JERSEY HERITAGE

17 November 2025

Deputy Montfort Tadier, Chair of
Economic and International Affairs Scrutiny Panel
Scrutiny Office, States Greffe
Morier House, St Helier JE1 1DD
via Rosalyn Sharp - R.Sharp@gov.je

Dear Deputy Tadier

Economic and International Affairs Scrutiny Panel
Proposed Budget 2026-2029 Review

Thank you for your invitation to make a submission to your Panel's Proposed Budget 2026-2029 Review.

In your letter you have drawn attention to, as specific topics of interest, the calculation of the 1% for Arts, Culture and Heritage Funding and the headline sums of relevant budgets.

From a Jersey Heritage perspective, the key issues revolve around a finer level of detail beneath that: the allocation of the grants to support the operation of Jersey Heritage, which are not detailed in the headline Budget figures.

So below is a summary pertinent to both matters.

DETERMINATION OF THE 1%

The clarity that Treasury has given to their calculation of the 1% is to be welcomed, in principle. The specifics are matters for the Government and, ultimately, the States Assembly.

However, I would suggest consideration is given to two questions. Firstly, are the assumptions on what is counted sound in their own terms? Secondly, are those assumptions consistent with the existing 'intentions of the Assembly', to use the language of the Public Finance Manual?

In respect of the first question, I note the inclusion of several areas of expenditure not previously counted, including the Jersey Music Service and Community Compass. It seems to me that in fact music teaching is clearly classified in the UN Classifications of Functions of Government Statistics and the International Standard Classification of Education to which it refers, as 'Education' not 'Cultural Services'. Community Compass is a sports as well as culture programme which has included grants for squash outreach, accessible swimming, have-a-go rowing and futsal, for example, which might not easily be classified as culture rather than sports – even if that approach is not inconsistent with the existing allocation of significant resources from the 1% to sport as an effect of Deputy Kovacs' amendment last year.

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It is not clear whether the Treasury review considered the appropriateness of the pre-existing inclusion of budget areas within the calculation against the proposed adoption of the UN classification system referred to. For example, if using this classification, is not CYPES' Jèrriais teaching service more properly 'Education' rather than a 'Cultural Service'?

Further, there are perhaps some areas of Government spending not included in the proposed calculation which arguably could be, say the National Park, but that only highlights that a degree of subjectivity is required and so it is important that any definition and associated calculation is clearly endorsed by the Assembly.

In respect of the second question, I note from your Panel's public hearing 20 October that you and the Minister agreed an answer. You set out that

> *The original vision that I certainly had for the one per cent and what many expected, perhaps yourself, you were a Back-Bencher at the time, the idea was that the 4 arm's length organisations as were would not receive a cut in their funding, but they would get some protection.*

To which the Minister responded

> *I agree, the spirit of your proposition at the time was very much around these grant-funded organisations, rather than overall spending.*

My own sense of it is that the 1% debates focused not only on the volume of cultural spending and its intended focus but also on the formula driven means by which to ensure that cultural services of the 4 arm's length organisations are not continually eroded by the effects of inflation. I think that much is clear in the text of the original Proposition, which is quoted below and refers to

> *the slow diminution of value over time.*

Whether or not the current States Assembly wishes to move the goal posts is a matter that can only be answered by the Assembly itself.

Whatever the answer may be, it is important to note that the Government Plan does include an increase in the 1% in 2026 and 2027, recognising the impacts of inflation:

> *As budgets for Arts, Heritage and Culture have now been increased to 1% of Net Revenue Expenditure, in future, this level will now be maintained and increased by RPI.*
>
> *Budgets for arts, culture and heritage funding will increase in future years, with inflation allocations for pay and non-pay.*

In other words, any future constraint on the grant for heritage reflects not a constraint on the Department's funding capacity via constraint on the 1% but on policy decisions relating to distribution within the ACH grants allocation. Those are not detailed in the Budget as currently presented.

As an observation, you will recall that the Medium-Term Financial Plan included a specific line for the JHT grant which was thus visible to the scrutiny process and ultimately to States Members as well as enabling better planning at an organisational level.

Some points of information relating to the distribution of the 1%, specifically the allocation to the JHT grant, follow below.

JERSEY HERITAGE TRUST

- The organisation provides 3 integrated functions: museums, archives/public records, historic environment
- JHT thus provides an economy of scale, though the scale of the sum of parts and therefore the grant is a significant element of the total ACH allocation to the Department
- 2 functions, archives and historic environment, are statutory (or material to statutory functions) and therefore non-income generating other than through the grants
- GoJ is the only client for these services, through which it meets its own relevant statutory and convention compliance duties
- All services are under contracts, agreements and leases between GoJ, JHT and third parties, principally the Société Jersiaise, and are Accredited by Arts Council England and The National Archives in terms of quality, an aspect of value
- Jersey Heritage itself owns very little but manages over 30 properties and hundreds of thousands of records, objects, art and specimens owned by GoJ, Société Jersiaise, National Trust for Jersey and private owners
- By their very nature, demands on these services grow in volume as well as cost – partly because Jersey has been very late in developing heritage services which accordingly are still being implemented anew, partly because of expanding legislative requirements (Public Records Law, FOI, Health and Safety, Heritage Law, etc), partly because of growing government data/collections, evolving cyber risk, growing cost of insurance, inherited property maintenance backlogs etc.
- Some of these costs are GoJ recharges. GoJ recharges the JHT Ancient Monuments Fund and the Forts and Towers Fund for insurance of the relevant properties. Between 2022 and 2024 there was a 51% increase in the value insured, but a 102% increase in the recharge figure. Between 2024 and 2025 there is a 441% increase in the value insured, but a 565% increase in recharge. Additionally, the recharge letter of 13th October also refers to admin fees of £19,530, bringing the total to £374,948 for 2025, up from £53,404 in 2024
- In the GoJ/JHT contract, GoJ undertakes to provide a 'reasonable' grant, which can be assumed to be the result of agreement on a) the number and extent of contracted services, b) the efficient cost of those services, and c) a reasonable self-generated income. All of these must take account of policy and strategy intersections, for example free or charging services balancing income and access/engagement and statutory limitations

THE '1%' IN RELATION TO THE JHT GRANT

- Since 2022 GoJ funding for heritage has been considered in the context of the 2019 States decision to increase public investment in culture to 1% of GoJ expenditure

- The Report on proposition P.40/2019, which created the 1% from 2022, reminded States Members that: *funding has not kept pace with increasing costs ... the value of the annual funding provided is now nearly £500,000 less than it was in 2010 ... Lack of investment in maintenance is likely to result in poor value for money in the long-term, especially with regards to the Jersey Heritage maintenance grant which has been reduced significantly since it was introduced ... The shortfall in investment has not been the result of dramatic cuts to funding: it is the result of a low base level of funding, determined by historic grant agreements,* ***the subject of slow diminution of value over time.***
- Recognising this key issue of inflation, the proposed GoJ Budget 2026-2029 states: *Budgets for arts, culture and heritage funding will increase in future years, with inflation allocations for pay and non-pay.*
- The '1%', on the 2022 basis, actual plus proposed rise over period 2022 to 2026 is 34%, ie above inflation, which at September 2025 stood at 23.5%
- Cultural funding available to the Department, as part of the 1%, has increased from c. £7,864,k in 2022 to £10,842,k in 2026, ie a 37.8% increase

The JHT GRANT ITSELF

- The GoJ/JHT contract, the Strategic Partnership Agreement, was signed and the Heritage Strategy adopted in 2022
- In 2022 there was a significant grant increase of c.£1.5M. That was committed to: cyber security, to establish capacity to achieve the new SPA, to replace posts lost in previous downsizes, especially at Jersey Archive, and to establish the Historic Environment Service necessary to implement the anticipated new Heritage (Jersey) Law
- The grant supports 18 services in the SPA, grouped as Archive and Collections, Historic Environment Services (historic property maintenance) Historic Environment Record (services to Planning) as well as six visitor sites **[Fig1 – see end of letter]**
- Operating grant £4,730k, Refreshment and Refurbishment Fund £770k, in 2022
- RPI over period 2022 to 2025 (September) 23.5%
- Forecast RPI over period 2022 to 2029 (@ FPP max forecast) 38.2%
- JHT Operating Grant rise over period 2022 to 2025 13% ie a 10.5% gap **[Fig2]**
- Reduction in real value of grant since 2022, over £600k – savings have been made but this has halted some projects like the stabilisation of La Cotte
- Reduction of RRF fund to support Operation £300k, c.30% - this will delay planned investment in attraction at the visitor sites
- Current forecast Operating Grant increase over period 2022 to 2029 13%
- Forecast, if flatlined, saving to GoJ on contract price £1.1M ('funding gap' in 2028) **[Fig3]**
- If proposed 2023 and 2024 cuts had been made, a £2.3M gap
- Departmental retention 2022 6%. Departmental retention 2024 20% (NB: this includes Jersey Museum free entry support)
- Total grant funding other major grant recipients increase, excluding Ballet d'Jèrri, 49%, with Ballet d'Jèrri, 67%
- Reserves for capital investment, such as the stabilisation of La Cotte, have been depleted. The contribution to the Ancient Monuments Fund was decreased by

agreement with the Minister many years ago, though we are now aiming to increase it, with the effect that GoJ is liable for the cost of future repairs to the Castles, for example.

SALARY COSTS

- GoJ grant is approximately equal to JHT salary costs
- JHT salaries c.15-30% lower than comparable GoJ Civil Service salaries
- JHT pay award over period 2022 to 2025 19.76% (ie below inflation)
- GoJ Civil Service pay award over period 24.7% (ie above inflation)

SELF GENERATED INCOME (SGI)

- JH SGI increase in real/RPI-adjusted terms 2022 to 2025 >20% **[Fig4]**
- Ratio of grant to SGI on visitor sites 48% to 52%, av. grant c.£650k per site **[Fig5]**
- UK museum average on-site spend (admission+retail+catering) £7.50 *Source: DC Research/Durnin Research analysis of Economic Impact of Independent Museums AIM Survey Data 2024*
- JH average museum on-site spend (admission+retail+catering) £13.15
- Jersey Museum retail spend per head £3. For comparison V&A £2.88, Tate £2.51
- Mont Orgueil retail spend per head is 75p. But note the recent planning/stakeholder history which prevented development of proposed shop and catering facilities
- Note the history of exit of 'commercial' partners operating outsourced retail and catering, leading to in-house operation
- Jersey Heritage legacy income since 2020 £1.2M
- Jersey Charity average income from corporate sponsorship 2% *Source: PWC The value of Jersey's third sector October 2024*

MARKET SHARE

- Local market heritage penetration of 70-80% of higher income households (above £60k household income), 40-50% of lower income *Source: JOLS when last measured.* JH c. 60k resident visits, c.18k Members though now falling following price rises, though membership income is higher
- Tourists who visit any attractions 52% *Source: Visit Jersey*
- Tourists who visit a JH site 30% *Source: Visit Jersey*
- JHT share of available tourists up to 73%, which is an up to 23% increase on 2024, on latest available analysis *Source: Visit Jersey*
- Although JHT has increased its market share and to date in 2025 is only 0.8% down on tourist visitors, the Island's overall tourist market has severely diminished in size this year and may not be likely in future to provide the level of support for the heritage service it once did

COMMERCIAL v ECONOMIC

- Heritage as a whole – ie across the range of services provided in Jersey by Jersey Heritage, rather than individual heritage attractions - is a 'market failure' in economic terms: everywhere in compliance with international conventions it requires government intervention through legislation, policy and funding

- Some non-commercial heritage activity may have a positive impact on the economy. One example might be winter opening of sites helping Jersey to be 'open for business' during the only parts of the year in which tourism is able to grow within current accommodation constraints
- Heritage Strategy economic impact formula suggests heritage tourism direct GVA of £15.3M, total GVA £34.1
- Winter only direct heritage GVA of £5.5M with £120k intermediate and additional input
- The value of the heritage grants might usefully be considered on this basis

CONCLUSION

- JHT has submitted a Business Plan to the Department based on an RPI increase to maintain the value of the 2025 grants, following a reduction from the 2022 level. No growth, in real terms, has been requested
- With the Historic Environment element of the grant we have accepted a no RPI settlement while taking on additional work currently outsourced to the UK as this will significantly increase the quality of the service the Island receives and which supports the operation of the proposed new Heritage Law
- Even then there has been an agreed reallocation of a third of the Refreshment and Refurbishment Fund to support a shortfall in the Operating Grant
- Trustees consider that there is now little room for manoeuvre in the current budget, and that any future cuts in real terms (including not indexing the current 2025 grant with RPI) will materially change the operation of JHT
- It would be necessary in such an event to renegotiate the 2022 agreement, and to potentially withdraw over time from the provision of some of the statutory services to GoJ, or for services to be retained but fees paid on top of the grant in a 'users pay' scenario, although that would probably add complexity and expense
- Alternative measures could eventually include the handing back of some sites to their owners as costs of running become unsustainably in excess of income
- Medium term stability of the grant, in the context of unavoidable instability in the visitor market, is now crucial

Yours sincerely

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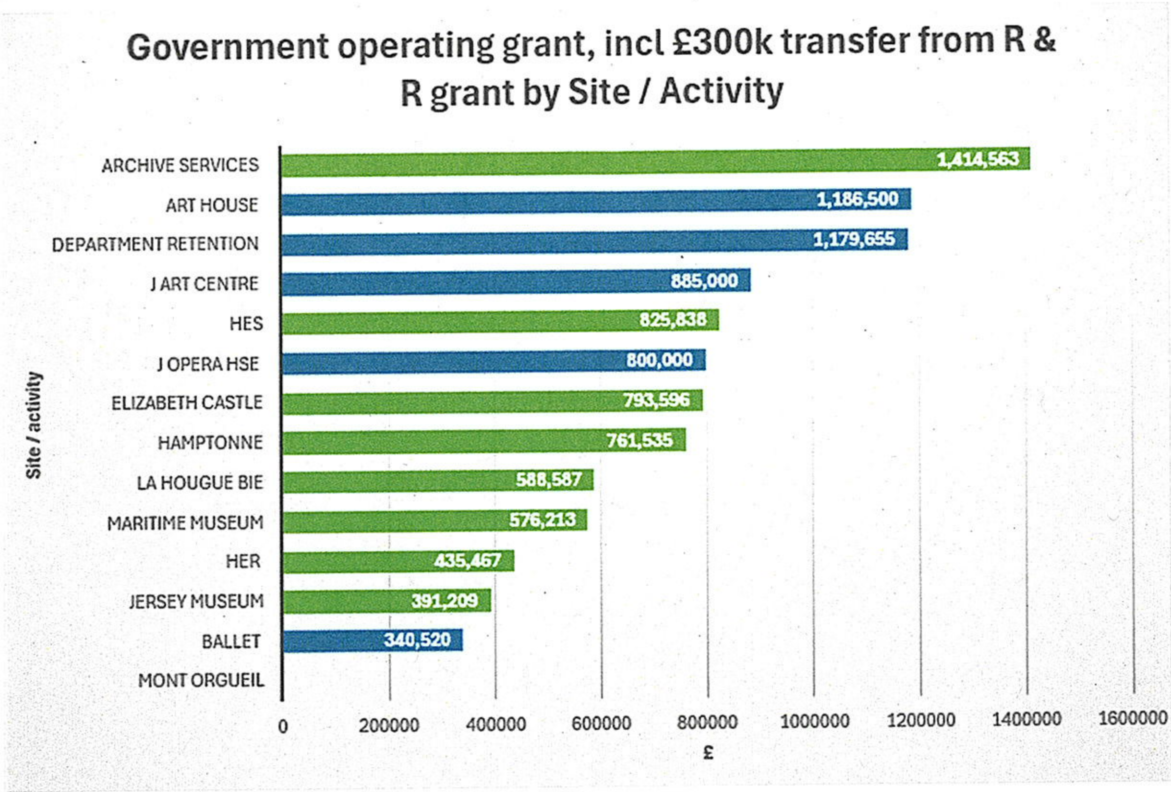
Figure 1



JH lines are green. The operating grant is the FY 26 budget, plus £300k transferred from the Refreshment and Refurbishment Fund. The balance after deduction of Archive, HER and HES, is then divided amongst the sites and includes allocation of overheads.

Figure 2

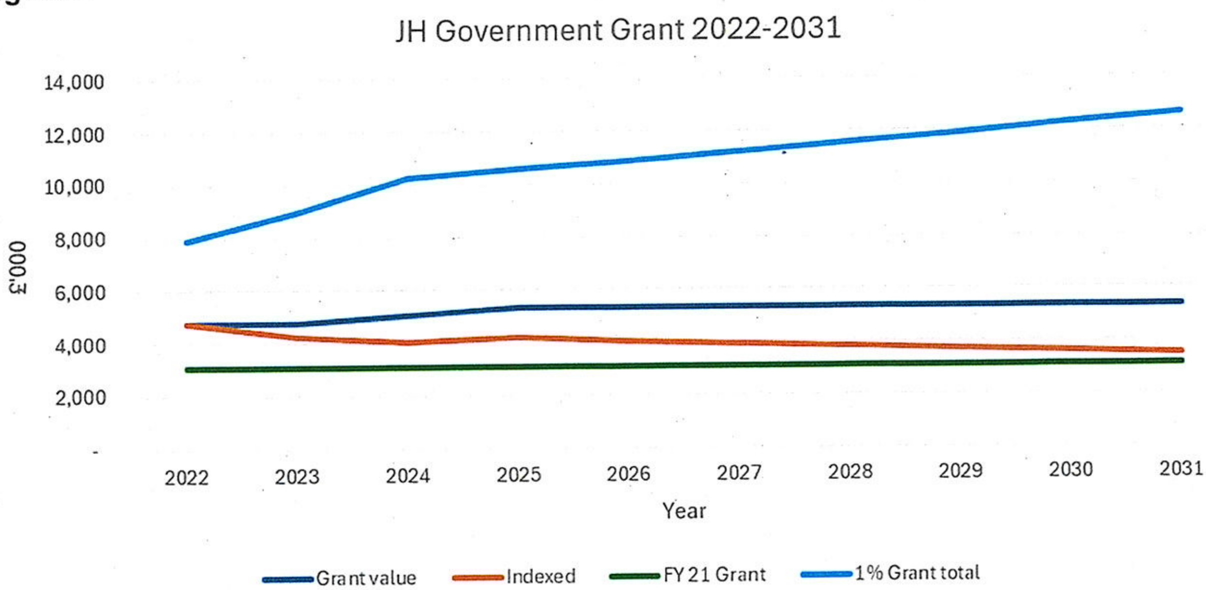


Figure 3

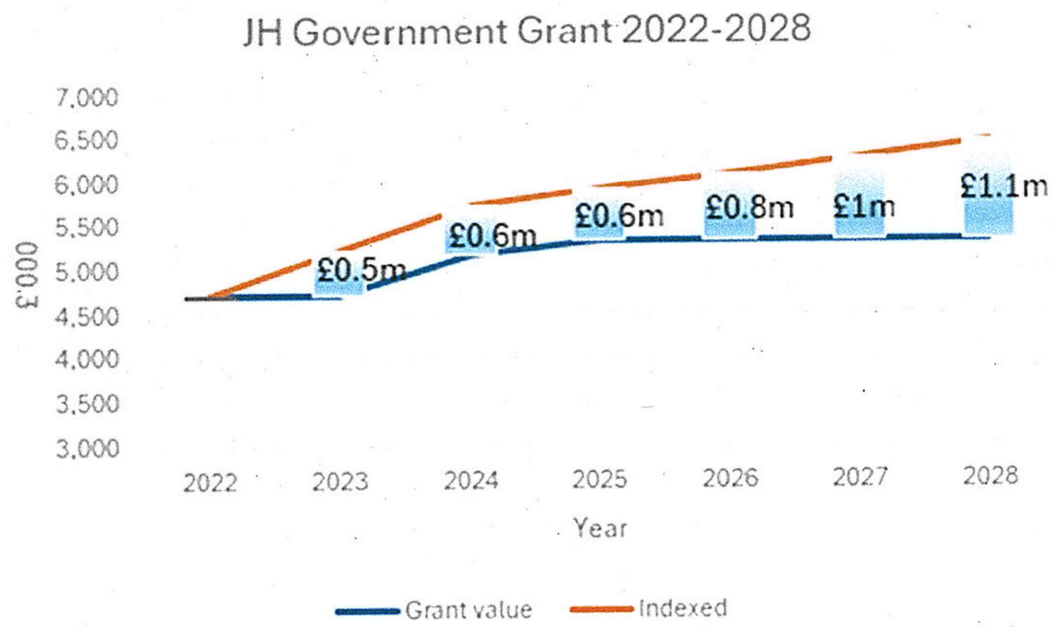


Figure 4

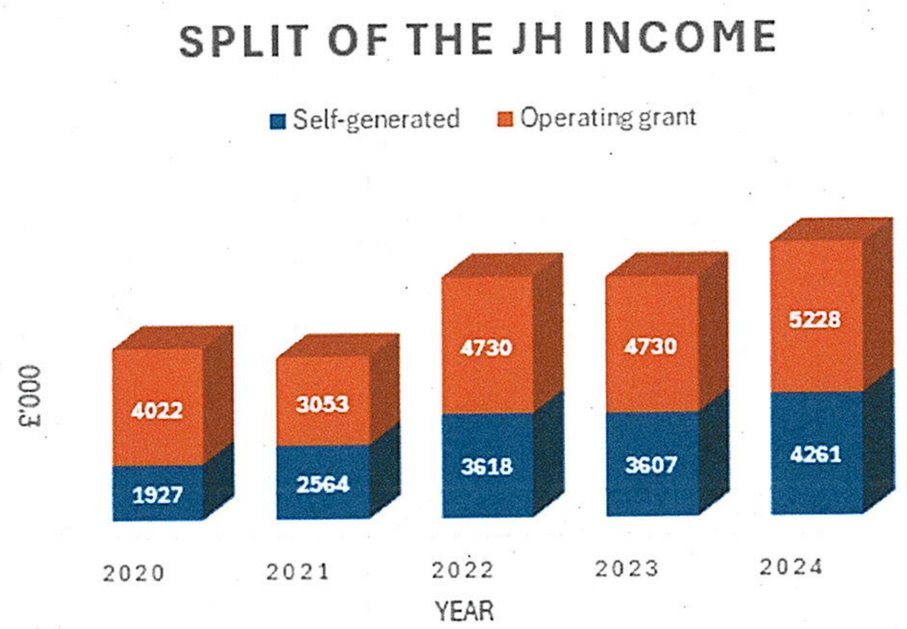


Figure 5

	Total	Archive	HER	Revised total
Total Grant	6,996,042	(1,414,563)	(435,467)	5,146,012
Self funded income	4,217,490			4,217,490
Total revenue	11,213,532			9,363,502
Ratio	62% 38%			55% 45%
Operating grant	5,769,007	(1,414,563)	(435,467)	3,918,977
Self generated income	4,217,490			4,217,490
Total	9,986,497			8,136,467
Ratio	58% 42%			48% 52%

Note:
allocated Social 5% of salary & pensions 16% of salary