



14<sup>th</sup> June 2024

Deputy R Kovacs  
Chair, Public Accounts Committee  
States Assembly  
E-mail to [r.kovacs2@gov.je](mailto:r.kovacs2@gov.je)

Dear Deputy Kovacs,

### **States Annual Report & Accounts 2023**

Thank you for your letter of 3<sup>rd</sup> June 2024 following commencement of a themed review on the above topic. I am pleased to provide responses to each of your questions as grouped and numbered in your letter.

### **Marine Support Scheme**

#### **1. What is the purpose of the Marine Support Scheme introduced in 2023?**

The Marine Support Scheme is designed to underpin the economic, environmental, and social sustainability of the sector in a manner which replicates the support provided to this sector by communities in neighbouring jurisdictions.

Jersey's marine businesses need support if they are to survive to contribute to the economy, in terms of:

- maintaining employment and providing employment opportunities in the future
- providing a baseline level of food security
- continuing stewardship of Jersey's territorial waters
- providing local produce for consumption locally
- contributing to the Island's export trade
- contributing to the wider health of the economy

#### **2. What are the main goals of the Marine Support Scheme in terms of professional qualifications and sustainable fishing efforts?**

The main goals are:

- to ensure the industry participants are certified to the latest professional standards and incentivise additional training and upskilling of the fleet where possible.
- to work closely with the Marine Resources team in Natural Environment to ensure that scheme incentives will ensure fishing efforts are sustainable in term of natural stock management as well as economically viable.

In 2023 direct support credits were therefore provided for:

- Licenced fishing activities.
- Sea Survival training.
- Fire safety (at sea) accreditation.
- First Aid training.

**3. How many fishing businesses received assistance through the Marine Support Scheme in 2023?**

33 businesses received support in 2023.

**4. In what ways did the Marine Support Scheme promote sustainable fishing practices?**

By ensuring all applicants were licenced fishing businesses and therefore properly regulated and managed by the Marine Resources team who deliver a range of interventions targeting effective marine stock management.

**5. What criteria were used to determine which fishing businesses received assistance from the Marine Support Scheme?**

Assistance was provided for the commercial elements of the fishing fleet who needed to provide proof of:

- A valid licence to fish, covering all their marine activity
- Achievement of a 'base level' of economic activity (assessed over [up to] a five-year period where data available) – measured by financial turnover and days at sea per vessel
- An application process which required businesses to agree to provide financial trading accounts for 2022 and acknowledgement of standard terms and conditions assigned to Government grants.

**6. What impact did the Marine Support Scheme have on the local fishing industry in its first year?**

The main impact of the Marine Support Scheme in the first year was to restore some confidence in the sector and begin a process of building trust between all marine stakeholder groups, including a recognition that Government is serious in its commitment to ensuring the sustainable future of the sector. Several recipients commented that the Scheme enabled them to continue trading when otherwise this may have not been possible – an important factor in maintaining critical mass in the sector which are vital to ancillary services (e.g. merchants, transporters).

The Scheme also created opportunity for new proactive dialogue within the sector and between the sector and Government which will manifest in Scheme improvements for 2024 and beyond and new initiatives which can now be developed to further enhance sustainability of the sector.

**7. How might the Marine Support Scheme evolve in the future to further support sustainable fishing and professional development in the industry?**

A significant amount of consultation between Government and industry has taken place in the first part of 2024 as all stakeholders contribute to improving the MSS for the future. New initiatives such as enhancement management of lobster and scallop stocks will be incentivised in 2024 and 2025 as well as further incentives for skills and training improvements. New data streams monitoring fleet activity will be built into the scheme in 2025, making use of technology upgrades taking place in 2024. Further emphasis on fishing vessel safety will also be introduced in 2024. Market access and overcoming trade barriers have also been recognised as important considerations for future Scheme development.

**8. What challenges were faced in implementing the Marine Support Scheme in its first year?**

The main challenge in Scheme implementation was securing sufficient budget for delivery in 2023 with funds allocated from Departmental underspend. Following the successful adoption of P74 Increase in Revenue Expenditure for Agriculture and Fisheries by the States Assembly in November 2023, this challenge has been alleviated.

The MSS in 2023 followed similar protocols to the well-established Rural Support Scheme so in the respect of delivery to stakeholders the challenges of implementation were reduced to a large extent. Some participants were reluctant to apply in 2023 due to limited confidence in Government to deliver but following successful delivery of the scheme in 2023 these businesses wish to be included in the 2024 scheme.

**9. How does the Marine Support Scheme contribute to the broader goals of environmental sustainability and economic development in the marine sector?**

The MSS is an essential intervention tool for Government to deliver on many of its policy aims, as articulated in the Economic Framework for the Marine Environment.

[Economic Framework for the Marine Environment \(gov.je\)](#)

**10. How was the success of the Marine Support Scheme measured in its inaugural year?**

Success was measured through Scheme uptake – which met the expected target of 33 businesses receiving support and the delivery of the full budget of £300k. Success was also measured by the ability of the Scheme to convene working relationships and create opportunities for collaborative efforts in the sector which were not previously attainable.

The Scheme also offered the opportunity to collect baseline data on economic activity within the sector not previously available and cross reference this data with some of the biological sustainability data collected by Marine Resources over a number of years. This will enable us to build a much more reliable economic impact assessment model of the industry, which can then feedback to MSS design over the coming years. Measurements of success will therefore become more sophisticated and useful as the Scheme progresses.

**Rating provision of cultural activities**

**1. Why was the original baseline figure and target of 83% considered erroneous?**

The Baseline and Target of 83% is based on the Jersey Opinions and Lifestyle Survey (“JOLS”) value for people rating Jersey’s ‘Social and recreational activities’, not Jersey’s ‘Cultural events, attractions and activities’ which in 2022 was 60%. As arts and culture questions are not covered on a yearly basis within the survey, the department will stop tracking the measure after 2023 and will instead look to create a new measure where data can be collected on a biannual basis - we will look for the number of tickets to arts and culture events sold by our grant funded partners.

**2. What might be some reasons for the cultural activities provision rating falling below the target of 60%?**

This year's figure (55%) is below the target of 60%: factors contributing to this include (i) the continued closure of the Opera House (Jersey's flagship venue) whilst the restoration is ongoing - due to be completed by end of 2024, and (ii) data from JOLS indicates those more able to get by financially, rate the provision significantly higher - in these times of financial hardship efforts need to be made to ensure that provision is reaching all economic groups equally.

We have made significant efforts to increase the amount of free cultural events so as to break the link between the income bracket of respondents to the survey and their experience of the cultural provision. This is still a relatively new development, and it is hoped that this will reflect in more positive rating in future surveys.

**Staffing and project support**

**1. About how many staff does the department have in total and what their area of responsibility is?**

There are a total of 52.5 full time equivalent (“FTE”) post within the department and their area of responsibility sits across 4 directorates: Local and Digital Economy, Economic Advisory and Programmes, Financial Services and Financial Crime Strategy. A separate Business Management & Governance team reports to me as Chief Officer.

\*In addition to the above, 33 FTE posts are held within FIU (Financial Intelligence Unit), who currently sit within the department whilst moving away from States of Jersey Police (“SOJP”) to become independent. Jersey Cyber Security Centre (“JCSC”) with 7 FTE posts, is currently also part of the department whilst they move to become independent.

**2. How many staff are or have been working in 2023 and since on, and what progress has been made on updating the following Legislation/Policy:**

- Tourism (Jersey) Law 1948
- Licensing (Jersey) Law 1974
- Inward Investment Policy
- Heritage Law
- Amendments to the Public Records Law

These specific items are outlined in the table below with progress and delivery date for each provided. It is important to note that each element forms part of the work programme for the number of staff involved and is not their sole endeavour.

Policy / Legislative item	Due date	Progress update	No. staff
Tourism (Jersey) Law 1948	Q4 2024	<p>Initial amendments to the Tourism (General Provisions) (Jersey) Order 1990 have been made to relax the spatial requirements on visitor accommodation.</p> <p>Further updates are anticipated in Q4 this year to remove historic requirements which are not longer relevant, which may include references to provision of a public telephone, net curtains etc.</p>	2
Licensing (Jersey) Law 1974	2025	<p>This workstream kicked-off in May 2024. Following the development of a policy positioning paper in Q2 and stakeholder input in Q3, there will be an industry / public consultation in Q4.</p> <p>Thereafter law drafting instructions will be issued with drafting taking place through 2025 and Lodging also expected in 2025.</p>	1.5
Inward Investment Policy	Complete	<p>Inward Investment policy is internal to Government and describes the specific process to be undertaken in relation to applications from 'inward investment' businesses. This process sits within the overarching Business Licensing Policy under the Control of Housing and Work (Jersey) Law.</p> <p>This was outlined as an action in the Delivery Framework for Sustainable Economic Development 2023 to 2026: "Implement a consistent assessment process for all inward investment which includes productivity standards as a condition"</p> <p>The process was agreed by the former Chief Minister in 2023 and further ratified by the current Chief Minister in 2024.</p>	1.5
Heritage Law	Ongoing	<p>Having established a small working group of key stakeholders, progress has been good. The primary law has been developed on the basis that all objects of archaeological significance belong to the Public of the island. However, the issue of the Crown's customary right to treasure trove (undefined) still needs to be clarified. Officers have been in consultation with the UK Ministry of Justice to determine next steps, and an options paper has been developed to be considered by the Lieutenant Governor's Office in Jersey. Once this issue has been resolved,</p>	1

		<p>the Minister will bring the draft Law to the States.</p> <p>Alongside the enabling law, regulations have been developed on determining reward and a Code of Practice has also been developed.</p>	
Amendments to the Public Records Law	Ongoing	A small working group of key stakeholders was established. Agreed amendments have been made, and a Code of Practice has been developed to assist those involved in records retention. Owing to changes in personnel at the Law Draftsman's Office has led to a slight delay in finalising the draft amendments, but the ambition is to lodge before the summer recess.	1

**3. What was the main reason of each of the above projects being delayed (political, resources, budget, change in priorities etc).**

The vote of no confidence and ensuing change of Government unavoidably created a period in which ministerial priorities were either frozen or under review.

Reducing access to consultants has been mandated in May / June 2024. This was not considered at the time the Ministerial Delivery Plan objectives were drafted. A departmental analysis of available internal resource weighed-up against forecast delivery is being undertaken in June 2024 and a better understanding of the impact of the reduced use of external technical resource / consultants will be better known once this assessment is complete.

**4. Given that most of the mentioned legislation had numerous attempts to be renewed by previous governments as well, but has yet to be brought up to date, are any departmental constraints that are in the way of progressing efficiently with such legislation?**

Please see answer to question 3, above.

**5. From the Barriers to Business report outcomes (and responses to its recommendation that are understood to be published soon), do you see this outdated legislation being one of the factors in blocking enough performance in this sector? If yes, what is intended to be done to address this?**

We take 'sector' here to mean the Visitor Economy.

The Visitor Economy Strategy (VES), published in December 2023, highlights 'Regulation' as a key part of the Visitor Economy Ecosystem and the need for an enabling regulatory framework. This requires the shaping of Regulation and Governance such that it enables the industry to achieve its goals and provides a supportive business environment. The VES highlights 2 key areas of legislation and 1 set of regulations that are no longer fit for purpose

and are a barrier to business in this sector. As outlined in the VES, work is under way to review and update the relevant legislation and regulation.

The VES provides 4 policy priorities in relation to the regulatory environment which directly affects the Visitor Economy and through an ongoing working partnership between Government and industry we will continue to monitor the regulatory environment to ensure the ease of doing business in hospitality is not negatively impacted by Government decisions or out-of-date legislation.

Alongside this work, relevant issues identified in the Barriers to Business report are being actioned as outlined in the response, available here: [Enabling Business: Response to Barriers to Business Report \(gov.je\)](#)

## **Sustainable Finance**

### **1. The Net General Revenue Income shows that Companies Tax is lower due to lower growth in Financial Services. Can you explain why this lower growth in Financial services?**

The annual report and accounts states that the growth in financial services profits was lower than estimated by the Fiscal Policy Panel. The forecast assumed quite strong growth across the whole sector. While there was strong growth in banking during 2022 (Jersey's economy grew by 6.7% in 2022 in real terms and at basic prices. The driver of growth was profits in the financial services sector, specifically in the banking sub-sector, due to the increases in interest rates throughout 2022), other sectors saw little/no growth. The work undertaken by the Fiscal Policy Panel is not an exact science, and therefore some margin of error can be anticipated each year.

The financial services sector continues to perform strongly. At the end of Q4 2023:

- a. The number of live companies registered stood at 35,379
- b. The net asset value of funds under administration was £452.2bn
- c. The total value of banking deposits was £156.4bn

Additionally, between December 2022 and December 2023, there was growth in jobs in the financial and legal sectors from 13,740 to 13,910.

### **2. Can you confirm if you provide an annual grant to Jersey Finance and how much is this grant?**

Jersey Finance is funded by a combination of Government grant, member subscriptions and event sponsorship. In 2023, the core grant provided to Jersey Finance was £5,620,000. Jersey Finance was also awarded funding from the Economic Recovery Fund during the course of 2023 (now discontinued).

Additionally, a top-up grant was provided to Jersey Finance in 2023. This was subject to a top up grant agreement and totalled £120,000.

**3. Do you have a service level agreement in place with Jersey Finance, a business plan received for this grant and clarify what performance is expected in return?**

A partnership agreement is in place with Jersey Finance. This sets out the obligations of both parties. A new grant agreement will supersede the partnership agreement from 2025. This has been developed by Commercial Services to ensure consistency across grant receiving bodies.

Before any grant is released in H1 of a year, the following documents and evidence are currently required:

- a. Review of the previous year business plan and key performance indicators (KPIs)
- b. Agreed business plan for following aligned to Common Strategic Priorities.
- c. Governance checklist.
- d. Grant assurance statement,
- e. Draft unaudited accounts for prior year.

At the same time, a grant appraisal is conducted, assessing:

- a. Background to organisation in meeting Common Strategic Priorities
- b. The corporate governance in place
- c. A review of performance against objectives and KPIs
- d. A review of the business plan
- e. An assessment of the financial position and grant need.

A further appraisal of the grant need is undertaken during H2, to assess the need for payment of the remainder of the allocated grant for the year. The following documents and evidence are required before release of any payment:

- a. Q1 financial report
- b. Q2 financial report
- c. Financial audited accounts and ISA260 Management Representation Letter.

The matters considered in the H1 appraisal are then re-assessed at mid-point of the year to demonstrate the need and justification for the grant, based on performance and financial position.

**Further questions the Committee submitted via the Cabinet Office**

**1. Can you please confirm whether you are providing quarterly reports to Ministers in relation to performance / budgets, and in what format doe those briefings take place?**

Yes. Performance against year-to-date budget is reported to Ministers quarterly using presentation material prepared by Finance Business Partners.

**2. Are there any areas where performance has been affected since the re-prioritisation of the Government Plan?**

I understood this review to relate to the Annual Report and Accounts 2023 and there was no re-prioritisation of the Government Plan during that financial year.



Additional funding approved by the States Assembly decision (P.72/2023 – Proposed Government Plan 2024-2027)

If the Committee's reference is to 2024 budgets, there has been a reduction of 20% applied to the Department's growth funding for 2024. This dilutes the scope of each initiative within the Department and / or the associated arms' length organisation.

**3. Which departments gave briefings to their respective Minister in relation to their performance across 2023? Can the PAC also be provided with links to these briefings in confidence for its own awareness / information?**

Ministers holding political responsibility for the work of the Department were briefed in various forms throughout 2023 depending on the scale of underlying issue. For example, there were extensive briefings on issues such as the MONEYVAL work programme, visitor economy strategy, review of Jersey Sport, Jersey Opera House capital project, amongst others.

I hope this provides sufficient detail to inform your continued review of the States Annual Report and Accounts 2023.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'RC', followed by a long horizontal flourish.

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**Chief Officer**

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