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Assemblée des États

Public Accounts Committee

Public Hearing

Arm's Length Bodies, Grants and Subsidies Review

Witness: Chief Officer for Economy

Wednesday, 24th September 2025

Panel:

Deputy I. Gardiner of St. Helier North (Chair)

Deputy D.J. Warr of St. Helier South

Deputy K.M. Wilson of St. Clement

Mr. V. Khakhria, lay member

Mr. A. Awan, lay member

In attendance:

Ms. L. Pamment, Comptroller and Auditor General

Witnesses:

Mr. R. Corrigan, Chief Officer, Department for the Economy

Ms. F. Smith, Head of Business Management and Governance, Department for the Economy

[14:04]

Deputy I. Gardiner of St. Helier North (Chair):

Good afternoon, everyone, and thank you for coming to the public hearing of the Public Accounts Committee. Today we will question the Chief Officer for Economy in relation to arm's length bodies that fall under your remit and the processes and procedures in place to monitor effectiveness of these bodies - do they deliver value for money - following our Public Accounts Committee's Arm's Length Bodies, Grants and Subsidies Review. Before we start, let us have an introduction. Deputy Inna Gardiner, Chair of the Public Accounts Committee.

Deputy K.M. Wilson of St. Clement:
Deputy Karen Wilson, member of the panel.

Mr. A. Awan:
Ali Awan, lay member.

Deputy D.J. Warr of St. Helier South:
Deputy David Warr, panel member.

Mr. V. Khakhria:
Vijay Khakhria, lay member.

Comptroller and Auditor General:
Lynn Pamment, Comptroller and Auditor General, in attendance.

Chief Officer, Department for the Economy:
Richard Corrigan, Chief Officer, Department for the Economy.

Head of Business Management and Governance, Department for the Economy:
Fiona Smith, Head of Business Management and Governance, Department for the Economy.

Deputy I. Gardiner:
Thank you. We will start with a very simple, I think, question. Can you please confirm which arm's length bodies - both delivery entities and independent bodies and officeholders - are under your remit, are your responsibility?

Chief Officer, Department for the Economy:
Yes. So there are 5 States established delivery entities: Digital Jersey, Jersey Finance, Jersey Business, Jersey Sport and Visit Jersey. The States established independent bodies: we have the Data Protection Authority, which some would refer to as the Office of the Information Commissioner, but it is ostensibly all the same organisation; the Jersey Competition Regulatory Authority; and the Jersey Financial Services Commission. That is it.

Deputy I. Gardiner:
Okay, thank you. Can you please confirm that for all organisations that are under your remit you provide grants?

Chief Officer, Department for the Economy:

We do not necessarily provide grants to all of them. So the States delivery entities, all of those receive grants for their work programmes. The Data Protection Authority receives a grant. We are trying to push them more to be reliant on their fee model as opposed to the Government grant. The J.C.R.A. (Jersey Competition Regulation Authority) relies partly on a grant for its competition work, but then it also charges those that it regulates economically, so the courts of Jersey, Jersey Telecom, Sure and so on, they pay fees to be regulated in those sectors. Then finally the Jersey Financial Services Commission. They raise their revenue independently in terms of fees to the industry, so where they have had a grant, it is probably more akin to a contract for services. For example, the Intellectual Property Register has been developed and maintained by them and they received a small grant for the development of that register in line with the Government priority, so they do not routinely receive grants for core business operations.

Deputy I. Gardiner:

Okay, thank you. It is helpful. How do you monitor effectiveness of A.L.B.s (arm's length bodies) that are in receipt of grants and subsidies? I think that maybe we will start mainly with the delivery, service delivery.

Chief Officer, Department for the Economy:

Yes. So the delivery entities in some respects are easier, so there is an annual cycle that we work through all of them. They present a business plan to Government. That business plan has to align with key Government documents, such as the Island Outcome Indicators, common strategic priorities of the Council of Ministers, and to the extent that we have any sector-focused strategies in Government, like a visitor economy strategy or a heritage strategy, looking for alignment to that. There may be certain aspects that that entity has to deliver in a given time period. So the business plan would incorporate those areas of work. Some of them have business as usual operations anyway, so Jersey Heritage has an all-year-round visitor proposition, so they are not necessarily added tasks or tasks that change from year to year. The business plan will detail all of the programme of work that they intend to deliver. That is then assessed by the department in the first instance, so there will be a grant appraisal document written from scratch that looks at performance of that entity in the previous financial year and for as much data as we hold for that year. So if we were writing say the 2026 grant appraisal, we would not have the full annual report and accounts of that entity until probably midway through 2026, so we have to go on some provisional information, where it exists. So that grant appraisal will consider: did the organisation deliver its priorities as required last year; what was its success in delivering against its business plan; are all the corporate governance aspects there in terms of board meetings, board minutes, budget forecasts; what was their financial performance in the previous year, so if they got a grant of X, did they spend all of that, did they put some of that money into reserves? Again, that will determine how much of a grant we may wish to give to them in the year that follows. So all of that is written up and then it is signed off appropriately in the department within our scheme of delegation. So I have an overall limit as the Chief Officer, and that is delegated down through directors or heads of service in the department to sign off grants within their own budgetary levels.

Deputy I. Gardiner:

Okay, so question: would you give a specific example when the annual plan and annual report were presented, and in the annual report they did not meet their K.P.I.s (key performance indicators)? Example: expected X number of visitors arrived; less numbers of visitors. How does it impact their grant for the next year?

Chief Officer, Department for the Economy:

So it is then looking at causal factors, so why has that outcome not tracked the way it was expected, so typically, I mean, in the Government themselves, you will see a mixture of ...

Deputy I. Gardiner:

No, a very specific question. That was expectations for X numbers and we know that it was in their report mentioned that it was less nights spent on the Island. How does it affect the grant going forward?

Chief Officer, Department for the Economy:

Yes. So you will see there will be red, amber, green indicators as to the extent of delivery across any organisation, so they may have missed on one aspect, but they may have delivered on all the other attributes, so you have to look at it in the round rather than just one single incident. In the case of visitor numbers for Visit Jersey, those have been off their business plan in 2023 and 2024. Now, there are a lot of reasons behind that. It is a very competitive marketplace for marketing into. There is a lot of attention being sought by different destinations and Visit Jersey has had a pretty flat budget since its inception, so the buying power that they have over the years has really diminished compared to where they first set out. So they have some challenges there if we are asking them to deliver uplifts against what is basically, in real terms, a declining level of budget. 2025 is the first year we have been able to deliver a tangible uplift to them through the Better Business Support Package, where they have had an additional £2 million of grant. We are looking to see how that has been spent and the extent to which that is shifting the dial specifically on the additional money as well as what they have done with their core grant.

Deputy I. Gardiner:

Did they need to present you with a clear plan how this £2 million will be spent?

Chief Officer, Department for the Economy:
Yes. So part of it ...

Deputy I. Gardiner:
Can you give an example that it will be tangible to understand? So they got an extra £2 million. What do you expect to deliver for this £2 million?

Chief Officer, Department for the Economy:
Yes. So in the case of Visit Jersey, for their additional money on the Better Business Support Package, that was very focused on the support for Bergerac and for having Bergerac filmed in Jersey, so the commissioning of that was done in - I am just trying to think back now - I think late 2023. The series was then filmed in Jersey over summer 2024 and then we would expect to see that translate into some positive uplift in late 2024, 2025 in terms of interest in Jersey as a jurisdiction and ultimately translating into visits themselves. But the payment profile of that, you are making the commitment. You are not paying out until a much later stage, so the payment for 2024 was effectively paid in 2025.

Deputy I. Gardiner:
So in basic terms, if we invested £2 million to Bergerac and in 2025, 2026 we will have not more visitor numbers, does it mean they did not achieve their objectives of the £2 million spend?

Chief Officer, Department for the Economy:
So the £2 million was not the whole we spent on Bergerac. It has been spent on some other marketing activities as well, but we will look at that to say: "So that was your campaign and that was a high priority that you established. Show us the value that that has generated. Show us the incremental visitors." Now, what Visit Jersey have been able to point to is much more interest in Jersey around the timing of the launch and the screening of the series. It has not necessarily translated as much as anyone would expect into bookings at visitor economy establishments and that is where they are trying to look now, through the conversion process, to see why a booking is being lost or potential bookings being lost. So there is interest being generated, but it is not translating into an actual booking.

Deputy I. Gardiner:
Okay. Just to understand, how often, how regular do you meet with the C.E.O.s (chief executive officers) and senior leaders of this organisation? Do you have permanent stuff ...

Chief Officer, Department for the Economy:

So there are regular meetings throughout the year on a whole range of topics, but the governance system that we have in place is that there is a half-yearly partnership meeting that takes place. That is the Minister and the relevant budget holder, so that is either myself or one of my senior colleagues in the department, and those are described as partnership meetings, where we go back to the commitments that the organisation has made and look to track progress against that and also their progress against their budget in the current year as well. So there are those partnership meetings. Also, in most of these organisations we attend upon their board meetings as observers. We cannot sit on the board because there is a conflict of a fiduciary role, of being a director, with that of disbursing the money by way of a grant. So we are board observers, we can take part in the discussion, but cannot vote on board matters, but that gives us a good line of insight to what is being discussed at the board and the alignment of the strategy the company is taking versus what the Minister wishes to see happen.

Mr. A. Awan:
So what are the key risks these organisations face who receive the grant and subsidies and what is the process you maintain for the regular dialogue over these risks?

[14:15]

How are you getting assurance over the mitigation of this process?

Chief Officer, Department for the Economy:
So I think there is a degree of commonality that all of them share in terms of the risks that they chart. We do see the risk registers for each of these organisations, so we can look at what they are charting as corporate risk to the entity itself and also the extent to which they are tracking risks in a particular sector that they have some degree of exposure to. So Visit Jersey is very exposed obviously to the tourism sector; Jersey Business would be exposed across a whole range of different business types. So we see their risk registers and we can draw some common themes from that. I think they are not entirely different from the department’s risk register in many respects, so one thing that is consistent is certainty of funding. The fact that we have a one-year budgetary cycle rather than a medium term financial plan means that every year funding is up for challenge. Some may think: “Well, department budgets just get approved by the Assembly and that is that” but 2 years ago - was it 2 or 3 years ago - we saw our budget cut by a Scrutiny amendment in the December, which was sizeable, you know, many hundreds of thousands of pounds from our department budget. That then has to be found from somewhere, so you are then looking to where we spend our money. Our biggest single source of expenditure is on arm’s length bodies, so you are looking to try to find some savings in that pool. So we do not have certainty of our budget until the Budget has been debated by the Assembly. We cannot give that onward certainty to any of the arm’s length bodies until we

have that ourselves, until the Minister has decided how they then want to allocate the funding that they have available to them. So that is problematic, whereas if we have a multi-year budget settlement like an M.T.F.P. (medium term financial plan) we could convey that onwards to the arm's length bodies and give them multiple years of certainty around funding. People: in terms of being able to attract and retain the right calibre of people is a challenge for them, so in terms of the way that our grants are paid, they are paid from the non-pay part of the department's budget. Our budget splits in 2. We have a pay and a non-pay element, so pay is our staff costs in the department; non-pay is everything else. Grants come out of that second category. Typically the staff aspect of my budget goes up by whatever the pay settlement is for the public sector, so it is a neutral action, but my non-pay typically tends to go up at less than the staff increase. When I am then passing that non-pay part on to an arm's length body, it may mean they are getting a grant uplift year on year of say 2 per cent, but R.P.I. (Retail Price Index) and expectations from their staff may be for a pay rise of 3 or 4 per cent. That becomes increasingly difficult for them to solve over time, so their ability to remunerate and to be competitive in award for talent is quite a challenge for some of them, so that is a regularly cited issue. The general sort of macro environment, the economic environment, the trading environment: so for Visit Jersey they would be concerned about the state of the economies in proximate locations where we draw visitors from. Jersey Finance would be concerned about the growth globally, where that is coming from and the extent to which that affects Jersey as a choice of jurisdiction. Then I think the other one is generally just around suitability of premises, so organisations like Visit Jersey are in a very sort of compact space. It is very cost effective; it is probably not the best working environment physically, I would say. Jersey Business has a similar issue, where they are tucked next to a Union Street building. Again, they are sort of packed out in that building, very little natural light, so again, some of those are issues that they would cite as well.

Mr. A. Awan:

Okay. You mentioned that they are quite reliant on the grants.

Chief Officer, Department for the Economy:

Yes.

Mr. A. Awan:

So when they go through the audit process, do we issue a letter of comfort to the auditors that we will give that grant?

Chief Officer, Department for the Economy:

What we have generally done is look for them to be able to carry about 10 to 15 per cent of their annual budget in reserves. That allows for any delays in the grant being issued, so if key documentation is delayed or missing it gives them a little bit of working capital until the grant can be paid out. That has been a general rule of thumb that we have worked through and has been discussed I think over many years by previous C. & A.G.s (Comptroller and Auditor Generals) and with internal auditors as to what might be an appropriate figure to hold. In the case of our regulators, for example, at J.F.S.C. (Jersey Financial Services Commission), they hold a much higher level of reserves. Partly there is a higher base budget, but also that is their litigation reserve as well, if they got into litigation of a protracted nature. So we allow a level of reserves that we try to manage, but we want to keep that as low as we possibly can. We have given undertakings in the past to say the grant will be paid within a certain period, and instead of having lots of conditions precedent to the grant, we make conditions subsequent because there should be higher trust in these relationships on the basis they are States delivery entities, so they were set up by the Government for a purpose. There should be a higher level of trust there than there perhaps would be for an event organiser that just comes along and says, “Can I have some taxpayer money to run something?”

Deputy K.M. Wilson:
Could I just follow on from that? What would happen if you did not fund these organisations through grants? What risk would Government carry on that basis?

Chief Officer, Department for the Economy:
So because these are organisations that were set up by the States for a purpose, you know, the very title “States delivery entities” is saying they are delivering work that in some cases would otherwise have to be delivered by the Government themselves. So some of the work that Jersey Sport does in delivering sports programmes in schools and holiday clubs and so on is work that may otherwise have to be delivered from the public sector.

Deputy K.M. Wilson:
So how do you balance the cost effectiveness of that? Is there any testing done around whether the model still is delivering value for money or not?

Chief Officer, Department for the Economy:
Yes. I mean, Jersey Sport is a good example there. The review that we conducted of Jersey Sport in 2023 looked at all of that because what we were seeing is a degree of divergence, not I think through any ill will on the part of Government or Jersey Sport. There had just been divergence over time in the purpose that it had originally been set up for and where they were at that particular point in time. So we commissioned an independent review and that has allowed us to bring it all back together and get back on to sort of common ground in terms of the purpose of the organisation and its delivery. So we can take that corrective action from time to time to ensure that they are delivering back in line with the original mandate. If that mandate has become blurred over time or indeed if it

has become partially extinct over time, then we need to renew that mandate and be very clear what our expectations are.

Deputy K.M. Wilson:

So you talked about them generating reserves. Do all of them generate reserves?

Chief Officer, Department for the Economy:

Generating reserves is more they perhaps underspend, so there may be some work that was originally envisaged to happen in their programme that they have either not commenced for some reason or they have been able to do it more cost effectively than they had perhaps envisioned, therefore they have spent less in a given year than they had budgeted to spend, so they have an excess. I mean, in the private sector you would call it a profit, and of course it is registered on their account as if they made a profit. Typically it means they have underspent their grant or they have perhaps overly raised money from member contributions.

Deputy K.M. Wilson:

So given that scenario, would there be any point at which you would say: "Your profit is consistent and we are not going to award you a grant on that basis"? What would be the conditions around that?

Chief Officer, Department for the Economy:

So what we do is we look each year at the financial forecast for that organisation. They provide us with reforecasts each year, so we see a full year budget for say 2026 and then around about April of 2026 we will see a 3 plus 9 reforecast of that budget and then in July a 6 plus 6 reforecast, so we will get a view of the extent to which they are spending through the grant and whether an underspend is perhaps opening up. If it is opening up when we get to that mid-year stage, we may say: "Well, look, you cannot demonstrate a need for all of the money that we originally budgeted for 2026 for you, so we are going to hold some of that second half grant money back in reserve. If you get to a point where other projects have happened or there is other unforeseen expenses that have come through and you need to draw upon it, then we will look at a request at that point in time" but we are not overly disbursing unless ... you know, there has got be evidence of need there. So we will hold the money back rather than grant it and expect to get it paid back if it is not spent.

Head of Business Management and Governance, Department for the Economy:

I think a good example of that is the Data Protection Authority in 2023. I think - off the top of my head - they received about £70,000, which was considerably less than they would have done in previous years and less than what they received last year, because in 2023 their reserves had got to such a position, as an accountable officer, he cannot grant money to an organisation who does not need the money. So that was a good example of where money is noticeably held back. Perhaps what is less noticeable is Richard's example of a H2 (second half) payment, where we may hold back £40,000, £50,000, £100,000, which would not really necessarily show up in the annual report and accounts because nobody would be aware of what we said we might give you on 1st January and that little bit potentially that we held back in the September or the August.

Deputy I. Gardiner:
I think we will follow up. Really helpful, but we will probably follow up with a written question. You have this, but we cannot see in our report and accounts how much was held back for each organisation with 2, 3 years ...

Chief Officer, Department for the Economy:
Yes, you only see the actual amounts going ...

Deputy I. Gardiner:
... and what is in the reserves currently of each organisation to understand the level of their reserves.

Chief Officer, Department for the Economy:
So their reserves will be shown in their annual report and accounts that they publish, but ...

Deputy I. Gardiner:
Okay, but it would be good to have it like in one place that we will go through.

Chief Officer, Department for the Economy:
Yes, so obviously the annual report and accounts is printed once a year. We are seeing sort of a more dynamic version of that in-year, so if they are forecast to be underspending, we do not want to be giving more money to them unnecessarily, so we will hold it back in reserve in case it is needed, rather than to grant it and hope to get it back at some future point.

Deputy I. Gardiner:
We will follow up with the written question.

Chief Officer, Department for the Economy:
Yes, that is fine.

Mr. A. Awan:

Very quickly, you mentioned that they hold some reserve for the year, but as from the auditor's point of view, they will want 12 months runway for that organisation as a going concern, so do we give them a letter of comfort on that?

Chief Officer, Department for the Economy:

No. We can do, but really auditors are not necessarily looking for 12 months of expenditure in reserves. They are looking at a going concern in terms of the relationship between Government and that entity. Some of these entities are either wholly or ... I think they are all - certainly in the delivery entities - majority dependent on the Government grant. So what we are looking for again when we are considering the position on reserves is: are the reserves in line with whatever the potential winding-up costs of that business might be? That is a more concerning point I think for auditors: what are the winding-up costs? So if Government suddenly decided not to fund Jersey Finance in 2026, what is the cost of winding up that organisation in an orderly manner? Of course for the board directors of Jersey Finance, exercising their fiduciary responsibilities as company directors is something they would want to be satisfied with as well. So in reality those winding-up costs tend to be no more than about 6 months' worth of the grant. In the partnership agreements between the Government and each of those entities individually, we are required to give 6 months' notice of any material change to the grant. So if we were winding up Jersey Finance, if we took that decision today, they would still receive a grant in January, but we would have told them not to do any more marketing or enter into any new commitments, to work through a winding up, and then the balance of the proceeds for the winding up would be paid back to Government and we would take possession of any intellectual property at that time as well.

Mr. A. Awan:

Moving on, we briefly discussed this, but how do you set and track K.P.I.s for each body and how do you gain assurance that they are met? For example, the Gambling Commission, there is an undertaking on the basis that this has a requirement to contribute towards health outcomes and tackling gambling addiction. How do you get assurance over whether the organisation is meeting that outcome?

Chief Officer, Department for the Economy:

Yes, so the Island Outcome Indicators are an important aspect of what we are asking all organisations to consider, and then we are also asking them to look at common strategic priorities of the Council of Ministers. It is fair to say that of the Island Outcome Indicators, they are not all equitably split or invested into. Some may have a more pressing need for investment than others, so we want to make sure there is alignment wherever possible with those indicators in terms of how they set the plan. Some have a much clearer correlation than others, so Jersey Sport correlates very well in terms of some of the indicators for people leading active and healthier lives. In some, like Jersey Finance, which is advancing the interests and economic wellbeing of Jersey's finance industry, that would play into one or 2 outcome indicators, but probably in an elusive fashion. You would not see quite as tangible a correlation as you would do in perhaps some of the activity-based measures that Jersey Sport undertakes, but we are looking. We are in ...

Deputy I. Gardiner:
You can specify about the Gambling Commission, that amount at the time that you expect from the Gambling Commission and their contribution towards the health and addiction. Do you know - apart from the page that they have on their website - how much funds they have put into what they are running?

Chief Officer, Department for the Economy:
Off the top of my head, no, because it is a relatively small grant in the overall scheme of things, and it is not one of our sort of established entities in terms of the way that it is defined I think by the C. & A.G.'s office. But if you want to follow up in writing, we would be very happy to go into more detail.

Deputy I. Gardiner:
Is the Gambling Commission under your remit?

Chief Officer, Department for the Economy:
The Gambling Commission does sit with us, yes, but in terms of the size of the grant, there is a materiality aspect, so it is at the smaller end of the scale.

Deputy I. Gardiner:
But do you know if they invest? Because part of their remit when they were established, it is to support the ...

Chief Officer, Department for the Economy:
Problem gambling, yes.

Deputy I. Gardiner:
... problem of the gambling. Obviously we know that the health service recently spent more funds to support people with gambling addiction and mental health.

Chief Officer, Department for the Economy:
Yes.

Deputy I. Gardiner:

So this is a complete correlation. Do you know if they work and that they contribute?

Chief Officer, Department for the Economy:
Off the top of my head, no ...

Deputy I. Gardiner:
We will follow it up.

Chief Officer, Department for the Economy:
... but we can follow that up in writing.

Deputy I. Gardiner:
Absolutely, yes.

Chief Officer, Department for the Economy:
I can come back to you with more a detailed response, if that is okay.

Deputy I. Gardiner:
Yes, thank you.

[14:30]

Mr. V. Khakhria:
So we have talked mainly about effectiveness so far, but you have briefly touched on Deputy Wilson's question about value for money and you have kindly answered in relation to Jersey Sport. Is there any overall process for assessing value for money in grant allocation across all of your entities, all of your A.L.O.s (arm's length organisations) and A.L.B.s?

Chief Officer, Department for the Economy:
We do our grant appraisal statement, which is a view of the value for money that any one organisation presents, and that is principally around the effectiveness of their delivery against the agreed plan. So when the business plan is presented, it is picked up by the department and with the Minister. We agree the extent to which we are funding all or part of that business plan and we commit the funds and then almost 12 months later you are looking at what has been delivered. So you are looking for value for money in the sense of what did they set out to achieve and what is the R.A.G. (red, amber, green) status 12 months on of the success in delivering that, and indeed what were the most important of those priorities. So if the most important things were red and some relatively minor stuff was green, we would have more of a concern about the value for money in that

one organisation. That again is just a leading indicator for us as to what is the contributing factor that sits underneath, so if you look at Visit Jersey in terms of the last couple of years of visitor numbers being lower than they targeted for themselves in the business, funding is a challenge in terms of keeping the level of funding ... keeping their place in the market: intense competition from other destinations; marketing and the aftermath of COVID; the challenge around cost of living that we have in Jersey and how that translates into the cost of a hotel room here versus any other location people may be considering. So we then want to get into what are those problems and are there other things that could be done to help to address those in terms of policy and legislation within Government or in working with some of those organisations.

Mr. V. Khakhria:

So you are identifying that when setting internal targets, the external world matters?

Chief Officer, Department for the Economy:

Yes.

Mr. V. Khakhria:

So how often ... and what is your process for incorporating changes in the external market into that budget-setting process at the beginning?

Chief Officer, Department for the Economy:

So the budget-setting is ... our budget is set really from elsewhere. The Council of Ministers decide where they are placing their overall emphasis financially, so we will have our budget set, and while we may feel that there are some areas that do need investment, and certainly the visitor economy is an area for promotion that does need investment, as you will have seen in the draft budget for next year, there is no more money set aside than there was in 2025 for that purpose. So we are going to have to ask Visit Jersey to try to struggle on as best they can with the levels of grant and public funding that they have. At the moment they do not raise any money at all from the sector that they serve. Is that an option? Other jurisdictions have debated things like tourism taxes and so on. Generally we do not like hypothecation of tax receipts, but that may be a consideration. So if we are in a very tight budgetary environment looking forwards - and I believe that we are, as an Island - we perhaps need to look at other ways of delivering revenue that helps that promotional effort. So those things will be taken into consideration. We will also look at the general economic picture in proximate markets in the U.K. (United Kingdom), France and sort of western Europe, where Visit Jersey may draw visitors into the Island from.

Deputy K.M. Wilson:

Sorry, Vijay, can I just come in?

Mr. V. Khakhria:
Please.

Deputy K.M. Wilson:
Just this concept of value: how do you define that?

Chief Officer, Department for the Economy:
We have to take an overall view because Visit Jersey ...

Deputy K.M. Wilson:
An overall view in terms of all of them or an overall view for each of the entities, as it were.

Chief Officer, Department for the Economy:
Per organisation, yes. So if I say Visit Jersey, their base grant this year I think was about £4.7 million or £4.8 million, from memory. Can I say that every single pound of that had maximum effect? No, I cannot, because within that ...

Deputy K.M. Wilson:
What do you do about that?

Chief Officer, Department for the Economy:
Because within that budget they will have had to try certain things. They may have tried a stream of advertising in a particular trade publication; they may have tried a particular digital marketing campaign and not had the results that they hoped to get or expected to get. So what we want them to do in those circumstances is to fail fast, you know, to not keep ... if something is not working, do not keep pushing the same issue; try something else. So in that sense money may go into some initiatives that have not delivered the desired benefit. We want them to learn from that and to move on and to try other things and find that sort of winning formula.

Deputy K.M. Wilson:
So how is that reflected in your risk profiling, given what you know about each of these entities? Do you know for sure whether value will be driven forward or will be achieved ...

Chief Officer, Department for the Economy:
No, because it ...

Deputy K.M. Wilson:

... or is there an appetite to allow some organisations to fail quickly, as you have described it?

Chief Officer, Department for the Economy:

Yes. There has to be a level of risk taken because there is no guarantee of future success for any of these organisations. Now, I would press forward the argument that by having States established delivery entities that are more aligned to the industry sectors and to the skills and experience from those sectors that typically make up the staff of those entities, they should be closer to being successful than asking generic civil servants to be doing this activity instead. So there would have been a reason - it predates me - why the Jersey Government's old Tourism Department effectively was outsourced and became Visit Jersey and then ...

Deputy K.M. Wilson:

Yes, so you have anticipated what my next question is, which is why would a government continue to throw money at something like this when clearly there are touchpoints along the history of some of these organisations where the risk appetite has been quite high, the tolerance for failing has been high, but there is still money being thrown at them?

Chief Officer, Department for the Economy:

I would not say the tolerance for failure is high. I think that tolerance for risk is a little bit higher in having those as delivery entities to try other things that you may not try in a core public sector environment. You know, the private sector is generally more risk-taking than the public sector. These States delivery entities kind of sit somewhere in between the core public sector and the private sector, so they are entrepreneurial.

Deputy K.M. Wilson:

When do you know when to let go? When would you ...

Chief Officer, Department for the Economy:

Well, we cannot let go, because we are funding these organisations, so we have to be able to hold them accountable and demonstrate good governance. If we let go, we would be asking the tourism sector to fund its own promotion. Now, I do not see anyone in the tourism sector saying: "We will take that on and we will fund it ourselves." They would be very welcome to, they are very welcome to come forward to make additional contributions to Visit Jersey's budget, but there is no hands going in the air for that at the moment. So there is a recognition from Government, from the Council of Ministers, and in particular the Minister for Sustainable Economic Development, if Jersey wants - and it does - a successful tourism and hospitality sector, we have to have confidence in our destination and we have to market our destination in a very, very crowded space, the way that pretty much every other destination globally actively markets itself. I was in London yesterday coming back through Paddington Station to get to Heathrow Express: marketing for Saudi Arabia, different cultural experiences in Saudi Arabia. It is everywhere, and that is the Saudi Government through its own departments and arm's length bodies marketing its destination. If we are not doing that, we will be silent and we will suffer the consequences in the long term.

Mr. V. Khakhria:

Thank you. So you have explained the process whereby some of these entities have been created because it was felt that it was appropriate for them to fall outside of Government. How often are those decisions reviewed? Is there a process for reviewing whether any of those functions should be folded back into Government, for example, if the organisation is failing fast, in the terminology? Are there any periodic reviews that say: "No, this continues to be the best way to achieve value for money"?

Chief Officer, Department for the Economy:

Yes. So Jersey Sport, I used that example earlier on, but that was a 2023 review. Again, we are working in an environment where we cannot routinely go out and commission external consultants to review X, Y and Z, so we have to be quite thoughtful and quite sparing as to how we use that money. But the review of Jersey Sport looked at that organisation as a delivery entity and the mandate that had been given to it: was the mandate clear enough? If we felt there were gaps emerging, is it partly our fault for not being clear enough in what we wanted them to deliver? I think if you read that 2023 report, there is criticism of Government, there is criticism of where Jersey Sport were at that point in time, but what I am really pleased to see is the way that the board and the leadership at Jersey Sport have embraced that and worked with us and turned the organisation to where it is today. There is a renewed board, renewed leadership, much better translation between their activity and the outcomes that they are targeted to deliver and a good success story that is building there. We will keep that sort of process in reserve for other organisations over time if we feel that there is a little bit of a separation or a gapping beginning to emerge. Separately we will look at what is quite a crowded space. I think I said 5 delivery entities. Do we need 5? Could it be less than that? So we would look at organisations that are maybe meeting the same people and doing some of the same things and could some of that activity potentially be brought together. So there is some consideration around that ongoing at the moment, I think you will know from the chief executive appearing previously at the Public Accounts Committee that that is very topical in his mind as well, not just about the size of the public sector in terms of the civil service, but also the arm's length bodies that we have created over time and whether that has become too big and too unwieldy.

Mr. V. Khakhria:

So there is a formal process reviewing the set of functions and the optimum delivery structure for those, which could result in the elimination of some of the organisations?

Chief Officer, Department for the Economy:
Potentially that could be an outcome, yes.

Mr. V. Khakhria:
Looking just at an individual, on Jersey Finance, for example, how do you assess that that is, as an individual organisation: (1) delivering value for money; and (2) the optimum system or the optimum delivery vehicle?

Chief Officer, Department for the Economy:
Yes. So we have a very good line of sight obviously to their accounts, their budget, their in-year planning. We have moved Jersey Finance over more recent years away from giving us a list of 150 or so activity-based measures in terms of their social media interactions. We do not really need to know that level of detail. Within their marketing function that is very relevant information and will help them decide how to prioritise money and activity, but we are looking for some key outcome indicators: what is the overall health of the financial services sector in terms of funds under administration; bank deposits in the jurisdiction; number of companies on the registry; number of people employed in the sector; the G.V.A. (gross value added) that the sector creates more broadly? Those are macro measures, and clearly if we tipped into another global financial crisis next month, you would see some of those indicators drop. It does not necessarily mean Jersey Finance is doing a bad job, because it may be helping to offset the worst of a decline, in the same way that when there is growth it does not necessarily mean that they are doing an outstanding job in the growth phase as well. So you have to take some of those measure I think with a little bit of a pinch of salt, you know, a rising tide floats all boats. But we look at some of those macro indicators; we look at the feedback they are getting from member firms. Jersey Finance raises around £1 million a year from voluntary subscriptions from member firms, either paying to be a member and/or paying to sponsor certain events that Jersey Finance organises through the year. The model in Guernsey is quite different. They collect a mandatory fee through their companies registry, so you do not have a choice but to be locked in as a member of Guernsey Finance. The fact that so many firms are choosing to pay to be members and choosing to engage in the programme again is a good indicator for us of the health of the work that Jersey Finance is doing in advancing the sector.

Mr. V. Khakhria:
With respect, that is effectiveness, not value for money.

Chief Officer, Department for the Economy:

Well, it is value for money because it has helped to offset the worst of what the public sector may otherwise have had to put in, so if we were funding that organisation in its entirety, it would be a much bigger cheque that we are writing every year.

Mr. V. Khakhria:

I can give you a very simple example of a restaurant, for example, that is States funded where diners choose to come and pay 10 per cent of the price of their meal, for example, so that is not necessarily a demonstration of value for money that other people are prepared to make a contribution towards the revenues of that organisation. It is a measure of its effectiveness that the food is okay. In this situation, let us accept for the time being that there are different measure for effectiveness. How do you assure that the value for money is being achieved and that it is the optimum model for achieving value for money?

Chief Officer, Department for the Economy:

So I would contend that that is in itself an indicator of value for money, because these are optional decisions that financial services firms are choosing to be members. They must see value in being part of that organisation and supporting the work programme.

Mr. V. Khakhria:

But with respect - I do not want to get caught up on this point too much - the fact that somebody is prepared to pay for something does not mean that they are not being over-supplied with value at the cost of the public purse. They could be being heavily subsidised, even though they are paying for it.

Chief Officer, Department for the Economy:

But again, Jersey Finance is an organisation where if they were not promoting the financial services industry through a combination, that mixed funding, Government would be having to do all of that promotional work for themselves to advance the interests of the finance sector. So for me the fact that we have member firm interest is an indicator. I said it is not the be all and end all. It is an indicator that others see value in that work programme. Separately we see the member satisfaction survey. We see the feedback from a number of visits or events that Jersey Finance organises, where there is value in the outreach and the brand visibility that Jersey has in the Middle East, in New York, in Asia among professional services firms that is bringing business back to the jurisdiction.

[14:45]

So it is a whole mix of feedback, from hard feedback through to some stuff that is purely anecdotal.

Mr. A. Awan:

Sorry, on this same thing, the value for money comes 2 ways. One is how they are bringing in the positivity and one is the spend side as well. Now, on the spend side, do we have a look at how the organisation is spending that money, for example, going on an event somewhere, having a £500 hotel? Do these things come through you to just have a review to see how the spend has been made? Because this is a cost-plus model.

Chief Officer, Department for the Economy:

Yes. So we do not enforce the States of Jersey travel policy on the arm's length entities. I think that is a good thing because I think they find extra value from booking directly with airlines and hotels and so on than the arrangement that we have in place as a corporate travel booker at the moment, which often does not present great value for us and we could find cheaper fares by going directly to the airlines at times. Indeed, we have to hold that travel agent accountable ourselves internally. So they will have their own travel policy. We are looking for it to be sympathetic to the public sector in terms of we do not expect to see people flying business class on a 2-hour flight and things like that. We expect them to have hotel limits that are appropriate, so they are not staying in the Four Seasons Hotel in any city in the world, so all of that should be in there in terms of proportionality and accountability. Also we can send the Chief Internal Auditor in at any point to these organisations to run the rule over them and report back to us and we would not be expecting to see a report back saying that there are excesses on travel or entertainment or any other factor. On procurement, we ask that any single item above a certain amount is pre-notified to us so that we understand if they are commissioning any work or procuring a project above a certain figure. That gets a very good line of sight at the board meetings as well as to where money is being spent and where they are performing against budget. Again sticking with Jersey Finance, their budget has been squeezed over recent years, so they have had their own efficiencies programme in-house to ensure that they can deliver as much of the output that we want them to do as possible with what is a sort of fairly constrained budget.

Mr. V. Khakhria:

Looking at questions like that in a little bit of detail, the Public Finances Manual has introduced a new provision for ensuring that you approve executive remuneration for bodies receiving more than £250,000 per grant annually. Looking at some of the remuneration packages, say, for example, Visit Jersey, an additional 25 per cent over and above the base package has been paid as a bonus in discretionary payments; Digital Jersey, more than 10 per cent on top, and so on and so forth. We can go through all of these - apart from Jersey Sport, which you mentioned in glowing terms earlier - every organisation has had a significant amount of C.E.O. bonus payments. What processes do you have for oversight of the base salary, the targets, the K.P.I.s and so on for achieving bonuses and discretionary payments and how do you enforce this?

Chief Officer, Department for the Economy:
Yes. So our governance of the organisations is looking at the organisational outputs. Ultimately the chief executive of the day and their executive team are responsible for that delivery. In terms of remuneration, that is a very recent change to the Public Finances Manual, one that we have played quite a strong role in taking it to the States Employment Board for discussion and approval and for implementation with the arm's length bodies. So that only came in 3 months ago or so in a rewrite.

Head of Business Management and Governance, Department for the Economy:
Last month it was.

Deputy I. Gardiner:
The month of August.

Chief Officer, Department for the Economy:
Last month in a rewrite of the P.F.M. (Public Finances Manual) so that is a hot off the press item that we will be using now to push down on executive pay appropriately, but I say "appropriately", and I think I would underline that word metaphorically, because we have deliberately again, as I said earlier, set these entities up outside of Government for a purpose, for a reason, where they can speak the language of certain sectors. They can attract people in, perhaps free of some of the challenges that would otherwise exist in a public sector environment. That does not mean they can rampantly go off and hire left, right and centre and pay whatever they like, but they have a little bit more flexibility. For example, they are not currently in the straitjacket of a head count freeze the way that the public sector is; they are able to replace vacancies when they come up. I think that is important in terms of being able to continue to conduct that economic promotional activity or economic catalysed growth in the economy. In terms of the executive pay, however, we do not think this is something where they should be looking wholly to the private sector as a benchmark. We will be wanting to understand from remuneration committees on the boards of each of these organisations in formal presentations that can be taken back to the States Employment Board: "What is your policy on remuneration? What are the K.P.I.s that are being used to determine executive pay at a level in terms of base pay?" But also looking at variable comp aspects as well as to why a bonus was considered to be merited that year versus any other period: where was the outperformance versus the business plan?

Mr. V. Khakhria:

Okay. That is in terms of their communication to you and 2 questions arise out of that, one in terms of transparency. What plans are there to publish these or oblige them, in keeping with remuneration policies for public companies or listed companies? The second one: you have a level of visibility, but what positive or negative control do you have over those elements?

Chief Officer, Department for the Economy:

To answer the first point, there is visibility in the annual report and accounts of each of these organisations that is in the public domain. Again, from the Comptroller and Auditor General's recommendations in previous reports, there is now much improved transparency on the annual report and accounts from the organisations that we have been speaking of today. That includes executive pay; includes the levels of executive remuneration and overall board remuneration. That is for those that are at board level. It does not report underneath that, so there may be other senior managers in those organisations. That is not currently reported, but nor is it reported by the States of Jersey. In our annual report and accounts, my salary would be in the public domain but Fiona's salary, quite rightly, would not be in the public domain. That is pretty commensurate with what you would see in P.L.C. (public limited company) reporting elsewhere. The second part of your question ...

Mr. V. Khakhria:

We will come back on to the second part.

Chief Officer, Department for the Economy:

Right, yes.

Mr. V. Khakhria:

I just wanted to confirm with you that in that case what you are saying is that we are currently complying with all of the C. & A.G.'s recommendations in relation to transparency on senior roles.

Chief Officer, Department for the Economy:

On these organisations, on executive pay, yes.

Mr. V. Khakhria:

Okay. The second part was to do with influence, what control you have.

Chief Officer, Department for the Economy:

Yes. The control is a new control that we have through this now being in the Public Finances Manual. The obligation is that those organisations have to have executive pay approved formally through the States Employment Board; that will be the controlling measure. The States Employment Board will have a view and could ultimately choose to reject that level of pay. We would then reflect that in our discussions about the grant to that organisation and it would become quite a sore point if that organisation was to ignore the position of the Minister, in particular regarding a particular decision on executive pay. If it was determined that chief executive A should not receive a bonus and they proceeded to pay a bonus, that would be a significant problem with the relationship between the chair of that organisation and the Minister and could lead to us taking more radical decisions around the future funding of that organisation.

Mr. V. Khakhria:
Just so I have got this firmly in my own mind, the provision is new as of last month and therefore you would anticipate it first to come into action with the grant conversations taking place for next year's grant?

Chief Officer, Department for the Economy:
Yes.

Mr. V. Khakhria:
Then we would see it reflected in 2027 at the earliest?

Chief Officer, Department for the Economy:
Yes. Again, we could update P.A.C. (Public Accounts Committee) I am sure mid-year next year as to how that has progressed in practice. But in terms of what is generally in the public domain for consumption, as I say, it is significant progress, having a much more detailed annual report and accounts for each organisation published. But the first time you would see it in a published version for general consumption would be 2027.

Head of Business Management and Governance, Department for the Economy:
Based on 2026 actuals.

Chief Officer, Department for the Economy:
Actuals, yes.

Mr. V. Khakhria:
Yes, exactly. Perfect, thank you.

Head of Business Management and Governance, Department for the Economy:
Could I just say, in terms of it complying with the C. & A.G. recommendations, we do - as Richard is the accountable officer - make sure that his arm's length bodies are publishing their annual reports

online and that we do encourage them to attend the workshops, do the best practice. But we would need to come back to you and say ... do all of our 7 publish in terms of gender breakdown, as well as their remuneration, as well as their boards? I would not say hand on heart off the top of my head all the 7 do, but we do know all 7 do publish their annual reports.

Chief Officer, Department for the Economy:

Yes. We have seen a marked improvement, I think, in terms of the best practice recommendations that were made. I think there is a journey of improvement. Some are further down that road than others.

Head of Business Management and Governance, Department for the Economy:

I think this year's 20th anniversary recommendations is we set that for them. Just it gives us good additional support and evidence to say: "We have already asked you previously to comply with the recommendations. This is now another request because it is still not being done."

Mr. V. Khakhria:

If you could give us a detailed update on that, that will be very helpful. Thank you.

Chief Officer, Department for the Economy:

Yes.

Deputy D.J. Warr:

Okay. We move on to duplication and service delivery. Can you advise the P.A.C., how do you identify overlap or duplication between A.L.B.s and between A.L.B.s and your department? What action do you take to remove duplication or joined-up work and, if possible, can you give an example?

Chief Officer, Department for the Economy:

I think we have had a fairly high degree of individuality hitherto in terms of the organisations that have been created. They have been created for quite a specific purpose and they have got on and delivered generally in that space. I think where we are now, if I look particularly at Jersey Business and Digital Jersey, we have a couple of organisations there where there is a degree of overlap. Yes, there is an emerging digital community/tech community within the Island, but it is only ever going to be modest, one would say, because there are certain factors that we do not have here in terms of the universities and the research institutes and so on. We are not a Cambridge or a Silicon Valley and so on. There are some challenges there that will naturally impact that, but clearly the biggest opportunity for the economy is in adoption of new technology in all walks of life. That brings Jersey Business very much into the picture as an S.M.E. (small and medium-sized enterprise) accelerator and business adviser. A key part of the advice we would expect them to be giving to businesses in terms of how to be more productive is the embrace of technology. What we do not want to see is 2 organisations pushing overlapping agendas in that space. That is something that is in active discussion at the moment with the Minister for Sustainable Economic Development, as to would we prefer to give a much clearer mandate to one of the 2 organisations to say: “We want you to back away and for this to come more to the fore” or do we leave things as they are, or do we potentially merge organisations together? Those are all options for consideration. There is no decision at this stage as to where we go.

Deputy K.M. Wilson:
Do you know what is needed?

Chief Officer, Department for the Economy:
In ...

Deputy K.M. Wilson:
In terms of what you are trying to create around some of the harmonisation or the duplication. Have you got in your funds a real clear view about what is needed and why it is needed in the way that you are proposing to deliver that?

Chief Officer, Department for the Economy:
Some of that is in the feedback that we will get from the business community, but yes, there is. I think the chief exec talked about it. It is Parkinson’s law, that you have those organisations out there; they will find work to fit the resources that are available for them. You sometimes need to take a more interventionist view as to what resources they have and what you want them to do with those available resources. That is really where we are at the moment on particularly Jersey Business and Digital Jersey. We think with Visit Jersey there is a clear mandate there in terms of tourism promotion, being a destination marketing organisation that is quite unique. Of course they get some spinoff benefits of Jersey Finance promoting over the horizon about the merits of Jersey, or if there are other aspects about agricultural exports and so on, people have affinity. But fundamentally, as a D.M.O. (destination marketing organisation), Visit Jersey has that mandate. We would say the same for Jersey Finance; they are quite uniquely placed. There are some overlapping aspects there on fintech with Digital Jersey. I think Digital Jersey are trying to encourage the development of financial technology and regulatory technology solutions from within the Island. From Jersey Finance’s perspective, what they are looking for is: what is impact of fintech on the sector as a whole, recognising that some of their larger businesses are already here? They are not going to necessarily create solutions in Jersey. Those solutions will be created internationally and

applied across every office that that particular organisation has around the world. In that sense they will be takers, not makers, of those technologies.

Mr. V. Khakhria:
Just examples here, I have got a list of organisations: ArtHouse, Jersey Arts Centre, Jersey Opera House and Jersey Heritage. They all have their own boards; they all have their own organisational structures. Does it not make sense that they combine some of that? That would be a much more effective use of resources if you had one overarching body in the arts.

Chief Officer, Department for the Economy:
It possibly does, but these are organisations that were not set up by the States. They are not States delivery entities, so there is a very different mandate there. It would be like saying that the Battle of Flowers and Jersey International Air Display are events organisers and should they merge together into a single event.

[15:00]

No, we have not taken that view on some of those. Firstly, they are generally smaller grant holders, but also they are not necessarily organisations that were established by the States of Jersey. Jersey Heritage is the only one where I think I would agree with your view that they are probably more in the States delivery entity. They were not formally categorised as that. I think in the C. & A.G.'s recommendations ...

Deputy I. Gardiner:
I will intercept because I am minded about the time. What you are saying is that they do not establish at the same time. When you are looking into the ArtHouse, their total budget in 2024 was £1.6 million and the Government £1.96 million. We are talking about ... that is substantial. Without a Government grant this organisation will not be able to operate. If we talk about the Arts Centre it is £1.59 million, £1.6 million and we have a major grant there. Most of these organisations that we are asking are receiving a majority, so they operate in major all the public money.

Chief Officer, Department for the Economy:
Yes.

Deputy I. Gardiner:
This is the question: how are we making things more efficient?

Chief Officer, Department for the Economy:

Yes. In Jersey Arts Centre they are operating a venue; that venue has maintenance costs and so on. They bring together a programme of events over the course of the year. Jersey Opera House, again it is funded, it is an events space. Do you say that Jersey Opera House and the Arts Centre should come together? They are all valid discussions and there will be many different points of view on them. Some are just very defensive and not prepared to consider alternatives. Some would say they serve very different purposes in terms of their size and their audiences and so on and so forth.

Deputy K.M. Wilson:
But is it not the question, Richard, if you are the steward of the public finance that is funding these organisations, at what point do you call this in in terms of trying to - to pick up Vijay's point - drive that value proposition more? It just seems very transactional at the moment. You give money to an organisation and it just gets some and does what it does. What we are concerned to test is what is it that happens with your oversight and your scrutiny of the performance of these organisations that improves the value proposition for Islanders and delivers real benefits and cost effectiveness?

Chief Officer, Department for the Economy:
I think we have spent most of the last hour articulating exactly that, what we do to understand what these organisations are going to do in the year that follows, what indicators or outcomes they are targeting, whether those align properly to the Council of Ministers' priorities and to the Island Outcome Indicators, and if they do they get funded.

Deputy K.M. Wilson:
But the question is it carries on every single year. What you have described to us today is that there are some conditions under which these organisations operate that are quite tenuous, quite risky in terms of the way in which they are funded at the moment. I suppose what we are trying to understand is if a grant is awarded to an organisation, which you have eloquently described, at what point does the Department for Sustainable Economic Development take stock of the fact that the sustainability of that kind of funding for an organisation like this has to stop? You are alluding to some of the dynamics around Jersey Business and Digital Jersey in terms of overlapping duplication, but why do you not apply the same methodology or the same approach to the stewardship of that public money in relation to others?

Chief Officer, Department for the Economy:
We apply it across the board. It is the same philosophy and it is the same approach and it is the same grant appraisal process that we follow. It is the same corporate governance that we apply universally. There may be different individual push and pull factors in each sector, but it is applied universally. It is applied in the way that we give grants for events. We look at the credibility of the organisers, we look at the outcomes that they are targeting in terms of the quality of the air display

or the number of people engaged with the Battle of Flowers. All of those factors are looked at in exactly the same way. I think my point was more they are organisations ... I did not categorise these organisations as those that are empowered in law, those that have been created as delivery entities, those that receive grants for other reasons. There are some that receive grants that maybe are more of a contract for services across the Government as well. For our purpose we put them all through the same process in terms of assessing value for money and alignment with the strategic outcomes of the Council of Ministers.

Deputy I. Gardiner:

Yes. I have the last question; I know that we are a bit over time. You mentioned that you are looking, and I think that you mentioned we will. So from 2023 there was no strategic deep dive review into any of them. Since Jersey Sport there was no review taking how the services ...

Chief Officer, Department for the Economy:

We have not commissioned any external reviews since the Jersey Sport one.

Deputy I. Gardiner:

Yes, or even it has not been done. Now, what are your plans? You are looking into all these organisations and it is ongoing conversations for the last year and a half that we need to do something to ensure there is value for money and effective delivery and avoid duplication. When are you planning to conduct reviews on any of them? When can the Public Accounts Committee and Government and the public see the outcomes of these reviews? Do you have a plan?

Chief Officer, Department for the Economy:

The Jersey Sport review was ...

Deputy I. Gardiner:

No, leave the Jersey Sport review. It is done, 2023.

Chief Officer, Department for the Economy:

It was, but importantly, that was published. That was published and it said the criticism of Government, the criticism of Jersey Sport.

Deputy I. Gardiner:

When is the next review coming? 2023, 2 years ago.

Chief Officer, Department for the Economy:

Yes. There is nothing planned at this moment and in fact we are not able to go and commission external consultants at the moment because of a freeze on the ability to commission consultants. We have done an independent review in 2025 of Visit Jersey within the department; we have taken a view. Over and above the grant appraisal process that we would go through and I described earlier ...

Deputy I. Gardiner:
No, when you are going to do this review: where is the duplication? Jersey Sport, Digital Jersey, it is on the map for a long time.

Chief Officer, Department for the Economy:
No, but that is not in our department business plan. There is nothing in our department business plan to say that we are doing a strategic review of arm's length bodies, either individually or collectively. I do not know where that has come from, but that is not on the stocks. We review each of these organisations individually as part of the grant appraisal process. Where we feel the need, because there is evidence of some gapping - as I said with Jersey Sport - we commission an external review at that point in time. We do not have a mandate to be able to go out and commission further external reviews. In discussions, both in the department with colleagues and with the Minister, there is no identified need at this point of time with any of these delivery entities to go out and commission a specific review of those entities.

Deputy K.M. Wilson:
Yes, the reference, you were asking where it came from. I think it was in the C.E.O.'s letter to the P.A.C. where he states that: "Accountable officers should consider carrying out structured reviews of any or all arm's length bodies for which they are responsible and the requirement for the annual assessment remains."

Chief Officer, Department for the Economy:
Yes. I have already described over the last hour that we do that review on an annual basis. The requirement is for a structured review; it is not for a strategic review of all of the organisations. Each ...

Deputy I. Gardiner:
Structured.

Head of Business Management and Governance, Department for the Economy:
It is to consider as well.

Chief Officer, Department for the Economy:

Yes. Each one is reviewed on an annual basis in terms of its delivery and also its ongoing merits to exist as an independent organisation and recommendations would be made from that. But there is nothing else above that, other than, as I said earlier, the mandate that the chief executive has to look overall at the size and shape of both the public sector and delivery entities that attach to it. I think that is something that has been well written up elsewhere.

Deputy I. Gardiner:

You are saying it is with the chief executive, not with yourself?

Chief Officer, Department for the Economy:

The chief executive is looking across the whole of Government because we are talking about just 5 delivery entities and 3 regulatory bodies. There are many, many other bodies that sit outside my department that Government either grant funds or has contracts for services with. Those all need to be considered. You have got the Care Commission, the Children's Commissioner, just to name 2 others that are out there that would be in the auspices of that broader review that the chief executive has got underway.

Deputy K.M. Wilson:

Just to be clear - I am sorry about the time - the annual reviews you will undertake as a department?

Chief Officer, Department for the Economy:

We do undertake and have done for many years, yes.

Deputy K.M. Wilson:

Yes, and have done, okay. The requirement for a more detailed structured review in the way that Jersey Sport went through, you do not have any plans to do that with any other entity?

Chief Officer, Department for the Economy:

No, not at this stage.

Deputy K.M. Wilson:

Is there a reason why?

Chief Officer, Department for the Economy:

As I say, we do it when we feel there is a gap emerging. In our assessments each year, if we feel that that organisation is drifting away from the priorities that the Minister has set or that the Council of Ministers has set, or if we believe there is a fundamental gap in delivery, then we would look at whether an independent review is merited and commission that accordingly.

Deputy K.M. Wilson:

Or equally duplication?

Chief Officer, Department for the Economy:

But we do not have anyone else that fits into that stage at the moment. From a duplication perspective, I have described where we see potentially some overlap in Jersey Business and Digital Jersey. It is getting some desktop consideration from us at the moment and some preliminary discussions with the Minister around where they may wish to go.

Head of Business Management and Governance, Department for the Economy:

I think the key thing there, you talk about requirement. There is not a requirement, as such. The P.F.M. says: "The accountable officer should consider whether a structured review should be carried out." We do consider, and externally we do not consider it necessary at this stage because of the skillset and the experience. If you like, the value for money of doing it in-house would be a lot cheaper.

Chief Officer, Department for the Economy:

There are many things in the Public Finances Manual that are "should do." They are not must dos or things that we should consider. The language is very nuanced as to whether ...

Deputy K.M. Wilson:

Just quote it back ...

Deputy I. Gardiner:

Announce it, yes.

Chief Officer, Department for the Economy:

Yes.

Mr. V. Khakhria:

If I could just quote the relevant section: "Responsible accountable officers should consider arrangements for approval of executive ..."

Chief Officer, Department for the Economy:

Not "must", yes.

Mr. V. Khakhria:

Sorry, I am looking at the wrong one. It is number 5, right: "Responsible accountable officers should consider carrying out structured reviews of any or all arm's length bodies for which they are responsible and listed in the section, with the exception of specific States-owned entities, on either a periodic or ad hoc basis. These reviews should include structured and strategic considerations of value for money."

Chief Officer, Department for the Economy:

Yes. As I have explained, first of all, it says "should", it does not say "must." We do this on an annual basis. There is a big difference in the language when you talk to those that write the Public Finances Manual. "Should" is a recommendation, it is not an action you must follow.

Deputy I. Gardiner:

I understand. That is okay.

Mr. V. Khakhria:

If there is a recommendation, I assume you consider the recommendation and make a decision.

Chief Officer, Department for the Economy:

We consider. We do the structural review every year. As I say, if that is identifying gaps, we would then look to doing a more strategic piece of work commissioned externally, as we did with Jersey Sport, where a gap had developed over time and needed to be corrected. We are not at that stage in our assessment of any of the other organisations at this point in time. If we were, we would look to go down that same route of doing a strategic review and having that commissioned independently, to put ourselves up for assessment just as much as the subject organisation.

Deputy I. Gardiner:

Yes, okay. No, thank you for the extra time.

Chief Officer, Department for the Economy:

Not at all.

Deputy I. Gardiner:

Probably we needed to arrange a bit more to go deeper, but we would follow up with the questions.

Chief Officer, Department for the Economy:

Please, yes.

Deputy I. Gardiner:

Because I am sure that you sense the concern of the committee that there is and we will continue the conversation between "should" and "must" and duplications that currently the committee feels there is in the system. Thank you very much for your time. Thank you very much for your explanations.

Chief Officer, Department for the Economy:

Thank you, not at all.

Head of Business Management and Governance, Department for the Economy:

Thank you.

Deputy I. Gardiner:

We will continue our dialogue.

Chief Officer, Department for the Economy:

Thank you.

Deputy I. Gardiner:

The public hearing is closed. Thank you.

[15:12]