategy: 2022-2027.

The Association has always expressed its gratitude to the Government of Jersey, and its officers, for the continued revenue grant support it has enjoyed since its inception. Jersey Arts Centre has always been open and transparent with all parties and will continue to be creative, resourceful and positive in all that it does and in all communications.

We are also grateful for the recently announced ex-gratia payment of £150,000 (for 2023) to start to address the mechanical, electrical, structural and other capital issues at Phillips Street. These capital issues have been identified for a number of years, and featured in the 2019 condition reports, including: £518,500 for Electrical Services, £663,850 towards Mechanical Services and £229,011 towards Building Maintenance Repair and Reinstatement Works. They were detailed in the original Fiscal Stimulus application of February 2021, as a result of which we were awarded £2.9 million to complete those works together with other areas of refurbishment. Due to a lack of progress on advancing those works that funding has now been withdrawn.

As the need and scale of these works is well known, it was puzzling to learn on 4 October 2022 that Jersey Arts Centre's critical renovations were not mentioned in the Proposed Government Plan: 2023-2026. We understand the process of prioritisation but given the dialogue these past three years, and the fact that we are under additional pressures as the only permanently available public theatrical space in the Island, to be omitted entirely was concerning. However, we have subsequently been assured by our Minister, and his officers, that a full bid will be made for this project for the 2024 budget.

The time lost to us with regard to repairs and maintenance these past three years cannot now be allowed to extend further and so there remains a concern – a fear – that Jersey Arts Centre may find itself in a not too dissimilar position to other closed venues in the

Island if the capital needs are not wholly addressed and met. The issue of repairs and maintenance is now urgent.

This was expressed in our letter to the Minister on 5 October 2022 which prompted the £150,000 ex-gratia payment to enable the commissioning of new condition reports, designs and planning applications, as three years have now passed since the 2019 condition reports.

We consider Deputy Montfort Tadier's 1% proposition in The States in May 2019 to be one of the most influential pieces of arts and cultural legislation in the past two decades, enabling a developed investment in arts and culture, and we hope that Jersey Arts Centre will continue to benefit from this. We have followed all GoJ grant procedures, meeting with officers on a regular basis to informally review the operation, and on a formal quarterly basis. We have also met our requested KPIs in often challenging circumstances, and our track record for financial management and transparency speaks for itself.

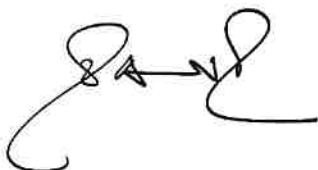
Despite the various challenges, we intend to continue to fulfil our purpose: *to educate, to inspire and to encourage debate* for future generations. For your convenience, overleaf is a summary of our achievements throughout 2021. We anticipate that that our KPI targets for 2022 will be reached, thus matching (even exceeding) pre-pandemic activities.

We believe that our delivery these past 40+ years – but especially these past three years – has been exemplary, unparalleled, inspired, visionary, progressive, tenacious and positive. Since 2020, we have continued to develop and offer a programme of participatory activities, to create and commission new work and to animate important Island events, having navigated some of the most incredible challenges.

On the subject of the Creative Island Arts Strategy, we think that all relevant agencies and stakeholders would benefit from greater clarity as to how this will function. The Creative Island Partnership, whilst being a network, has yet to convene the Reference Board as detailed in the strategy. The eight work streams that were identified after the two-hour workshop on 6 October 2021, whilst being of great value and benefit, seem not to have been fully rationalised against all the suggestions communicated during the session. The delivery mechanism, including the identification of delivery agents and the cost of delivery, is also unclear.

Many thanks.

With best wishes

A handwritten signature in black ink, appearing to read 'D. Austin', with a stylized flourish at the end.

DANIEL AUSTIN
Director

Jersey Arts Centre

delivered the following events,
activities and experiences throughout 2021

- 168 ticketed performances
- 9,759 attendances between April – December (with reduced capacities)
- 572 activities + 1,430 social media posts between January – April
- Total: 2,002 communications over 15 weeks during the second lockdown *
- 13 exhibitions in the Berni Gallery
- 18 exhibitions in the Bar Gallery
- 7 public courses and workshops (40 sessions) with 85 participants
- 16 workshops in 14 schools for Liberation Day with 389 participants
- 1 youththeatre production: *My Father, Odysseus*
- 2 ACT projects: *Sherlock's Women + Fruit Basket*
- Our 19th consecutive year of assisting with the Holocaust Memorial Day ceremony
- The 8th Polish Film Festival
- The 17th Human Rights Festival (BLM theme)
- The hosting of 7 Project Trident students
- JAC's 5 community theatre companies ran including the Brighter Futures Company
- Our first Oddsocks Summer School in Coronation Park with 37 participants
- JAC Advent Calendar online in December
- Our 6th Community Christmas Production: Helen Edmundson's adaptation of Arthur Ransome's *Swallows & Amazons* with 1,281 attendances over 13 ticketed performances with two teams of actors (with a reduced capacity of 125)
- 21 workshops in 15 schools with 511 participants exploring *Swallows & Amazons*

*** Between Friday 8 January and Friday 23 April 2021, and for 15 weeks during the second lockdown, JAC presented:**

- 355 Daily Recommendations
- 66 featured images in *Off the Wall*
- 73 JAC-anories
- 46 *Scenes from a...* from 9 Jersey writers
- 20 Flash! Fiction! featured stories
- 10 *Bathtime for Britain* songs from Dr. Adam Perchard
- 1 *Andy Makes Puppets* video tutorial from Andy Heath
- 1 *Nelly Draws* for the Durrell Virtual Exhibition

There were a total of 572 activities and experiences, plus a further 1,430 communications, across our digital platforms – Grand Total: 2,002

Online participants

- website visits: 69,715
- page views: 258,619
- unique users: 44,743

JAC also planned for a number of other events in 2021 that were either cancelled or postponed due to the coronavirus pandemic including: residencies, a Junior Drama and youththeatre production and Liberation Day.



States Greffe | Morier House | Halkett Place | St Helier | Jersey | JE1 1DD
T: +44 (0) 1534 441 020 | E: statesgreffe@gov.je | W: Statesassembly.gov.je

