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# STATES OF JERSEY



## **GOVERNMENT PLAN 2023-2026: SCRUTINY REVIEW BY THE ECONOMIC AND INTERNATIONAL AFFAIRS SCRUTINY PANEL (S.R.22/2022) – RESPONSE OF THE MINISTER FOR ECONOMIC DEVELOPMENT, TOURISM, SPORT AND CULTURE**

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**Presented to the States on 3rd February 2023  
by the Minister for Economic Development, Tourism, Sport and Culture**

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**STATES GREFFE**

**GOVERNMENT PLAN 2023-2026: SCRUTINY REVIEW BY THE  
ECONOMIC AND INTERNATIONAL AFFAIRS SCRUTINY PANEL  
(S.R.22/2022) – RESPONSE OF THE MINISTER FOR ECONOMIC  
DEVELOPMENT, TOURISM, SPORT AND CULTURE**

<b>Ministerial Response to:</b>	S.R.22/2022
<b>Ministerial Response required by:</b>	31st January 2023
<b>Review title:</b>	Government Plan 2023-2026: Scrutiny Review by the Economic and International Affairs Scrutiny Panel
<b>Scrutiny Panel:</b>	Economic and International Affairs Scrutiny Panel

### INTRODUCTION

I would like to thank the Panel for their work scrutinising the Government Plan 2023-2026. This was the first Government Plan since the new Council of Ministers took office in July with funding for a range of both new and existing priorities. Within my portfolio this included, amongst others, new revenue expenditure growth to support our rural economy, resourcing within the local economy team and funding for the full refurbishment of the Jersey Opera House.

I have read each of the Panel's findings and recommendations and will be engaging with the Panel to provide updates on the delivery of each of the recommendations which have been accepted.

### FINDINGS

	<b>Findings</b>	<b>Comments</b>
1	The confidentiality of Departmental Business Cases gave rise to reporting difficulties as, although the Panel had access to this information, it was unable to share this information as part of its report.	Noted.
2	The Government Plan shows that funding for Financial Services sits with the Department of the Economy for the life of the Government Plan. However, the CoM has brought an amendment breaking this funding down between the Department of the Economy and Financial Services of which the Panel is supportive.	Correct. The funding is broken down <i>within</i> the Department for the Economy between Financial Services and Economic Development, Tourism, Sport & Culture.

	<b>Findings</b>	<b>Comments</b>
3	Funding of £200,000 is required for the new legislative telecoms framework to bring telecoms legislation in line with that of the UK given Jersey's use of a +44 area code.	Correct.
4	Funding of £900,000 is considered adequate for the Rural Initiative Scheme by the Minister for Economic Development, Tourism, Sport and Culture for 2023. However, the Minister proposes to unlock increased funding for 2024, 2025 and 2026 by bringing amendments to future Government Plans.	Correct.
5	The Minister is working on a process which clearly states how funding will be allocated within the Rural Initiative Scheme. This is currently in draft and will be shared with Scrutiny once complete.	Correct.
6	At the recent annual Farmers Conference held in Jersey, information was provided to attendees in relation to grant support under a newly proposed scheme. This information stated that funding would only be granted for projects once the projects had been delivered. The Panel believe this may impact upon those who have no initial start-up funding and could have unintended consequences as, without Government providing support to financially assist new entrants, this scheme could prove difficult to attract people into the sector which may impact on the long term sustainability of the agriculture sector in the Island.	There is some misinterpretation of context here. Funding for projects under the Rural Initiative Scheme can only be <u>received</u> by the applicant once the project has been delivered – to ensure compliance with financial governance requirements. The scheme does allow for project proposals (whether from new or existing businesses) to be offered grant support before project delivery. Formal grant offers are made to every business applying to the Rural Initiative Scheme – once the offer has been accepted the applicant will be required to deliver the project and demonstrate compliance with the grant conditions to then access the funds.
7	Government is looking into commissioning Jersey Business to undertake a piece of work on the experience business owners have with Jersey Business, the business process and Government.	This piece of work is to look at barriers to business and government processes, this work is not a review of Jersey Business – the wider business community are surveyed annually by 4Insight to assess their feedback on Jersey Business.
8	Jersey Business is due to receive an additional £700,000 in funding over	This is not the case; Jersey Business' annual business plan is reviewed, amended and approved by

	<b>Findings</b>	<b>Comments</b>
	and above its base grant of £860,000. This is despite there being no measurement being set for Jersey Business for the delivery of policy as stated in the Common Strategic Policy (CSP) and it is unclear what the exact role of Jersey Business will be in delivering the CSP.	government to ensure alignment and enable synergies with Ministerial priorities as well as the CSP and Government Plan.  Their performance is regularly appraised by the Department for the Economy across a range of key performance indicators which ensure continuing alignment with government priorities.
9	The Panel understands that KPI's are the sole value for money assessment of Jersey Business which are built upon Government key strategies. These are not measured in terms of economic value and money to the Island.	This is not the case, delivery against KPIs are one of a number of methods in which Jersey Business' performance is appraised, annual independent surveys by 4Insight and their Net-Promoter score also demonstrate their continued value to Jersey's economy. KPIs set by Government relate to specific programmes and advisory support provided by Jersey Business with results necessarily reflecting the outcome of these specific workstreams rather than on the economy as a whole.
10	The Panel received a written submission from Jersey Business who stated that they had received funding over and above their £860,000 base grant of £1,060,000 to help assist businesses during the impact of Covid which was more than the additional funding of £700,000 allocated to them in 2023.	Noted, the figure of £1,060,000 was provided to Jersey Business in 2022 as part of the recovery from the pandemic.
11	The JAR did not generate any income in 2018 and 2019 despite its costs being in excess of £7,000,000. In addition, any income generated following the transfer of operational responsibility effected in May 2020 was payable to Ports of Jersey Limited rather than Government.	Correct.
12	N/A – relative to MERFS	
13	N/A – relative to MERFS	
14	N/A – relative to MERFS	
15	N/A – relative to MID	
16	N/A – relative to MID	
17	The Government Plan will continue its previous commitment of providing 1%	Correct.

	<b>Findings</b>	<b>Comments</b>
	of revenue expenditure relative to Gross Value Added to the Arts and Heritage Sectors.	
18	Most written submissions were in favour of the Jersey Opera House calling it an iconic part of Jersey Heritage.	Noted, feedback from stakeholders has been similarly positive.
19	The Panel has not been able to present any breakdown of the renovation costs in relation to the Opera House due to Government confidentiality.	The commercial sensitivity of contracts associated with Capital Projects necessitate that such details remain exempt under Article 33 of the Freedom of Information Law.
20	A contingency has been built in for the refurbishment of the Jersey Opera House. The Panel understands this is held in the capital costs contingency fund with Treasury and includes funding for unforeseen additional work including cost push inflation in construction costs. However, the Panel is not aware of what the total capital contingency is.	Correct.
21	£300,000 of the Elizabeth Castle refurbishment has been spent to date on professional surveys, exploratory work and preparing for planning permission.	Correct.

### RECOMMENDATIONS

	<b>Recommendations</b>	<b>To</b>	<b>Accept/Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
1	The Council of Ministers should review the confidentiality of Business Cases and consider whether it is in the public's interest to keep Government Plan business justification cases and cost breakdowns confidential. This should be carried out	ME DTS C/M ERF S/ CO M	Reject	Business cases provided to the panel included commercially sensitive information, distributing these to a wider audience would seriously undermine the government's ability to negotiate with suppliers and contractors and therefore cost the public money.	N/A

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
	within the next six months and implemented in time for the future Government Plan.				
2	N/A – relative to MERFS	ME RFS/ CM			
3	The Minister for Economic Development, Tourism, Sport and Culture should present the draft process for funding allocation on the Rural Initiative Scheme to the Panel prior to presenting to the States Assembly once complete. This should be within 3 months from the presentation of this report as funding is due to commence in early 2023	ME DT SC	Accept	Since the publication of this review, officers have provided a briefing to the panel on the funding allocation within the Rural Initiative Scheme.	N/A
4	The Minister for Economic Development, Tourism, Sport and Culture should present to the Panel the terms of reference, budget, timeline and conflict of interest protocol for the work being undertaken by Jersey Business to report on the experience of business owners with Jersey Business and Government.	ME DT SC	Neither accept nor reject	As noted in response to finding 7 this piece of work is not seeking the views of businesses in relation to Jersey Business.	N/A
5	The Minister for Economic Development, Tourism, Sport and Culture should provide the Panel with his findings from this piece	ME DT SC	Accept		Q2 2023

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
	of work as soon as possible.				
6	The Minister for Economic Development, Tourism, Sport and Culture should ensure that clearly defined globally recognised key performance indicator measurements are identified and implemented to ensure Jersey Business is offering value for money.	ME DT SC	Reject	As noted in response to finding 9, Jersey Business are evaluated against a range of measures to ensure they continue to offer value for money services. Such KPIs are bespoke to the priorities of the government and the needs of the local economy.	N/A
7	N/A – relative to MERFS				
8	The Minister for Economic Development, Tourism, Sport and Culture should review each grant for the Arts and Heritage sector year on year and ensure that business as usual costs and overheads are incorporated, in line with the Strategic Partnership Agreement, and not just project costs. This should be carried out in time for the next round of funding.	ME DT SC	Accept	The Minister reviews all culture, arts and heritage ('CAH') arms-length organisations ('ALOs') annual business plans, and their funding requests before determining grant funding. In future, The Minister is minded to indicate to all the CAH ALOs their indicative grant funding for the following year, as early as possible, in year prior to the States debate on the following year's Government Plan in order that the CAH ALOs can begin work early in the following year.	N/A
9	Although a contingency is in place for the refurbishment works at Jersey Opera House, the Minister for Economic Development, Tourism, Sport and Culture, together with the Minister for Treasury and Exchequer should review this every 3 months to ensure that it	ME DT SC	Partially accept	The Minister will provide a breakdown of costs and a work programme to the Panel once planning permission has been received and contracts for the works have been signed.  The Department for Treasury and Exchequer manage contingency funding for all capital projects centrally to ensure contingency underspends are effectively managed.	N/A

	<b>Recommendations</b>	<b>To</b>	<b>Accept/ Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
	sufficient to support the life of the project. In addition, the Minister should provide a breakdown of costs and a work programme to the Panel once planning permission has been received. If there are any supply-chain issues, then the Panel will need to be informed, to ensure the potentiality of capital overspends are prepared for.				