

3 October 2019

Deputy Kirsten Morel  
Chairman  
Economic and International  
Affairs Scrutiny Panel  
c/o Kellie Boydens, Scrutiny Officer  
States Greffe  
Morier House  
St Helier JE1 1DD



Dear Deputy Morel

**Government Plan Review – request for written submission – Jersey Heritage**

Thank you for your letter of 20 September. In responding to your request I hope it is helpful to attach for context:

- Our funding bid submitted at the Department's request in March 2019
- A letter to the Department, with enclosures, on risk associated with funding levels, September 2019

I hope it is also helpful to make the following general points about heritage funding as proposed in the Government Plan:

1. Jersey Heritage very much welcomes the intention to increase funding to the 1% levels agreed by the States in supporting Deputy Tadier's P40/2019. This responds to a real need to bring heritage provision in Jersey up to international best standards and practice.
2. Because of the grouping of 'culture, arts and heritage' funding under a single 'culture' heading (the MTFP had a specific line for 'heritage') the level of funding intended to be available to heritage is not currently clear.
3. It is clear that in 2020 the level available to heritage is going to be short of that required to recover the considerable loss of value in the grant over recent years, as illustrated in the attached documents. That carries risks to the service level and jobs.
4. At whatever level ultimately determined, the plan secures funding for one year only. It is challenging to mobilise for future work on this basis, especially when previous States decisions on heritage funding (P75/2010) have not subsequently been delivered.
5. Clarity on the level of commitment to heritage in the future years of the plan is necessary in order to be able to best manage the risks to the services likely to apply in 2020 at the level proposed.

continued/...

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*Gardien of our Island story*

6. It is recognised that, in respect of your ToR point 5, there is not a forward looking set of government objectives for heritage, as the current SLA expires at the end of 2019. Jersey Heritage is drafting a heritage strategy to advise the department on a future programme. In the absence of a statutory basis for heritage in Jersey, such as exists for example in the Isle of Man and Gibraltar as well as the UK, a longer term agreement on heritage services may be appropriate to secure the ongoing public value of the heritage service.
  
7. It should be noted that, positively, the plan also indicates a draft commitment to substantial investment in Elizabeth Castle which has been the subject of a number of failed bids over the last ten years, to which responses were never received. A number of other capital bids are without a response in the current plan and there appears to be no information flowing back out of the planning process on the application of criteria used to establish priorities. A longer term strategy for investment in heritage infrastructure is necessary as refurbishment of sites, such as the 1992 Jersey Museum for example, is a question of 'when' not 'if', if the Island is to maintain appropriate standards in its heritage management regime and the value of its heritage infrastructure.

Yours sincerely



**Jonathan Carter**  
**Chief Executive**

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Enclosures:

- 1) Letter to Senator Lyndon Farnham dated 28 February 2019
- 2) Business Case (funding bid) dated 15 March 2019
- 3) Letter to Senator Lyndon Farnham dated 11 September 2019

28 February 2019

Senator Lyndon Farnham  
Minister for Economic Development,  
Tourism, Sport and Culture  
Maritime House  
La Route du Port Elizabeth  
St Helier  
Jersey JE2 3NW

Dear Senator Farnham

### Jersey Heritage Trust growth request

Jersey Heritage has a track record of delivering world class heritage services to the Island. However, despite increasing self-generated funding it has found the ability to continue to do so undermined as the cost of provision and new demands increase whilst real funding from the States decreases. For the first time since 2010 we have had to make serious cuts to balance our finances in anticipation of a new funding arrangement in 2020. These cuts are unsustainable.

Jersey Heritage's funding is now at a crossroads. We are already at a point where we have insufficient funding to maintain what we are doing now and with no increase we would be very much be in a world of "managed decay". In this situation we would look to minimise the adverse impact first by cutting public services, but in time hitting our ability to conserve our heritage. The outcome of this would be closed sites, deteriorating buildings, lost collections and the potential that the state of our heritage could decline to a level that cannot be resurrected.

However, the Trustees believe that this does not need to be the case, and that there is a brighter future where Jersey can develop its world beating heritage, and become a benchmark for heritage across the world. As with Jersey's finance industry, Jersey's heritage would punch above its weight and be positive for the brand of the Island.

Our funding request is for £1.7m of additional funding that can split broadly into:

- |   |         |
|---|---------|
| • Fulfilment of statutory obligations:                    | c£250k; |
| • Conservation and preservation of the current portfolio: | c£650k; |
| • Interpretation, display and education:                  | c£400k; |
| • Developing a world class heritage service:              | c£400k. |

continued/...

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28 February 2019  
Senator Lyndon Farnham

Whilst we recognise that this is a significant increase, this is in the context of the States failing to maintain our grant in line with inflation as agreed in 2010, which is worth some £800k p.a., and an increase in self-generated funds over the same period by £1.3m p.a. in 2020.

It would be a shame for the Island to be seen as doing everything it can to preserve the finance industry, as important as it is for the Island, while it lets its heritage decline and decay.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ed Sallis', with a horizontal line underneath.

**Ed Sallis**  
Chair

A handwritten signature in black ink, appearing to read 'Tim Brown', with a horizontal line underneath.

**Tim Brown**  
Chair of Finance & Audit Committee

## 1. Overview of Growth Request

This request is made for revenue funding for 2020 of £4,459,000 to be allocated to Jersey Heritage Trust (operating as Jersey Heritage) to sustain and develop the Island's heritage service. This is a circa £1.7M increase from current funding levels and is net of £3.2M of self-generated revenue.

The net increase can be divided broadly into four areas:

- |  |          |
|--|----------|
| ▪ Fulfilment of current statutory obligations              | £250,000 |
| ▪ Conservation and preservation to maintain the status quo | £650,000 |
| ▪ Interpretation and display                               | £400,000 |
| ▪ Creating a world class service                           | £400,000 |

Grant/Year	2020	2021	2022	2023
<b>Total</b>	<b>£4,459,428</b>	<b>£4,484,969</b>	<b>£4,219,025</b>	<b>£4,399,901</b>

Jersey Heritage Trust was established by the States in 1980 ([P141/1980 Jersey Heritage Trust](#)) as a partnership with the third sector to care for the Island's public heritage. Since then Jersey Heritage has successfully developed museums services, archive services and historic environment services.

Operating as an independent charity, Jersey Heritage generates more than half the cost of the heritage service through trading and fundraising. States funding is a crucial part of the plural funding mix. The recent BOP review of the sector for Economy and Partnerships concluded that levels of States investment are low compared to similar jurisdictions, even including other low-tax jurisdictions.

In 2010, the States of Jersey approved ([P75/2010 Jersey Heritage Trust: Service Level Agreement and Funding Requirements - Amendment](#)) and ([P75/2010 Jersey Heritage Trust: Service Level Agreement and Funding Requirements - Comments](#)) which paved the way for a new Service Level Agreement and funding sufficient to sustain the service. However, this new funding agreement was not put in place, the value of base funding has declined in absolute and relative terms, and as a consequence, despite considerable increases in self-generated income, Jersey Heritage has had to cut expenditure and services, in order to address higher costs, without an increase in government funding.

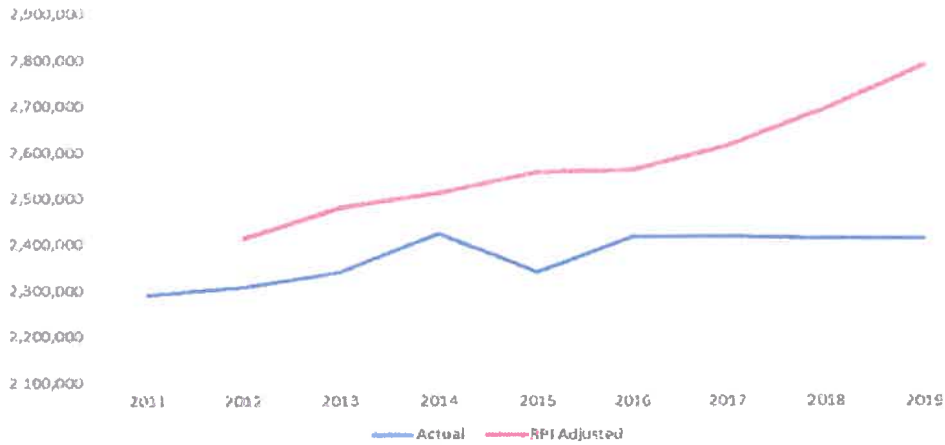
P75/2010 under Annex A stated

*The Minister will enter into the following agreement with the Jersey Heritage Trust in return for annual States Provision of –*

*An annual grant of £2,300,000 index linked to avoid erosion of value.*

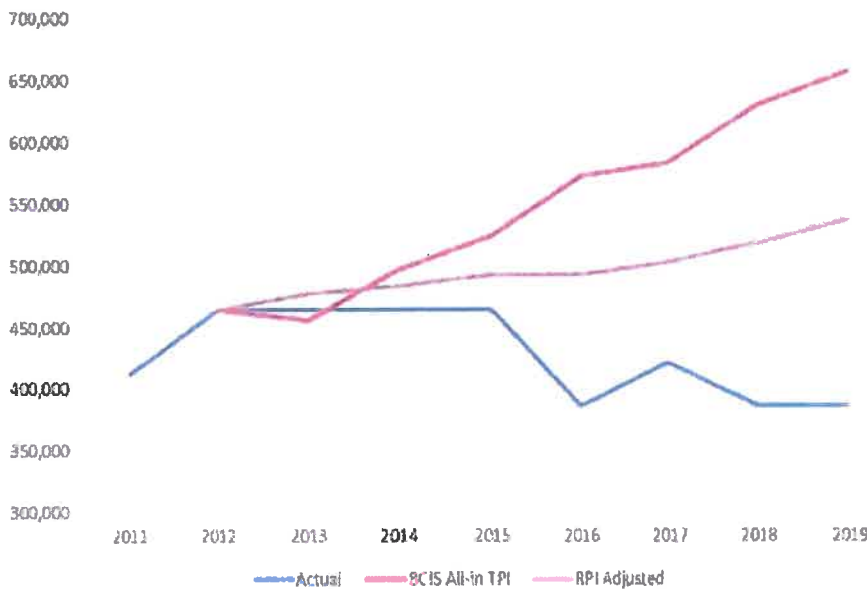
*An annual allowance for site refurbishment of £465,000, index-linked to avoid erosion of value.*

That has not happened. Over that period, Jersey RPI has increased by almost 21%. The current annual grant stands at £2,412,000 whilst the allowance for site refurbishment is £386,000.



**Table 1 - Actual grant compared to RPI adjusted figure**

This effect is compounded by building inflation. Site refurbishment normally relates to building projects. There is no Jersey index recording the increase in building costs but it is acknowledged to be greater than RPI. The BCIS All-in Tender Price Index (BCIS TPI), a UK index, is believed to be a reasonable index to use in this absence. Over the period to January 2018, that increased by 46%. Over the period to 2Q 2023, BCIS All-in TPI is forecast to rise further by 22%. Applying a similar analysis of price indices to the site refurbishment allowance, the funding gap is revealed

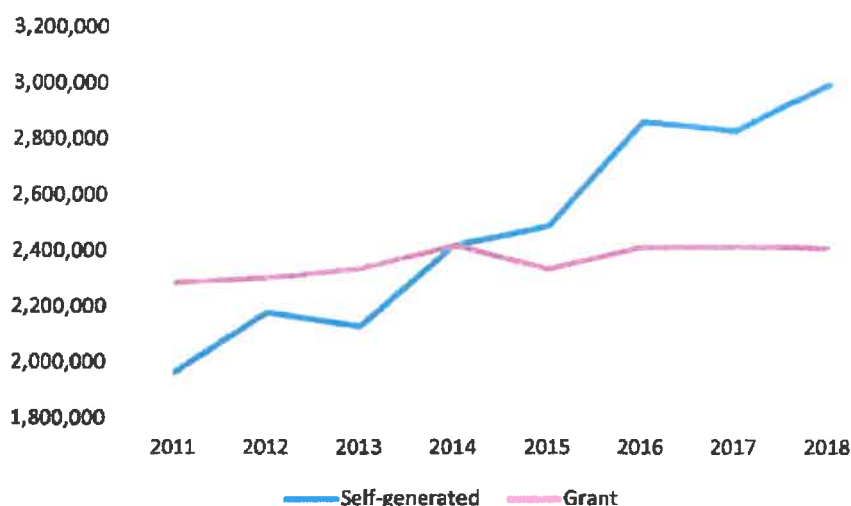


**Table 2 – Site Refurbishment grant compared to RPI adjusted figure and BCIS TPI**

Meanwhile Jersey Heritage has been successful in increasing self-generated income

## Jersey Heritage

## Summary Business Case



**Table 3 - Grant Funding V Self-Generated Funding**

An analysis of self-generated funds against the operating grant shows the trend. Across all funds Jersey Heritage has increased self-generated funding from £1,964,593 in 2010 to £2,998,222 in 2018. An increase of approximately £1,033,000.

The gap between the undertakings of P75/2010 and actual is approx. £800k pa. and the cumulative loss of funding since 2011 is over £3M.

As a consequence, the current level of heritage service is unsustainable and the organisation has cut services by £300,000 in 2019 and faces the prospect of a long period managed decline and dramatic cuts to service.

This comes at a time when the service has perhaps never been more significant in the lives of Islanders and the work of government, attested by significant levels of engagement by residents and tourists, substantial membership and volunteering, high participation with schools and growing international profile for heritage stories.

Moreover, P75/2010 did not address archive funding but undertook that *'this will be the subject of a separate report and proposition'*. Such a proposition was not developed. And further, while the museums and archives aspects of the service have been developed to a degree, Jersey Heritage's role in relation to historic environment work has been less clearly articulated in relation to overall States ambitions being captured in a limited separate service level agreement with Environment supporting only a single member of staff.

Against such a background, the request for adjustment to funding levels is a response to:

**Demand** – increased opening hours at less commercially viable periods to support year round tourism; increased visitor expectations for quality and change driven by standards and cultural investment elsewhere; increased demand on Jersey Archive owing to States modernisation; increased demand for digital engagement

**Cost** – increasing cost of doing business driven by RPI, building inflation and new technology

**Policy** – ambitions for heritage to support States ambitions across cultural, social, environmental and economic areas; ambitions to meet international standards for heritage protection and management to meet Island's responsibilities as a global citizen

**Strategic priority** – supporting ambitions to engage inclusively less commercial audience segments including children, low income families and the aging society

**Legal requirements** – increases in administrative and legal costs in respect of new legislation including Public Records, Freedom of Information, Data Protection, Charities.

## **2. States Common Strategic Priorities and Department Business Plan Objectives**

Grant funding supports the operation of the heritage service which contributes across many areas of Common Strategic Policy:

- **CHILDREN** – JH provides free access to U6 children with playground facilities at heritage sites to support family visits; we give learning support to visits by over 5,000 students in school time; we provide a year round programme of Discovery Day events attracting over 20,000 student visits outside school time; Discovery Days create employment development for students in support roles for the events; there are 6,000 student members of Jersey Heritage.
- **WELLBEING** – JH works with over 30 outreach project partners (egs Autism Jersey, Eye Can, Youth Clubs) with hundreds of special needs clients engaged; we create opportunities for over 300 volunteers to engage with heritage work; we run an extensive reminiscence programme with care partners.
- **ECONOMY** – JH supports Island tourism through the operation of the most visited tourist attractions in Jersey (150,000 tourist visits out of a total of 205,000 visits); we provide 1,600 days opening at 7 cultural venues; we provide accommodation for over 2,500 guests at Heritage Lets sites; we work with Visit Jersey to provide heritage resources that organisation identifies as a 'key attribute' in the tourism destination.
- **INCLUSION** – heritage sites provide shared space for Islanders with surveys showing 0% variation in visitation across communities; our membership scheme offers discounted entry to ensure charging is a minimal barrier to access; we work with Education to use pupil premium promotions to promote visits by hard to reach groups.
- **ENVIRONMENT** – JH manages and conserves 34 public heritage monuments as part of the historic built environment; we provide advice to the States on the listing of sites of heritage significance; we provide archaeological monitoring services towards the protection of special places as part of the Planning protection regime; we provide public access to information about sites of significance through the Historic Environment Record; we work with heritage groups towards UNESCO recognition of the Island's heritage landscape.
- **ACTIVE** – JH provides high levels of active engagement and participation for Islanders in heritage; 55,000 resident visits to heritage attraction sites; 14,000 members, 300 volunteers.
- **REPUTATION** – JH provides online access to hundreds of thousands of archives, art, objects forming collections in our care as part of the Island's digital footprint; we generate heritage stories that reach international audiences through broadcast media; we create video content around Island heritage stories promoted through social media channels.
- **THIRD SECTOR** – JH works through formal agreements with heritage sector partners to maximise the public value of private heritage sites and collections in multiple ownership; we work closely with the arts sector to partner Island celebrations and promotions.
- **ST HELIER** – JH works to support the quality of the cultural environment of Town through the operation of three St Helier cultural attractions; listing and Conservation Area studies to support the historic character of Town; public art programmes to improve the environment and celebrate the heritage of Town.



- **AGING** – JH creates volunteering programmes to support those leaving work and entering retirement; we create spaces for shared social use; programmes support intergenerational visits; we work with care partners to provide reminiscence opportunities; we value, collect and record Islanders' life stories.

Jersey Heritage has been achieving a lot more with a lot less but service levels and related impacts in all these areas are under threat if the current funding trajectory cannot be positively adjusted.

### 3. Options that have been considered

**A - Doing nothing** – no change will result in an unsustainable shortfall of funding at the end of the period. Trustees have not yet agreed a detailed plan to accommodate such a shortfall but based on previous downsizes in 2003 and 2010 service adjustments will seek to maintain fundamental and irreversible conservation priorities and focus service withdrawal on public access and sites opening. See risks.

#### **B - Growth in self-generated income**

A 2010 report by Collier International for Economic Development Department concluded that at that time 'JH attractions are performing well in terms of attracting visits from the limited available market segments' and 'well in terms of generating income from the operation of its attractions. The potential for increased spend is quite limited.'

Nevertheless, efforts have been focused on significant growth in self-generated income, illustrated in table 3, which has gone some way to mitigate the effect of funding shortfalls, including:

- Sites visits have increased by over 60,000 on the 2012 SLA target generating admissions of £1,624,000 annually
- Charging has been introduced for previously free categories of children and pensioners (although this may have hit inclusion statistics negatively)
- Membership has grown from 2,000 to 14,000 generating £326,000 annually
- A Patrons scheme for high net worth individuals has been established worth £30,000 annually
- Heritage Lets income has grown from £182,000 in 2010 to £328,000 in 2018

However, notwithstanding that effort and continuing efforts, there are real market constraints, recognised at that time and still pertaining, including:

- The population of the Island is around 105,000 with an existing penetration of around 55,000 resident visits to JH sites at around 60% of the adult population engaging with heritage generally compared to an English average of closer to 50% for museum visiting and 70% for heritage visiting. Around 80% of higher income groups in Jersey are engaged while potential opportunities for growth are in lower income and education groups where charging may be a barrier to access.
- Tourism market share has increased. But overall tourism visits to the Island appear only stable in total numbers (actually down in 2018). Increased on-Island spend by tourists does not directly benefit Jersey Heritage. Trends towards shorter breaks reduce the number of attractions likely to be visited within the total SLV number.
- Heritage Lets income has grown in response to more sites becoming available for conversion but this period will see the completion of the programme for potential

Island sites identified. Plans for conversion at JH sites, including the castles, are submitted as part of the capital programme but at this stage are unfunded.

- 2017 JOLS suggests 36% gave to heritage charities against a UK figure of 7% of households, highlighting the significance but also perhaps limitations on assumptions of significant future growth in charitable giving

Jersey Heritage is committed to maximising self-generated income but must base planning on recognition of the realistic constraints of the market in which we operate. In that context, we have nevertheless been able to assume the following growth over the period:

Income area	2019 £000s	2023 £000s
Admissions Income	1,590	2,002
Trading	793	896
Fund-Raising	522	628
<b>Total</b>	<b>2,905</b>	<b>3,526</b>

But even with this growth, taking account of predicted inflationary pressures, the current level of service would incur a significant shortfall.

### C - Cost efficiencies

In 2011 Jersey Heritage managed a significant downsize to achieve cuts and efficiencies necessary to accommodate the funding gap recognised at that time. This process followed extensive review by BDO, Collier International, the Comptroller and Auditor General and the Public Accounts Committee. Those changes included:

- Closures at sites: winter closures at Town sites and total closure of Hamptonne
- Service cuts: educational support for schools visits, guided tours
- Outsource: design, marketing and technical support
- Redundancies and wage reduction: 25% staff impacted
- Charges: resident children and seniors

Ultimately these changes were successful in stabilising the operation. While it has been possible to recover some of the service cuts including the limited opening of Hamptonne and the education service, significant available efficiencies were taken at that time and have been maintained.

And in response to the challenging financial position identified here Jersey Heritage has already cut £300,000 of operating activity from its 2019 budget.

It is not therefore possible to achieve sustainable service levels within the current funding envelope by efficiency savings rather than significant reductions in the public service level.

### D - Reduction in services

Trustees have not agreed any plan to achieve short term sustainability solely through service reductions. However, given issues described at B and C above this is the only realistic alternative to positive funding amendments. Based on downsizes made in discussion with the States in 2003 and 2010 it can be assumed that it will be considered a priority to protect core conservation services. That implies that savings will be achieved through reduction in public facing services, primarily impacting attraction/archives opening with associated staff reductions following the previous pattern.

It is not possible to assume that such savings, however stabilising in the short term, will achieve longer term sustainability as diminished activity will lead to loss of income and public support, while the inflationary pressures, albeit at a smaller scale, will continue unabated. This will inevitably lead to a vicious cycle of declining quality, falling public support and diminishing self-generated income.

#### **E - Sustainable grant**

The evidence and experience of the last two decades shows that appropriate levels of investment increase efficiency in the sense that it enables change in content and maintenance of quality of visitor experience which in turn promotes and supports admissions, trading and fundraising. Accordingly, the relative value of States investment has increased significantly as while the level and quality of the heritage service has improved, the ratio of States to self-generated income has also improved significantly from a public value perspective with the grant now forming less than 50% of the total cost of the service. That presents a very favourable comparison with other jurisdictions. UK DCMS funded ALB museums, for which government funds free admission, generate on average 15.7%

This was in fact the position accepted following the very extensive analysis, assessment and debate in 2010 when the States agreed in adopting P75 that the grant and investment funding would be *'index-linked to avoid the erosion of value'*.

It is accepted that the opportunities, constraints and cultural ambitions vary between jurisdictions and that there is no standard formula for government subvention of cultural activity. Now, as then, the grant should be based on a decision on the desirable level of heritage activity the States wishes to support as a reflection of the communities aspirations, a rational assessment of the money that will be necessary to make those activities sustainable, in the light of reasonable and realistic assumptions of what can be self-generated.

#### **The preferred outcome**

Given the consequences of doing nothing, the relative maturity of income generation and recognition of market constraints, previous efficiency exercises and the fact that without action service reductions are likely to fall well below the standard of service expected by Islanders, the preferred outcome is a sustainable grant level in line with previous decisions of the States.

#### **4. Successful outcome**

The high level outcome of appropriate funding is a sustainable contribution to Common Strategic Policy and Future Jersey aims identified in Section 2. Specifics of associated costs are set out in the attached business plan.

The performance measures below show potential 2020 outcomes against 2011 SLA targets agreed the last time funding adjustments were made and indicate the added value achieved following additional investment at that time and how, during the period since in which the value of the grant has fallen, the organisation has been doing a lot more with a lot less. NB that Archive funding was not adjusted at that time – an issue which has been deferred continually since 2003.

**Performance measures**

<b>Result area</b>	<b>2011</b>	<b>2019</b>
<b>Built Historic Environment</b>		
Monuments in care	15	34
HER	0	12 Parishes 6,000 places
<b>Vibrant and Inclusive</b>		
Collections online	260,000	625,000
Archive users	3,400	2,900
Site footfall	152,000	205,000
Members	2,000	14,000
Volunteers	9,000 hours	18,000
School visits	5,500	5,000
Student visits	5,000	22,000
<b>Health and Wellbeing</b>		
Outreach partners	0	30
Outreach engagement	0	2,000
<b>Financial</b>		
Total self-generated income	£1,965,000	£2,905,000
Grant / income ratio	57%	47%

**5. Financial Analysis – costs to main department and any other departments**

Revenue costs itemised in attached Business Plan. Total grant requested £4,459,000

Capital costs to be submitted separately end March.

**6. Staff Requirement**

Staff requirements itemised in attached Business Plan. Forecast JH FTE in 2020 is 84 (2019 – 73)

**7. Impact of NOT progressing the Growth request**

As set out above, subject to final agreement by trustees, impacts of not progressing the request to achieve sustainable funding are likely to include:

- Closure of heritage sites
- Loss of contribution to tourism
- Reduction of access to Archive
- Shortfall on compliance with statutory obligations
- Reduction in contribution to Common Strategic Policy and Future Jersey aims
- Failure to meet national and international heritage standards
- Loss of income generation opportunities and overall public value
- Loss of public support through membership, volunteering and fundraising

- Loss of Island reputation

See attached Risk Register and related register of compliance with international heritage conventions.

## 8. Related Projects

Activity supported by the revenue grant is inter-related with the capital investment programme and the sites refreshment investment programme.

### Capital projects

- Elizabeth Castle – will positively impact assumptions on admissions and space hire income
- Hamptonne - will impact positively on admissions income and space hire income
- Jersey Museum - will impact positively on admissions income
- La Hougue Bie - will impact positively on admissions income
- Sir Francis Cook Gallery Store – will positively impact risks to collections

### Refreshment Fund

Capital investments will create additional capacity for cultural attraction at the above sites, in the form of flexible exhibition and event space and visitor facilities, the ongoing costs of which will be serviced by investment from the Refreshment and Refurbishment Fund.

### Current contingency bids

- Archive staffing
- Jersey Museum plant

## 9. Other dependencies

If funding is addressed Jersey Heritage will retain or can procure relevant resource, expertise and partnerships to deliver the service. The key dependency is a States position on the level and form of heritage partnership relevant to States ambitions. It is anticipated that this will be addressed in a development of the BOP cultural sector review.

Jersey Heritage has been asked and has undertaken to draft a heritage vision and strategy for consideration by the States and this will seek to identify opportunities for increased value through partnerships across the heritage sector.

Jersey Heritage notes the November contingency award for '*Culture review – Sustainability across sector – £50,000 - Funding an independent review of the cultural sector – including financial sustainability, commercial development and opportunities for enhanced partnerships, to ensure the long-term future of this sector*'. This is welcome if undertaken in time to inform pressing decisions, but there is a concern if this leads to deferral of decisions given the ongoing attrition in the value of the grant which could lead in the short term to hard-to-reverse cuts in service and inefficiencies through under-funding in the meantime.

## 10. Identification of Key Risks

See attached risk register. All higher level risks are related to the funding situation in as much as the current funding trajectory leads to a loss of existing services rather than a failure of strategic development.

**Summary of main risks:**

1. Loss of audience through site and service closure
2. Loss of resilience in heritage asset conservation
3. Exposure to business continuity risk from loss of specialist staff
4. Loss of impact in the community
5. Failure to capitalise on international opportunities and a loss of international reputation
6. Failure of key partnerships and associated loss of public value of heritage

An overarching risk to the success of the partnership is the current absence of a coherent and cohesive heritage strategy to align the work of the States and the sector.

A specific, potentially existential, risk is the Pre 1987 PE CRS debt which is set to consume increasing levels of heritage funding and meanwhile represents an unpredictable risk of insolvency.

**11. Overall timescales and key milestone dates**

Jersey Heritage will prepare a 2020+3 budget based on information about grant levels following the lodging of the States' Financial Plan in June and prepare a budget and service level for submission by the end of the year.



## Summary Business Case for inclusion in the Government Plan 2020-23

Internal Use	
Project Name	A World Class Heritage Offering
Lead Minister	Economic Development, Tourism, Sport and Culture
Lead Department	Growth, Housing and Environment
Reference Number	GP2020-23 [EP4]
Submitted Date	15/03/2019

**Document Lead Author:** Mr. Chris Kelleher

**Name of Project:** A World Class Heritage Offering

**Lead Minister**

Economic Development, Tourism, Sport and Culture

**Primary Department**

Growth, Housing and Environment

**Please Select any Secondary Departments**

Office of the data Protection  
Commissioner

Strategic Policy, Performance and  
Population

Children, Education, Young People And  
Skills

Office of the Chief Executive

Chief Operating Office

Customer and Local Services

Growth, Housing and  
Environment

Health and Community Services

Justice and Home Affairs

States Treasury and Exchequer

Balliff's Chamber

Law Officers' Department

Judicial Greffe

Viscount's Department

Office of the Lieutenant Governor

Office of the Dean of Jersey

Probation

Comptroller and Auditor General

States Assembly and its Services

Jersey Overseas Aid Commission



**Lead Minister Sign Off**

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**Economic  
Development,  
Tourism, Sport  
and Culture**

**Click to Insert Signature Image**

**Primary Department Sign Off**

<b>John Rogers</b>	<b>Director General</b>	<b>Click to Insert Signature Image</b>	<b>Growth, Housing and Environment</b>
<b>Nick Collins</b>	<b>Finance Director</b>	<b>Click to Insert Signature Image</b>	<b>Growth, Housing and Environment</b>
<b>Chris Kelleher</b>	<b>Responsible Budget Holder</b>	<b>Click to Insert Signature Image</b>	<b>Growth, Housing and Environment</b>

**Secondary Department Sign Off (if applicable)**

<b>Director General</b>	<b>Click to Insert Signature Image</b>
<b>Director General</b>	<b>Click to Insert Signature Image</b>
<b>Director General</b>	<b>Click to Insert Signature Image</b>

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### General

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The purpose of this business case is to help the States of Jersey to decide how to use its resources to deliver the best outcomes for Jersey. The Government Plan replaces the Medium Term Financial Plan and will provide a four-year rolling resource and outcome plan (one year detailed plus three year outlook). The Government Plan will set out how public resources will be used to deliver the States of Jersey strategic priorities and the day-to-day business of government.

This business case is equivalent to a Strategic Business Case (SBC) or Outline Business Case (OBC) "light" based upon HMT's Five Case Model which is used to develop business cases. An OBC or Full Business Case (FBC) may be required in addition to this business case subject to the scale, risk and level of information provided in this business case. Therefore it is in your interests to ensure that your business case is complete, detailed, credible and proportionate and that it is supported by relevant evidence where available.

### Strategic Outline Case

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A Strategic Outline Case is also known as the scoping stage and is used to confirm what is being proposed and why. It should set out the strategic context, make a robust case for change and provide an early indication of the proposed way forward including potential benefits and costs. A typical SBC typically includes:

1. Strategic case - a robust strategic case to demonstrate strategic fit and rationale for action/change;
2. Economic case - a clear set of long and shortlisted options focused on delivery (not funding options) but there may not be a preferred option at this stage,
3. Commercial case – considers potential procurement strategy/options and contractual terms;
4. Financial case – sets out indicative financial information and provides reasonable certainty on affordability (including costs, revenues, other funding and financial risks); and
5. Management case - has a clear view on how the project will be managed and governed including key risks. If Growth, Housing and Environment **will** be involved in delivering this project then they should be consulted.

### Outline Business Case

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An OBC is also known as the detailed planning phase and should revisit the strategic case to identify the preferred option and demonstrate value for money. It should also set out the procurement strategy and commercial and management arrangements. A typical OBC includes:

6. Strategic case - revisits and updates the strategic case if circumstances have changed;
7. Economic case - completes the economic case according to Green Book guidance including details of the preferred option and rationale. This should include an analysis of costs and benefits (and a Benefit Cost Ratio) to support decision making;
8. Commercial case - sets out procurement and contractual details if this is relevant;
9. Financial case – sets out a detailed analysis of affordability and funding gaps including the impact of commercial/legal/statutory obligations; and
10. Management case - has a detailed delivery and management plan, risk mitigation strategy and benefits realisation plan to ensure that benefits and outcomes can be realised.

## Additional support and submission process

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All applications should use this business case document. Alternative formats will not be accepted.

Business cases should be emailed to Susan Shaw (s.shaw@gov.je).

## 1. EXECUTIVE SUMMARY

The executive summary should provide a summary the information included in each of the sections of the business case. It should be capable of being read as a stand-alone document by senior officials and Ministers. It should clearly state why additional funding is required over and above core departmental budgets. This should not exceed 2 pages.

The following submission '*A World Class Heritage Offering*' sets out the business case primarily to request an uplift in government grant funding to the Jersey Heritage Trust but also includes the development of a Heritage Strategy and maintaining the financial support for the delivery of the new Jèrriais Plan 2020 - 2023.

An overarching risk to the success of the partnership with Jersey Heritage is the current absence of a coherent and cohesive Heritage Strategy. Therefore, it is proposed to deliver a Heritage Strategy in 2020 that aligns the work of Government, and supports Government in its broad policies and services delivery.

Since the Jèrriais Plan 2017-19 was approved by the States in 2017, significant progress has been made and much groundwork has been put in place in order to work toward achieving its aims. A new Jèrriais Plan 2020 – 2023 has been developed to enhance and broaden the offering through education and the wider community and is detailed in the following business case.

The total funding request for Jersey Heritage 2020 is £4,459,428, a 60% increase on the grant funding given in 2019. The majority of the financial uplift relates to revenue stabilization, with some minor capex. For Jèrriais funding, the 16% uplift to £350,000 primarily relates to operational costs.

Jersey's distinctive cultural assets make it an exceptional place to live and are integral to the high quality of life enjoyed by many residents. Much is done well. Jersey Heritage raises a high level of earned income and receives high satisfaction ratings from visitors.

Heritage, and culture more broadly, is used increasingly to achieve a wide range of social and economic objectives from tourism, to health and well-being to external relations (the soft power of culture in international engagement). While there have been a number of such initiatives in Jersey, these need to be more strategic and sustained, and evaluated on a more consistent basis.

The greatest challenge to heritage is that investment is strikingly low. The Isle of Man's per capita expenditure on culture is 72% higher than that of Jersey. Investment has steadily been diminished by real-term decreases, alongside some direct cuts, quite significant in 2019.

As a result there is a real risk of failures. Earned income levels are already high and there are few other realistic sources of funding. Any reduction in investment would likely result 'managed decline' of the service.

The current approach to capital investment also means that the Government may not get value for money for its investment. Investment in the maintenance of cultural assets has been insufficient for some years, which will require costly refurbishment rather than modest investment in maintenance.

## 2. STRATEGIC CASE

The strategic case should make the case for a proposal/policy and should demonstrate how it provides strategic fit with Future Jersey, CSP priorities/themes, other State of Jersey projects and other relevant policies, strategies and plans.

It should also set out the background to the proposal/policy, describe what the proposal/policy is and provide a set of objectives that are SMART.

This should set out the current situation and the problem or opportunity that is being addressed, how this proposal addresses this (the rationale), why should the States of Jersey should Intervene (evidence of market failure) and key benefits and outcomes. Evidence should be provided to support the case.

This should set out any known or anticipated interdependencies or constraints that will impact upon delivery, timescales and outcomes. e.g. other projects, decision making, legislative or political decisions, resources, IT/systems and Planning.

### 1. Project description and its objectives

The Culture, Arts and Heritage Strategic Review and Recommendations published in 2018 made clear the paucity of funding being directed towards the cultural sector, reporting that the state spent just £46 per person on culture, compared to £79 in the Isle of Man and £96 on the Isle of Wight. In 2016, just 0.68% of Government's annual expenditure was being spent on culture, arts, and heritage compared with 2.5% in Iceland and a 1% average in EU countries. This historic underinvestment combined with a lack of focus on how the arts can contribute to wider government policy objectives has left the arts sector literary at breaking point and struggling to work in a strategic manner.

Jersey Heritage is keen to see the sector have greater presence and recognition, and further support government in the delivery of their various policies and services. This can only be achieved by a significant uplift in funding from government as part of ongoing revenue stabilization. Based on securing additional reoccurring funding, the following 'A World Class Heritage Offering' proposal has been developed on behalf of Jersey Heritage Trust that includes:

- i. The development of a specific Heritage Strategy;
- ii. Revenue funding that uplifts and consequently stabilizes Jersey Heritage Trust.
- iii. Revenue funding that uplifts and consequently stabilizes Jersey Archive that falls under Jersey Heritage Trust, but is being treated separately.

In addition, and as part of this growth bid, further funding is being requested to support the delivery of the Jèrriais Plan 2020 – 2023.

The Jèrriais Plan 2017 - 2019 was seen as a short-term strategy to give the language a new status and increase opportunities to learn it. The States further committed to develop a further plan to generate new speakers, synchronizing with the development of the current Government Plan.

Funding being requested over the next 4 years is as follows:

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Subline Business Area	Detail	Reference	Identified total funding need 2020	Indicative total funding need 2021	Indicative total funding need 2022	Indicative total funding need 2023	BAU funding (based on 2019)
<b>A World Class Heritage Offering</b>							
	Development of a Heritage Strategy	GP2020-23 [EP4]	30,000				
	Funding for Jersey Heritage Trust	GP2020-23 [EP4]	4,195,428	4,215,869	3,941,852	4,114,413	2,688,000
	Archive Funding	GP2020-23 [EP4]	250,000	269,100	277,173	285,488	100,000
	Jersey Funding	GP2020-23 [EP4]	950,000	360,500	371,315	382,454	300,000
	Heritage Support Total		4,330,428	4,845,469	4,590,340	4,782,355	3,088,000

### Overview of Growth Request for Jersey Heritage Trust

This request is made for revenue funding for 2020 of £4,459,000 to be allocated to Jersey Heritage Trust (operating as Jersey Heritage) to sustain and develop the Island's heritage service. This is a circa £1.7M increase from current funding levels and is net of £3.2M of self-generated revenue.

The net increase can be divided broadly into four areas:

- Fulfilment of current statutory obligations £250,000
- Conservation and preservation to maintain the status quo £650,000
- Interpretation and display £400,000
- Creating a world class service £400,000

Grant/Year	2020	2021	2022	2023
<b>Total</b>	<b>£4,459,428</b>	<b>£4,484,969</b>	<b>£4,219,025</b>	<b>£4,399,901</b>

Jersey Heritage Trust ('JHT') was established by the States in 1980 ([P141/1980 Jersey Heritage Trust](#)) as a partnership with the third sector to care for the Island's public heritage. Since then, Jersey Heritage ('JH') has successfully developed museums services, archive services and historic environment services.

Operating as an independent charity, JH generates more than half the cost of the heritage service through trading and fundraising. Government funding is a crucial part of the plural funding mix. The recent BOP review of the sector, for Economy and Partnerships, concluded that levels of Government investment are low compared to similar jurisdictions, even including other low-tax jurisdictions.

In 2010, the States of Jersey approved ([P75/2010 Jersey Heritage Trust: Service Level Agreement and Funding Requirements - Amendment](#)) and ([P75/2010 Jersey Heritage Trust: Service Level Agreement and Funding Requirements - Comments](#)) which paved the way for a new Service Level Agreement and funding sufficient to sustain the service. However, this new funding agreement was not put in place, the value of base funding has declined in absolute and relative terms, and as a consequence, despite considerable increases in self-generated income, JH has had to cut expenditure and services, in order to address higher costs, without an increase in government funding.

P75/2010 under Annex A stated

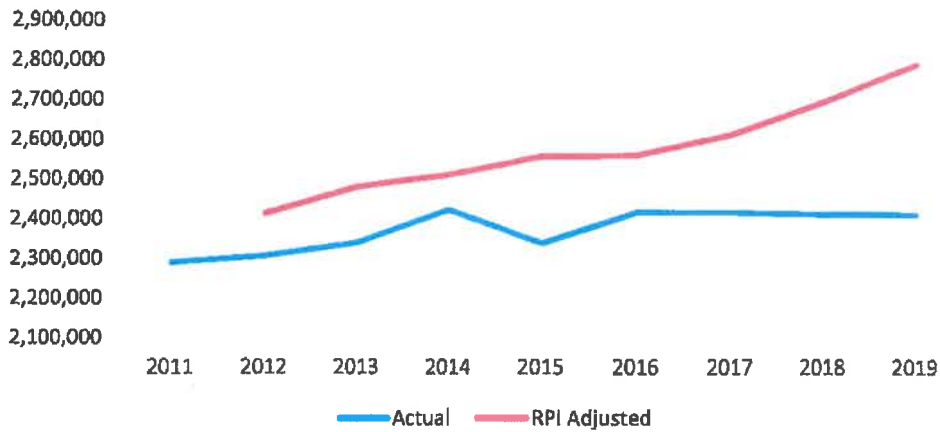
*The Minister will enter into the following agreement with the Jersey Heritage Trust in return for annual States Provision of—*

- i. *An annual grant of £2,300,000 index-linked to avoid erosion of value.*
- ii. *An annual allowance for site refurbishment of £465,000, index-linked to avoid erosion of value.*

**That has not happened.** Over that period, Jersey Retail Price Index ('RPI') has increased by almost 21%. The current annual grant stands at £2,412,000 whilst the allowance for site refurbishment is £386,000.

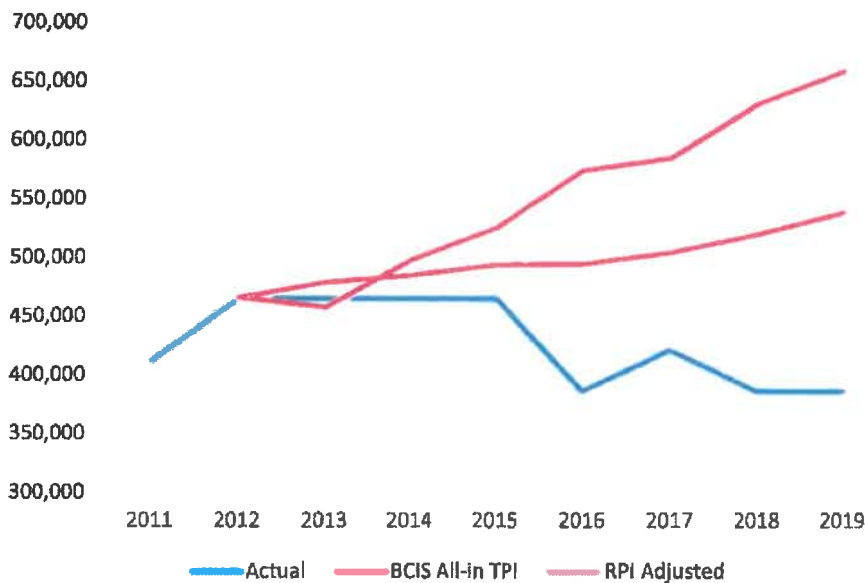
Figure 1 - Actual grant compared to RPI adjusted figure

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This effect is compounded by building inflation. Site refurbishment normally relates to building projects. There is no Jersey index recording the increase in building costs but it is acknowledged to be greater than RPI. The Building Cost Information Service ('BCIS') All-in Tender Price Index (BCIS TPI), a UK index, is believed to be a reasonable index to use in this absence. Over the period to January 2018, that increased by 46%. Over the period to 2020-2023, BCIS All-in TPI is forecast to rise further by 22%. Applying a similar analysis of price indices to the site refurbishment allowance, the following funding gap is illustrated in Figure 2 below.

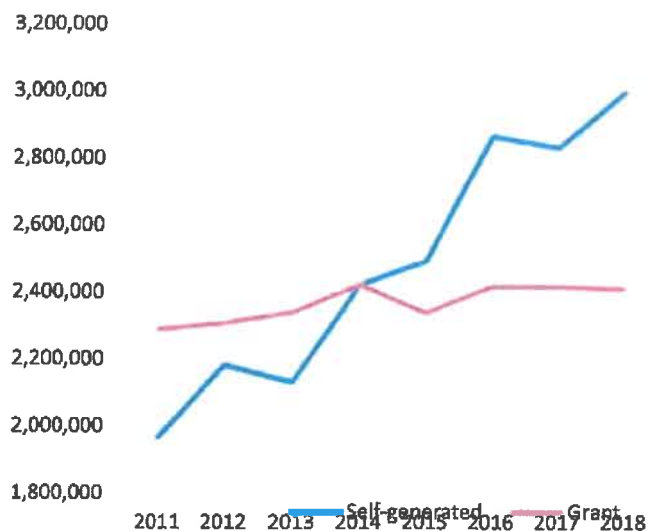
**Figure 2 – Site Refurbishment grant compared to RPI adjusted figure and BCIS TPI**



Meanwhile Jersey Heritage has been successful in increasing self-generated income as detailed below in Figure 3.

**Figure 3 - Grant Funding V Self-Generated Funding**





An analysis of self-generated funds against the operating grant shows the trend. Across all funds, JH has increased self-generated funding from £1,964,593 in 2010 to £2,998,222 in 2018. An increase of approximately £1,033,000.

The gap between the undertakings of P75/2010 and actual is approx. £800,000 per annum and the cumulative loss of funding since 2011 is over £3M.

As a consequence, the current level of heritage service is unsustainable, and the organisation has cut services by £300,000 in 2019 and faces the prospect of a long period of managed decline and dramatic cuts to service.

This comes at a time when the service has perhaps never been more significant in the lives of Islanders and the work of government, attested by significant levels of engagement by residents and tourists, substantial membership and volunteering, high participation with schools and growing international profile for heritage stories.

Moreover, P75/2010 did not address archive funding but undertook that *'this will be the subject of a separate report and proposition'*. Such a proposition was not developed. While the museums and archives aspects of the service have been developed to a degree, JH's role in relation to historic environment work has been less clearly articulated in relation to overall Government ambitions being captured in a limited separate service level agreement with Regulation supporting only a single member of staff.

Against such a background, the request for adjustment to funding levels is a response to:

- **Demand** – increased opening hours at less commercially viable periods to support year round tourism; increased visitor expectations for quality and change driven by standards and cultural investment elsewhere; increased demand on Jersey Archive owing to States modernisation; increased demand for digital engagement;
- **Cost** – increasing cost of doing business driven by RPI, building inflation and new technology;
- **Policy** – ambitions for heritage to support Government's ambitions across cultural, social, environmental and economic areas; ambitions to meet international standards for heritage protection and management to meet the Island's responsibilities as a global citizen;
- **Strategic priority** – supporting ambitions to engage inclusively less commercial audience segments including children, low income families and the ageing society; and
- **Legal requirements** – increases in administrative and legal costs in respect of new legislation including Public Records, Freedom of Information, Data Protection, Charities.

## Heritage Strategy

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Currently, Jersey does not have a Heritage Strategy. As a consequence, there is an overarching risk to the success of the partnership is the current absence of a coherent and cohesive heritage strategy to align the work of the Government of Jersey and the sector, and to that end a Heritage Strategy will be developed during 2020.

**Jèrriais Plan 2020-2023**

In September 2016, the States unanimously agreed additional support for Jèrriais in an MTFP amendment debate. The effect was to preserve the status quo in terms of staffing, allowing the appointment of two fully qualified teachers employed by Education to replace retiring team members.

On 16 June 2017, the States of Jersey were presented with R.72/2017 Jèrriais Plan 2017 – 2019 following support from the Council of Ministers, subject to officers identifying a funding source in order to appoint two additional teachers, which was achieved. The Plan recognized current financial challenges, and proposed “a two stage approach: a short-term strategy to give the language a new status and increase opportunities to learn it; and, accepting that a significant increase in funding requires due notice and discussion, a commitment to further plan to be developed in 2018 to generate new speakers, synchronizing with the next States’ Medium Term Plan.”

In the last 3 years, the Government of Jersey has appointed 4 experienced teachers to learn and teach Jèrriais. These teachers are currently delivering lessons in 13 primary to just under 150 pupils and 6 secondary schools to 14 pupils. They also teach a number of adult classes from beginner to intermediate + - those being taught include 5 States Members. As a result of these measures, it is hoped that a new generation of native Jèrriais speakers will emerge.

The Jèrriais Teaching Service has produced a Jèrriais Language Plan 2020 – 2023 which outlines aims and objectives to protect and promote Jèrriais, centred around 5 strategic themes. These themes build on the aims of the Jèrriais Plan 2017-19 in seeking to increase the acquisition, use and status of Jèrriais. In addition to this, work is underway to secure ratification for Jèrriais under the terms of the European Charter for Regional and Minority Languages, which will bring Jersey into line with other UK minority languages like Manx and Cornish.

The States Assembly recently agreed, by an overwhelming majority, to accept a proposition to produce all official public sector signage and letter-headings in both English and Jèrriais as and when they need to be replaced. An amendment was also passed to adopt Jèrriais as an official language of the States Chamber. This sends a message to Islanders that Jersey's politicians value our native language and are serious about supporting steps to promote and increase the profile of Jèrriais throughout the island.

**2. Strategic Context**

**CSP 3.3 Create a sustainable, vibrant economy and skilled local workforce for the future - by enhancing our international profile and promoting our island identity**

**FJ 1.2 Vibrant and Inclusive: Islanders enjoy living in a vibrant and inclusive community**

**Which of the Common Themes is This Supporting?**

Enabling Islanders to lead active lives and benefit from the arts, culture and heritage



Nurturing a diverse and inclusive society



Making St Heller a more desirable place to live, work, do business and visit



Working in partnership with Parishes, churches, faith groups, community groups, the third sector, volunteers, businesses, trade unions and key stakeholders



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Promoting and protecting Jersey's interests, profile and reputation internationally

Preparing for more Islanders living longer

Exploring the opportunities offered by digital

Improving transport infrastructure and links

Heritage crosses the majority of strategic priorities, and actually features as one of the key common themes.

### 3. The case for change

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#### States Common Strategic Priorities and Department Business Plan Objectives relating to Jersey Heritage

Grant funding supports the operation of the heritage service which contributes across many areas of Common Strategic Policy:

- **CHILDREN** – JH provides free access to U6 children with playground facilities at heritage sites to support family visits; JH give learning support to visits to over 5,000 students in school time; provide a year round programme of Discovery Day events attracting over 20,000 student visits outside school time; Discovery Days create employment development for students in support roles for the events; there are 6,000 student members of JH.
- **WELLBEING** – JH works with over 30 outreach project partners (e.g. Autism Jersey, Eye Can, Youth Clubs etc.) with hundreds of special needs clients engaged; JH create opportunities for over 300 volunteers to engage with heritage work; and run an extensive reminiscence programme with care partners.
- **ECONOMY** – JH supports Island tourism through the operation of the most visited tourist attractions in Jersey (150,000 tourist visits out of a total of 205,000 visits); JH provide 1,600 days opening at 7 cultural venues; provide accommodation for over 2,500 guests at Heritage Lets sites; work with Visit Jersey to provide heritage resources that it identifies as a 'key attribute' in their tourism destination.
- **INCLUSION** – heritage sites provide shared space for Islanders with surveys showing 0% variation in visitation across communities; JH membership scheme offers discounted entry to ensure charging is a minimal barrier to access; JH works with Education to use pupil premium promotions to promote visits by hard to reach groups.
- **ENVIRONMENT** – JH manages and conserves 34 public heritage monuments as part of the historic built environment; they provide advice to the Government on the listing of sites of heritage significance; provide archaeological monitoring services towards the protection of special places, as part of the Planning Protection regime; provide public access to information about sites of significance through the Historic Environment Record; and work with heritage groups towards UNESCO recognition of the Island's heritage landscape.
- **ACTIVE** – JH provides high levels of active engagement and participation for Islanders in heritage; 55,000 resident visits to heritage attraction sites; 14,000 members, 300 volunteers.
- **REPUTATION** – JH provides online access to hundreds of thousands of archives, art, objects forming collections in their care, as part of the Island's digital footprint; they generate heritage stories that reach international audiences through broadcast media; and create video content around Island heritage stories promoted through social media channels.
- **THIRD SECTOR** – JH works through formal agreements with heritage sector partners to maximise the public value of private heritage sites and collections in multiple ownership; and work closely with the arts sector to partner Island celebrations and promotions.
- **ST HELIER** – JH works to support the quality of the cultural environment of Town through the operation of three St Helier cultural attractions; listing and Conservation Area studies to support the historic character of Town; public art programmes to improve the environment and celebrate the heritage of Town.
- **AGEING** – JH creates volunteering programmes to support those leaving work and entering retirement; they create spaces for shared social use; programmes support intergenerational visits;

work with care partners to provide reminiscence opportunities; and value, collect and record Islanders' life stories.

Jersey Heritage has been achieving a lot more with a lot less but service levels and related impacts in all these areas are under threat if the current funding trajectory cannot be positively adjusted.

#### 4. Interdependencies and constraints

### 3. ECONOMIC CASE

The economic case should identify the best way to deliver best value for money – demonstrating public value. Set out alternative options that have/are being considered. If a preferred option has selected, set out how you have arrived at the decision.

More advanced projects (equivalent of OBC) will have a long-list and a short-list of options and should set out how these options have been developed and the Critical Success Factors (CSFs) that will be used to assess options. The options should be focused on delivery options and not on funding options.

Set out any non-financial costs or benefits arising from the proposal. Please ensure that these outcomes are SMART: Specific, Measurable, Achievable, Realistic and Time-bound.

Try and monetise non-financial benefits and include these in the table below alongside financial benefits.

Confirm if there are any financial or non-financial impacts to other departments, organisations or businesses.

As part of the consideration process, a number of options have been considered for Jersey Heritage:

- i. Do nothing
- ii. Growth in self-generated income
- iii. Cost efficiencies
- iv. Reduction in services
- v. Sustainable grant

#### i. Doing nothing

No change will result in an unsustainable shortfall of funding at the end of the period. Trustees have not yet agreed a detailed plan to accommodate such a shortfall, but based on previous downsizes, in 2003 and 2010, service adjustments will seek to maintain fundamental and irreversible conservation priorities and focus service withdrawal on public access and sites opening. (See risks)

#### ii. Growth in self-generated income

A 2010 report by Collier International for the now Department for Growth, Housing and Environment concluded that at that time 'JH attractions are performing well in terms of attracting visits from the limited available market segments' and 'well in terms of generating income from the operation of its attractions. The potential for increased spend is quite limited.'

Nevertheless, efforts have been focused on significant growth in self-generated income, illustrated in Table 3 above, which has gone some way to mitigate the effect of funding shortfalls, including:

- Sites visits have increased by over 60,000 on the 2012 SLA target generating admissions of £1,624,000 annually;
- Charging has been introduced for previously free categories of children and pensioners (although this may have hit inclusion statistics negatively);
- Membership has grown from 2,000 to 14,000 generating £326,000 annually;

- A Patrons scheme for high net worth individuals has been established worth £30,000 annually; and
- Heritage Lets Income has grown from £182,000 in 2010 to £328,000 in 2018.

However, notwithstanding that effort and continuing endeavours, there are real market constraints, recognised at that time and still pertaining, including:

- The population of the Island is around 105,000. With an existing penetration of around 55,000 resident visits to JH sites at around 60% of the adult population engaging with heritage generally compared to an English average of closer to 50% for museum visiting and 70% for heritage visiting. Around 80% of higher income groups in Jersey are engaged while potential opportunities for growth are in lower income and education groups where charging may be a barrier to access.
- Tourism market share has increased. But overall tourism visits to the Island appear only stable in total numbers (actually down in 2018). Increased on-Island spend by tourists does not directly benefit JH. Trends towards shorter breaks reduce the number of attractions likely to be visited within the total Staying Leisure Visitor ("SLV") number.
- Heritage Lets income has grown in response to more sites becoming available for conversion, but this period will see the completion of the programme for potential Island sites identified. Plans for conversion at JH sites, including the castles, are submitted as part of the capital programme but at this stage are unfunded.
- The 2017 Jersey Opinions and Lifestyle Survey results suggest 36% of those surveyed gave to heritage charities against a UK figure of 7% of households, highlighting the significance, but also perhaps limitations on assumptions of substantial future growth in charitable giving

JH is committed to maximising self-generated income, but must base planning on recognition of the realistic constraints of the market in which we operate. In that context, JH have nevertheless been able to assume the following growth over the period:

Income area	2019 £000s	2023 £000s
Admissions Income	1,590	2,002
Trading	793	896
Fund-Raising	522	628
<b>Total</b>	<b>2,905</b>	<b>3,526</b>

But even with this growth, taking account of predicted inflationary pressures, the current level of service would incur a significant shortfall.

### iii. Cost efficiencies

In 2011, JH managed a significant downsize to achieve cuts and efficiencies necessary to accommodate the funding gap recognised at that time. This process followed extensive review by BDO, Collier International, the Comptroller and Auditor General and the Public Accounts Committee. Those changes included:

- Closures at sites: winter closures at Town sites and total closure of Hamptonne;
- Service cuts: educational support for schools visits, guided tours;
- Outsource: design, marketing and technical support;
- Redundancies and wage reduction: 25% staff impacted; and
- Charges: resident children and seniors

Ultimately these changes were successful in stabilising the operation. While it has been possible to recover some of the service cuts including the limited opening of Hamptonne, and the education service, significant available efficiencies were taken at that time and have been maintained.

And in response to the challenging financial position identified here, JH has already cut £300,000 of operating activity from its 2019 budget.

It is not therefore possible to achieve sustainable service levels within the current funding envelope by

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efficiency savings, rather than significant reductions in the public service level.

**iv. Reduction in services**

JH Trustees have not agreed any plan to achieve short term sustainability solely through service reductions. However, given issues described at (ii) and (iii) above, this is the only realistic alternative to positive funding amendments. Based on downsizes made in discussion with the Government in 2003 and 2010, it can be assumed that it will be considered a priority to protect core conservation services. That implies that savings will be achieved through reduction in public facing services, primarily impacting attraction/archives opening with associated staff reductions following the previous pattern.

It is not possible to assume that such savings, however stabilising in the short-term, will achieve longer-term sustainability, as diminished activity will lead to loss of income and public support, while the inflationary pressures, albeit at a smaller scale, will continue unabated. This will inevitably lead to a vicious cycle of declining quality, falling public support and diminishing self-generated income.

**v. Sustainable grant**

The evidence and experience of the last two decades shows that appropriate levels of investment increases efficiency, in the sense that it enables change in content and maintenance of quality of visitor experience, which in turn promotes and supports admissions, trading and fundraising. Accordingly, the relative value of Government investment has not increased significantly, as while the level and quality of the heritage service has improved, the ratio of Government to self-generated income has also improved significantly from a public value perspective with the grant now forming less than 50% of the total cost of the service. That presents a very favourable comparison with other jurisdictions. The UK Department for Culture, Media & Sport funded arm's length body museums, for which the UK Government funds free admission, generate on average 15.7% of their revenue funding.

This was in fact the position accepted following the very extensive analysis, assessment and debate in 2010 when the States of Jersey agreed in adopting P75 that the grant and investment funding would be '*index-linked to avoid the erosion of value*'.

It is accepted that the opportunities, constraints and cultural ambitions vary between jurisdictions and that there is no standard formula for government subvention of cultural activity. Now, as then, the grant should be based on a decision on the desirable level of heritage activity the States of Jersey wishes to support, as a reflection of the communities aspirations, a rational assessment of the money that will be necessary to make those activities sustainable, and in the light of reasonable and realistic assumptions of what can be self-generated.

**The preferred outcome**

Given the consequences of doing nothing, the relative maturity of income generation and recognition of market constraints, previous efficiency exercises and the fact that without action service reductions are likely to fall well below the standard of service expected by Islanders, the preferred outcome is a sustainable grant level in line with previous decisions of the States of Jersey.

**Successful outcome**

The high level outcome of appropriate funding is a sustainable contribution to the States of Jersey Common Strategic Policy and Future Jersey aims identified in the Strategic Case above. **Specifics of associated costs are set out in the attached business plan.**

The performance measures below (Table 1) shows potential 2020 outcomes against 2011 Service Level Agreement targets agreed the last time funding adjustments were made, and indicate the added value achieved following additional investment at that time and how, during the period since in which the value of the grant has fallen, the organisation has been doing a lot more with a lot less.

NB Archive funding was not adjusted at that time – an issue which has been deferred continually since 2003.

**Table 1 - Performance measures**

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Result area	2011	2019
<b>Built Historic Environment</b>		
Monuments in care	15	34
HER	0	12 Parishes 6,000 places
<b>Vibrant and Inclusive</b>		
Collections online	260,000	625,000
Archive users	3,400	2,900
Site footfall	152,000	205,000
Members	2,000	14,000
Volunteers	9,000 hours	18,000
School visits	5,500	5,000
Student visits	5,000	22,000
<b>Health and Wellbeing</b>		
Outreach partners	0	30
Outreach engagement	0	2,000
<b>Financial</b>		
Total self-generated income	£1,965,000	£2,905,000
Grant / income ratio	57%	47%

#### Options for Jèrriais

For supporting Jèrriais, two options have been considered:

- i. No funding
- ii. The funding proposal detailed here

**Option 1** has been discounted. The Jèrriais language, and promotion of it, is highly political/emotive. The States Assembly recently agreed, by an overwhelming majority, to accept a proposition to produce all official public sector signage and letter-headings in both English and Jèrriais as and when they need to be replaced. An amendment was also passed to adopt Jèrriais as an official language of the States Chamber. This sends a message to Islanders that Jersey's politicians value our native language and are serious about supporting steps to promote and increase the profile of Jèrriais throughout the island.

**Option 2** ensures continuation of the good work currently being undertaken by the Jèrriais teachers and staff within l'Office du Jèrriais and delivery of the proposed Jèrriais Plan 2020 - 2023.

#### Successful Outcomes

The key success outcomes from this uplift in funding will be:

- Sufficient funding to provide the Jèrriais team with the resources they require to meet their operational requirements.
- Increased public visibility of the native language through public sector promotion in such areas as signage and letter headings. Such outputs provide considerable social return on investment, and providing sufficient funding to allow JAC to re-continue these will be a significant success.
- Providing the key stakeholders with the confidence that the States wishes to work with them as a strategic partner.

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Quantifiable Benefits	2020 (£)	2021 (£)	2022 (£)	2023 (£)	Total
Heritage Sites	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
Heritage Sites	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
Heritage Sites	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
<b>Total</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>12,000,000</b>

## 4. COMMERCIAL CASE

The commercial case should consider the commercial feasibility (where this is relevant) and answer the question “can the proposed solution be effectively delivered through a workable arrangement”. It should consider (a) procurement strategy (or procurement options if not yet known) and key contractual issues with proposed solutions as appropriate, (b) key contractual risks and mitigation measures, (c) key contractual milestones and delivery dates and (d) any other wider commercial issues and opportunities.

The Government of Jersey does not currently have the capacity or capability to provide the services that JH currently undertake on behalf of them. The Government could certainly not secure the revenue stream from the various fund raising opportunities/charity bids that JH currently have access to.

JH have developed a comprehensive business plan for 2020 – 2023, including a detailed financial forecast over the same, based on their requested financial sustainable uplift.

The impact of not progressing the request to achieve sustainable funding are likely to include:

- i. Closure of heritage sites
- ii. Loss of contribution to tourism
- iii. Reduction of access to Archive
- iv. Shortfall on compliance with statutory obligations
- v. Reduction in contribution to Common Strategic Policy and Future Jersey aims
- vi. Failure to meet national and International heritage standards
- vii. Loss of income generation opportunities and overall public value
- viii. Loss of public support through membership, volunteering and fundraising
- ix. Loss of Island reputation



## 5. FINANCIAL CASE

This section is focused on affordability and should provide details of costs, revenues and funding sources including assumptions to underpin all financial information.

Consideration should be given to commercial arrangements (if known at this stage) that may have a financial impact including any guarantees, upside revenue potential and potential liabilities.

Financial responsibilities should be clearly set out and consideration should be given to any contentious/unknown accounting treatment.

Contingency amounts and assumptions should be clearly stated. All financial information should be net of inflation.

A Major Project is defined in the Public Finance Manual as a capital project of at least £5m or as determined by CoM.

**NB: If this is a major capital project that will span beyond the government plan period please use [Appendix A](#)**

Funding being requested over the next 4 years to deliver a World Class Heritage Offering is outlined in the following table:

Outline Business Area	Detail	Reference	Identified cost funding need 2020	Indicative total funding need 2021	Indicative total funding need 2022	Indicative total funding need 2023	B&I funding (based on 2019)
<b>A World Class Heritage Offering</b>							
	Development of a Heritage Strategy	GP2020-23 (EP4)	30,000				
	Funding for Jersey Heritage Trust	GP2020-23 (EP4)	4,189,428	4,215,869	3,941,852	4,134,413	2,689,000
	Archive Funding	GP2020-23 (EP4)	200,000	268,100	277,173	285,488	300,000
	Jubilee Funding	GP2020-23 (EP4)	150,000	360,500	371,315	382,458	393,000
	<b>Heritage Support Total</b>		<b>4,530,428</b>	<b>4,843,469</b>	<b>4,590,340</b>	<b>4,792,354</b>	<b>3,685,000</b>

Do you consider this to be a Major Project under the States' Public Finance Manual?

Financial analysis	2020 (£)	2021 (£)	2022 (£)	2023 (£)	Total (£)
<b>Total (£)</b>					

## 6. MANAGEMENT CASE

This section should focus on the implementation arrangements and demonstrate that the project/activity can be successfully delivered.

This should include known/potential arrangements for: project management, governance, roles and responsibilities, community and stakeholder engagement, benefits realisation planning and risk management and mitigation. Key risks should be clearly identified.

### Identification of Key Risks

All higher level risks are related to the funding situation in as much as the current funding trajectory leads to a loss of existing services rather than a failure of strategic development.

Summary of main risks of not progressing the request to achieve sustainable funding are likely to include:

- i. Loss of audience through site and service closure
- ii. Loss of resilience in heritage asset conservation
- iii. Exposure to business continuity risk from loss of specialist staff
- iv. Loss of impact in the community
- v. Failure to capitalise on international opportunities and a loss of international reputation
- vi. Failure of key partnerships and associated loss of public value of heritage

An overarching risk to the success of the partnership is the current absence of a coherent and cohesive heritage strategy to align the work of the Government of Jersey and the sector, and to that end a Heritage Strategy will be developed during 2020.

A specific, potentially existential, risk is the Pre 1987 PECRS debt which is set to consume increasing levels of heritage funding and meanwhile represents an unpredictable risk of insolvency.

Have you consulted and engaged with the following teams/departments:

Policy	Yes
CPMO	Yes
Treasury	Yes
GHE	Yes

## 7. FURTHER INFORMATION

Provide further information that may be relevant to the evaluation of this business case.



JH funding letter +  
summary + supportin



Jerriais Business Plan  
2020.pdf



Jerriais Transitional  
Plan 2019-20.pdf



Jerriais Funding  
Rationale.pdf

## APPENDIX A

Financial analysis – Non Major Projects	2020 (£)	2021 (£)	2022 (£)	2023 (£)	2024 (£)	2025 (£)	2026 (£)	2027 (£)	Total (£)
<b>Total (£)</b>									

11 September 2019

Senator Lyndon Farnham  
Minister for Economic Development,  
Tourism, Sport and Culture  
Maritime House  
La Route du Port Elizabeth  
St Helier  
Jersey JE2 3NW

Dear Minister

We are obviously delighted to see the intention in the Government Plan to respond to Deputy Tadier's P40/2019 by drafting increases to the sum available for Culture, Arts and Heritage over the lifetime of the Plan.

We also note the inclusion of a total of £700,000 for in Plan for 2020 and assume, subject to the States debate, that is intended to be available as grant-in-aid to the four cultural organisations.

We understand that the plan is yet to be voted on, but for planning purposes and to enable us to get a business plan to you in good time it would be extremely helpful to have an indication of the potential split and sum that could be available to Jersey Heritage to enable us to best plan to manage risks to the service as clearly the potential sum available is a very significant variation on that bid for.

Although we were a little surprised not to have had any discussions with officers about the risks and implications for the service level before the publication of the plan we did write to Dan to highlight these in June.

So I hope it is helpful to provide this again to help inform any decisions currently under consideration.

Yours sincerely



**Tim Brown**  
**JH Trustee/Chair of Finance & Audit Sub-Committee**

Enc – email to Dan Houseago dated 21 June 2019

Jersey Museum, The Weighbridge,  
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Email: [info@jerseyheritage.org](mailto:info@jerseyheritage.org)

[jerseyheritage.org](http://jerseyheritage.org)



*Gardien of our Island story*

## Bronwen Garth-Thornton

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**From:** Jon Carter  
**Sent:** 21 June 2019 10:49  
**To:** Daniel Houseago (D.Houseago@gov.je); Chris Kelleher (c.kelleher@gov.je); r.horsley2@gov.je  
**Cc:** Ed Sallis; Tim Brown; Claire Follain-Metcalf; m.tadier@gov.je; Philip Thomas (Philip.Thomas@jerseyheritage.org)  
**Subject:** Jersey Heritage meeting  
**Attachments:** £ 2020.docx

Dan

You have put a meeting in the diary for next week – looking forward to seeing you. I am assuming the most pressing issues on an agenda are funding/Government Plan and the Constitution and the associated risks of both.

**On the Constitution**, it would be really helpful to have any update from you on how you see the issue unfolding in respect of your position on our application to the Charity Commissioner, what the Department's plan is and any feedback you might be able to share about the discussions suggested in your recent letter.

Trustees have worked in good faith over the last 18 months to put in place arrangements consistent with the States decision adopting the charity legislation in 2014 and the Guidance of the Commissioner, which I understand was laid before the States following consultation with Ministers. We are not really sure why you are unable to help with that as your letter is silent on the reasons why you think the course of action you proposed would not currently be supported but the inference is that there is concern relating to oversight under the arrangements provided by the law, (although those concerns don't seem to have been applied to the other funded cultural organisations who have been helped to register). The irony of that of course is that the political position is creating precisely the difficulty the law seems designed to help avoid in as much as trustees are being prevented from acting in the best interests of the organisation in meeting its objects as well as risking a governance crisis in respect of recruitment. I wonder if, without prejudice to the legal position, it might be worth talking through the practical arrangements for oversight to see if we can agree a mutual understanding of how well founded any of the apparent concerns are? I think those issues include at least:

The significance for Jersey Heritage of registration as a charity under the 2014 law and the costs and institutional implications of being prevented

The operation of oversight of the constitution by the Charity Commissioner and political perception of arrangement for oversight otherwise in place

The operation of oversight by the Appointments Commission in appointments relevant to the Constitution

The statutory duties of JH under the Public Records Law

The effect of the accreditation standards of Arts Council England and The National Archives, which are contracted obligations in the SLA

The duties of trustees in respect of public properties under various arrangements including the usufructs and leases

The responsibilities of trustees in respect of public collections under agreements with the States (incidentally we tried to update the in-place 1993 collections agreement some time ago but the Department never signed)

The responsibilities of trustees towards the sites and collections that are not owned by the Public (which in many respects are the larger part of the assets managed by the organisation)

The Service Level Agreement itself and any new approaches to it that might be considered in mitigation of any concerns

It may well be that oversight is not the key concern – I don't know and perhaps you can help us with that. But if it is, it seems to me likely that if properly communicated the extant framework for oversight should be able to address apparent political concerns and it would be very helpful if we could agree a

strategy and timescale for progress, if it is agreed that the course of action you proposed in March is still the best option for resolution.

**On funding** (and I've put this in an attached word.doc in case it's easier to read), the Government Plan will be published shortly. Chris Kelleher has indicated there have been changes to the JH numbers submitted by the Department, though 'not significant'. But we haven't had a conversation about any risks associated with those, or any, changes. So I hope it might be helpful to you to outline for the record potential impact of three possible scenarios across the range, at least as the basis for discussion:

1. the bid being met completely;
2. the complete failure of the bid;
3. a middle ground position in which the grant increases less than £770,000 (being the value of grant diminution against the minimum level agreed by the States in P75/2010).

### **1 – Success of bid**

The opportunities of the full bid being met are described in the application and can be summarised as meeting 2018 levels of heritage activity with 'growth' supporting following areas:

- *Fulfilment of current statutory obligations* – eg appropriate levels of government public records management, online access to care inquiry records
- *Conservation to maintain status quo* – eg urgent reroofing of Hamptonne, essential upgrades to fire and intruder alarms, cold storage of archive photographic material, appropriate environmental control plant at Maritime and Jersey Museums to enable Royal collections loan in 2021
- *Interpretation and display* – eg meeting minimum of cyclical attraction refreshment identified in P75/2010
- *Creating world class service* – eg UNESCO Geopark application currently in progress on basis of Ministerial support, investment in staff recruitment and retention consistent with States awards, consideration of subsidised admission according to Ministerial priority

The positive impact of that would be high. That is obviously a perspective but, as Chris knows, we have commissioned an economic impact assessment to be completed shortly to put some dimensions on that for you, on a factual basis.

### **2 – Failure of bid**

The erosion of grant value against P75/2010 (in which the States committed to maintaining value) is £770,000. JH took £300,000 of cost out in 2019 in mitigation, reducing investment in product, promotion and development. Clearly that is unsustainable. This scenario i.e. one of total failure of the bid, has not been modelled in detail – we would like to think it is unlikely - but it should be clear that this would necessitate a restructure similar in scale to that achieved in 2010 when new charges were introduced to users, sites were closed, some partially, some completely, services withdrawn as well as outsourced and 30% staff impacted through redundancy or loss of earning. Consequently the impact risk of this scenario is extremely high.

### **3 – 2018 level only (more or less)**

This would arise where additional funding was achieved but below the level of growth required to meet emerging priorities identified in the bid. In this scenario, funding the identified priorities would require commensurate cuts in the 2018 service level. Those priorities would include many identified in the bid as essential to meet minimum standards of operation and/or supporting heritage development work for the government/Island already in progress with States agreement, where failure to act carries risk, including:

- *Fire and intruder alarms* – without which heritage assets are at risk
- *Reroofing Hamptonne* – deterioration and loss of historic fabric
- *Environmental controls at museums* – failure to meet standard and loss of loans
- *Historic Environment Record and Research Framework* – reputational damage and inability to engage local and international heritage community in support for projects
- *UNESCO Geopark* – reputational damage of withdrawal after four years work

Service cuts likely to fund those essential investments would include:

- *Marketing activity* – maintain £100k 2019 cut to marketing intelligence and promotion – potential longer term risk to income unless restored in due course
- *Maintenance* – maintain £100k 2019 cut to maintenance – potential longer term risk to properties unless restored in due course or addressed through cyclical capital investment
- *Programmes* – new £100k cuts to exhibition and events programme – potential long term risk to admissions income, membership and visitor satisfaction
- *Site closure* - £100k savings achieved by reversion to 2010 funded baseline opening comprising chiefly winter closures at attraction sites
- *New initiatives* – obviously in such a scenario proposals for new initiatives such as subsidised admission would be unachievable

One of the concerns we raised with Chris is the change from the 4 yr. MTFP to the 1+3 Plan. I am sure that is an issue for everyone but is flagged here because even if the intention is to address funding pressures over time from your point of view, the uncertainty of the +3 means that trustees will address issues only within the 2020 envelope, in other words won't run a deficit on the promise of jam tomorrow so can only address urgent issues through service cuts.

Anyway, I hope this is helpful and looking forward to seeing you to discuss next week.

Cheers

Jon

**Jonathan Carter**  
Chief Executive



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Jersey Heritage, Jersey Museum, The Weighbridge, St Helier, Jersey JE2 3NG



## **Jersey Heritage – Government Plan funding scenarios**

The Government Plan will be published shortly. Chris Kelleher has indicated there have been changes to the JH numbers submitted by the Department, though 'not significant'. But we haven't had a conversation about any risks associated with those changes. So I hope it might be helpful to you to outline for the record potential impact of three possible scenarios across the range, at least as the basis for discussion:

1. the bid being met completely;
2. the complete failure of the bid;
3. a middle ground position in which the grant increases less than £770,000 (being the value of grant diminution against the minimum level agreed by the States in P75/2010).

### **1 – Success of bid**

The opportunities of the full bid being met are described in the application and can be summarised as meeting 2018 levels of heritage activity with 'growth' supporting following areas:

- *Fulfilment of current statutory obligations* – eg appropriate levels of government public records management, online access to care inquiry records
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The positive impact of that would be high. That is obviously a perspective but, as Chris knows, we have commissioned an economic impact assessment to be completed shortly to put some dimensions on that for you, on a factual basis.

### **2 – Failure of bid**

The erosion of grant value against P75/2010 (in which the States committed to maintaining value) is £770,000. JH took £300,000 of cost out in 2019 in mitigation, reducing investment in product, promotion and development. Clearly that is unsustainable. This scenario i.e. one of total failure of the bid, has not been modelled in detail – we would like to think it is unlikely - but it should be clear that this would necessitate a restructure similar in scale to that achieved in 2010 when new charges were introduced to users, sites were closed, some partially, some completely, services withdrawn as well as outsourced and 30% staff impacted through redundancy or loss of earning. Consequently the impact risk of this scenario is extremely high.

### **3 – 2018 level only (more or less)**

This would arise where additional funding was achieved but below the level of growth required to meet emerging priorities identified in the bid. In this scenario, funding the identified priorities would require commensurate cuts in the 2018 service level.

Those priorities would include many identified in the bid as essential to meet minimum standards of operation and/or supporting heritage development work for the government/Island already in progress with States agreement, where failure to act carries risk, including:

- *Fire and intruder alarms* – without which heritage assets are at risk
- *Reroofing Hamptonne* – deterioration and loss of historic fabric
- *Environmental controls at museums* – failure to meet standard and loss of loans
- *Historic Environment Record and Research Framework* – reputational damage and inability to engage local and international heritage community in support for projects
- *UNESCO Geopark* – reputational damage of withdrawal after four years work

Service cuts Likely to fund those essential investments would include:

- *Marketing activity* – maintain £100k 2019 cut to marketing intelligence and promotion – potential longer term risk to income unless restored in due course
- *Maintenance* – maintain £100k 2019 cut to maintenance – potential longer term risk to properties unless restored in due course or addressed through cyclical capital investment
- *Programmes* – new £100k cuts to exhibition and events programme – potential long term risk to admissions income, membership and visitor satisfaction
- *Site closure* - £100k savings achieved by reversion to 2010 funded baseline opening comprising chiefly winter closures at attraction sites
- *New initiatives* – obviously in such a scenario proposals for new initiatives such as subsidised admission would be unachievable

One of the concerns we raised with Chris is the change from the 4 yr. MTFP to the 1+3 Plan. I am sure that is an issue for everyone but is flagged here because even if the intention is to address funding pressures over time from your point of view, the uncertainty of the +3 means that trustees will address issues only within the 2020 envelope, in other words won't run a deficit on the promise of jam tomorrow so can only address urgent issues through service cuts.