



Economic and International Affairs Scrutiny Panel

Proposed Budget 2025 - 2028 Review

Witness: The Minister for External Relations

Tuesday, 15th October 2024

Panel:

Deputy M. Tadier of St. Brelade (Chair)

Deputy K.M. Wilson of St. Clement (Vice-Chair)

Deputy G.P. Southern of St. Helier Central

Deputy M.B. Andrews of St. Helier North

Witnesses:

Deputy I.J. Gorst of St. Mary, St. Ouen and St. Peter - The Minister for External Relations

Deputy E. Millar of St. John, St. Lawrence and Trinity - Assistant Minister for External Relations

Ms. K. Nutt - Chief Officer, Ministry of External Relations

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

[10:07]

Deputy M. Tadier of St. Brelade (Chair):

Minister and your team, first of all welcome this morning for this hearing. I am Deputy Montfort Tadier. I am the Chair of the Economic and International Affairs Scrutiny Panel. In a moment I will just pass over to my colleagues to also introduce themselves and then to yourselves, but just to contextualise for those who have tuned in, this is a specific hearing to do with the current budget proposals. We are going to be asking you some questions in relation to your budget for this and the next few years of the plan for the External Relations Department. So I will let my colleagues introduce themselves.

Deputy M.B. Andrews of St. Helier North:

My name is Deputy Max Andrews. I am a panel member.

Deputy K.M. Wilson of St. Clement:

Deputy Karen Wilson, Vice-Chair of the panel.

Deputy G.P. Southern of St. Helier Central:

Deputy Geoff Southern, member of the panel.

The Minister for External Relations:

Ian Gorst, Minister for External Relations.

Assistant Minister for External Relations:

Elaine Millar, Assistant Minister, External Relations.

Chief Officer, Ministry of External Relations:

Kate Nutt, Chief Officer, External Relations.

Chief Officer, Department for the Economy:

Richard Corrigan, Chief Officer, Department for the Economy.

Deputy M. Tadier:

Thank you. Do you need to introduce anyone else or is that all fine for now?

The Minister for External Relations:

We have a member of the public with us, Chair.

Deputy M. Tadier:

Okay. I was not sure. We will not ask him to introduce himself, he does not need to, but welcome as well. It is nice to have a real person in the room, a real punter, so to speak. We know that there are some listening in the ether as well. Thank you. So, again, thank you for coming in today. We appreciate your time. We know it is a busy time for everyone. The first question is really just a general one. So from an External Relations and Financial Services perspective, could we maybe ask for your overview very briefly of what you think this budget is doing at a high level and perhaps also what influence you have had in inputting into this budget from your department's point of view?

The Minister for External Relations:

Well, I suppose if we take the first bit first, I think there has probably been about 10 ministerial workshops seeking to deliver a balanced budget. This is a budget from our perspective which largely

maintains the work that we have been doing over the last number of years while at the same time taking our share of the necessary savings in order to reprioritise to spend on, in effect, health.

Deputy M. Tadier:

Thank you. If I just turn, I suppose, early on during our meeting to look at what your overall budget is, so we have the figures, of course, for the estimate for 2025 for your department. The total expenditure is £3.7 million.

The Minister for External Relations:

Can you just give me the page number, please?

Deputy M. Tadier:

Yes, sorry, of course. It is page 38 on the annex. The first question is just to compare that to this year, so in terms of what you have had as your baseline for 2024 compared to what is projected for next year. Can you talk to us about what the difference is there because I do not have the 2024 figure to hand?

The Minister for External Relations:

Okay. So the 2024 figure was 3558. This is the External Relations budget, not the F.S. (Financial Services) budget, just to be clear on that. The proposed budget, subject to States agreement, is 3407. The 2024 budget includes the pay awards of 181. The opening 2025 budget includes those pay awards and non-staff inflation of £20,000. There has also been some ins and outs. So, in effect, we have taken, like all departments ... for growth monies from 2024 that were included we took a 20 per cent reduction there. Overall, we have savings in there of 79, so that is ... and then, no doubt, we will talk about how we are going to deliver those.

Deputy M. Tadier:

That is fine. Thanks for that. I think we will look at some of those figures in more detail as we go along, but I think it is helpful to have them early on just to give the context. If we do look at Financial Services while we are here, it is on page 43 of the annex. We have a net revenue expenditure figure of £10.8 million, which is also the total expenditure so there is no income revenue from Financial Services for your department. How does that compare to this year for the baseline? Do you have that?

The Minister for External Relations:

Richard, I do not know if you have it with you. I do not have the 2024 figure in front of me, but we have obviously done the same. We have taken 20 per cent cuts to any growth numbers. It will have

included the pay awards and also the other reductions that we have been asked to make in the department and in grants.

Deputy M. Tadier:

Thank you. So there are obvious questions that arise from that, but they will come later on so I will leave that to probably one of my colleagues later. I suppose the one thing to remark fairly early on, though, is that after the ... well, we have next year's expenditure in both cases is slightly different, but then we see a flat line for 2026, 2027 and 2028. So there is no growth at all, and even in terms of inflation, figured in for those budgets. Is that a fair comment?

The Minister for External Relations:

Well, we remind ourselves that staff inflation gets allocated in the year that it is granted. It does not show in the continuing years of this budget.

Deputy M. Tadier:

For the staff costs?

The Minister for External Relations:

Yes, when it comes to pay awards. The reality, of course, is that we have a one-year budget that the States is approving and the other years are simply indicative and, therefore, we cannot say at this point what those budgets will actually be moving forward. That depends on the performance of the economy and ...

Deputy M. Tadier:

I suppose the ...

The Minister for External Relations:

... spend across other departments.

Deputy M. Tadier:

It is fair to point out that we are in a slightly unusual system. This is a halfway term budget, if you like, and so, of course, the projections for 2027 and 2028 are not within the gift of this term, are they? But they are best estimates, presumably, and they set a signal of intent for the direction of travel. Is that correct?

The Minister for External Relations:

That is correct, yes.

Deputy M. Tadier:

Thank you. So just to restate then, I think, so in other words there has not been any new revenue expenditure under your remit that is forecast for the short term.

[10:15]

Can you talk us through the considerations you took as Minister in proposing any other revenue expenditure items which were not taken forward, for example, and whether they were ... were there tough decisions that you had to make and what were those items that you maybe had to decide not to spend money on this term?

The Minister for External Relations:

Well, I think it is more really from a globalised perspective of Council of Ministers' decision to prioritise budgets, which meant that those central functions needed to find efficiencies within their budgets as they move forward rather than looking for growth items. Of course, all Ministers would like to maintain their budget in real terms, but equally we have to recognise the more Island pressure of settling the pay award in the first instance, one of the things that the Government wanted to do when it came into office, prioritising the difficulties that Health have found themselves in in not living within their budget and projecting requirements for growth into the future. The Government took the view that it should look for staff savings in roles above grade 11 and should look for savings in the budget of arm's-length organisations that it provided budgetary support to.

Deputy M. Tadier:

Has that political reality been a smooth process for other ... for you at the Council of Ministers to accept? Has there been fairly good cohesion in supporting growth for Health at the expense of other departments?

The Minister for External Relations:

Well, I have made my case for my department as other Ministers have made their case for their departments. I argued to maintain the grant not only to the A.L.O. (arm's-length organisation) within my remit, Jersey Finance Limited, but also those grants across the whole of the economy. We ended up in a position which I think both the Minister for Sustainable Economic Development and myself can live with. We recognise that there will be ultimately implications for the service that is delivered in those organisations through these efficiency targets, but we equally recognise that at this point that is necessary.

Deputy M. Tadier:

Yes. So, thank you for that answer. I think it was a good general overview. Are there any specifics that you can give us an example of in terms of things that you might have done or wanted to do in this term but that you have had to sacrifice for the greater good?

The Minister for External Relations:

Well, as I say, the only one I can think of that I fought for but ended up in a compromise position was the grant to Jersey Finance.

Deputy M. Tadier:

Yes. What was the difference in that?

The Minister for External Relations:

Just over £400,000.

Deputy M. Tadier:

Okay. The last question from me on this section before I hand over, unless, of course, there are follow-ups, I notice that, of course, the lion's share of the budget for the 2 streams of your department go towards Financial Services. Has there been any prioritisation or difference in approach in the way you have looked at applying the savings across those 2 portfolios or have they both required ...?

The Minister for External Relations:

Well, they are 2 very separate budget lines. So if we take the Financial Services budget line, broadly speaking you have the majority which is the grant to Jersey Finance Limited, and we have just discussed the reduction in their grant there and the case that I made but was not successful. Then you have the changes to the departmental settlement as well. What we have done in that departmental settlement is sought to reorganise because we have had changes in personnel and personnel leaving us. We have sought to reorganise and bring the divisions of the Financial Services policy area together with what was a separate financial crime policy area, bringing them together, and in that bringing together, of course, we are, therefore, not recruiting to all of the previous positions that were there.

Deputy M. Tadier:

Are there synergies between the 2 portfolios where they support each other in a more direct way, not just in the abstract? Do you have ...?

The Minister for External Relations:

Well, of course, there are because External Relations was initially borne out of the need to build government to government positive relations in markets that we were operating as a jurisdiction as well as maintaining good relations with the U.K. (United Kingdom), with France, with Brussels. So there are synergies in the work that we do there because some of the work of the Financial Services team is supporting J.F.L. (Jersey Finance Limited) in promotional work and government to government work and relationships with senior executives in the institutions that are based in Jersey, not just in those Jersey executives but their global executives as well, which is really important work. So there are synergies there and that is why it is really important that we work together as a team, even though we are separate teams, and that is what we do.

Deputy M. Tadier:

Thank you. Any questions on this part so far?

Deputy M.B. Andrews:

Yes. Minister, thank you for being in attendance today. The panel obviously notes that there are plans for income and expenditure for the forthcoming year. I just want to know whether there are any indirect benefits, for instance, where we might be negotiating with other states with, say, trade agreements that will be coming to fruition during the calendar year of 2025. Does the Minister believe that there will be indirect benefits in terms of maybe increased tax revenues and benefits to the Island that might be contributing to the Government's overall revenue?

The Minister for External Relations:

Yes.

Deputy M.B. Andrews:

Okay.

The Minister for External Relations:

Absolutely there are. Sometimes we see direct and we also see indirect benefits. There are at least 3 agreements which we would hope to bring to fruition during 2025.

Deputy M.B. Andrews:

Okay. Thank you very much.

Deputy G.P. Southern:

Can you tell us what those agreements might be?

The Minister for External Relations:

I do not have that information with me, but there is the Ghanaian bit. There is the ...

Chief Officer, Ministry of External Relations:

That is a good question. Off the top of my head ...

The Minister for External Relations:

Yes, we can get them to you.

Chief Officer, Ministry of External Relations:

I will come back to you.

The Minister for External Relations:

We have provided them ...

Deputy M. Tadier:

Yes, we have spoken about that.

The Minister for External Relations:

We have provided those to the panel previously.

Chief Officer, Ministry of External Relations:

Of course, they are the entrusted ... they are the agreements, of course, we are negotiating ourselves. There are also the negotiations that the U.K. conducts on our behalf, free trade agreements. Some of those will be coming to conclusion as well by the end of this year and in 2025.

Deputy G.P. Southern:

Is that made more difficult because of Brexit? What role does Brexit play in joint negotiations with the U.K.?

The Minister for External Relations:

So the 3 agreements that I was just referring to, as the Chief Officer has just said, they are entrusted, so they are dependent on a letter of entrustment from the U.K. Government. So that has not changed post-Brexit. We used that methodology before. The reality is that all of the free trade negotiated agreements have only arisen post-Brexit because previously all of those free trade arrangements were delivered from Brussels by the E.U. on behalf of the U.K. and, therefore, we were simply in them to the same extent that we were in the European Union, which as you know under Protocol 3 was for goods only. What we are seeking in the new process, which is the post-Brexit process, is to be included not just for goods but to seek to be included for services as well, as

per the mandate that the States in - I cannot quite remember which year it was - agreed that mandate.

Chief Officer, Ministry of External Relations:

2022 I think it was.

The Minister for External Relations:

They are in there. We do have them.

Deputy M. Tadier:

Thanks for that extra information. I will pass over to Deputy Wilson for the next lot of questions.

Deputy K.M. Wilson:

Might be a bit more simpler than talking about treaties. Minister, in your letter of 23rd September you kindly broke down the staff costs across the different teams of your External Relations Ministry. Can you please outline the purpose and priorities of these teams? In particular, we are looking at the D.G. (Director General) and admin, global relations, sanctions, U.K. and E.U. team, and the international trade unit.

The Minister for External Relations:

So the easiest one probably is the first one, which is the office of ... which is the D.G. - and we are joined by the D.G. this morning - and, of course, all of the compliance issues that are necessary for any department within government, from budgeting to risk analysis to making sure that the department is functioning. The U.K. team lead on U.K. Government, parliamentary and Civil Service relations. The European team are responsible for building and maintaining relations with the E.U. member states, including the national government relationships in France. As you know, we now have a Paris hot desk. The Assistant Minister will tell you about the engagement work that she is doing with Jersey's honorary consulate community, and they also deal with the London embassy network and support in and outbound visits. The Channel Islands Brussels Office, which is joint with Guernsey, leads on Brussels engagement, so that is the Commission, the Parliament, the permanent representatives, industry bodies and other Brussels-based institutions. The French office, B.I.A.N. (Bureau des Iles Anglo-Normandes), is again joint with Guernsey and it works across government departments to ensure productive and positive relations with stakeholders in Normandy and Brittany, across trade, fisheries, immigration, security, emergency planning, and a whole host of cultural issues. The global relations team really engages with the rest of the world engagement, negotiating treaties, attending multinational fora, so O.E.C.D. (Organisation for Economic Co-operation and Development), Commonwealth issues, and engagement tends in that regard to relate, as I said earlier, to our economic targets. The treaties which are currently being negotiated and that

we hope will come to fruition in 2025 are with Ghana, Bahrain and Kuwait, just to answer your earlier question. The international trade team has really been created out of what was the Brexit team but it works with U.K. Government and other C.D.s (Crown Dependencies) in that post-Brexit environment to ensure Jersey's interests are represented in the U.K.'s free trade programme, overseeing and managing our interests in existing multilateral agreements; for example, the W.T.O. (World Trade Organization), and ... did we talk about the international compliance team?

Chief Officer, Ministry of External Relations:

Sanctions.

The Minister for External Relations:

Sanctions, that is it, sorry. So we call that the international compliance team or the sanctions team. That runs our sanctions regime, aviation policy and oversight of the Office of the Director of Civil Aviation, and also supports treaty extension to Jersey.

Deputy M. Tadier:

Can I just jump in with a very specific question? In terms of the embassy work that goes on, the diplomatic relations, to what extent is that either supported or duplicated by the Bailiff's Office and what is the difference between the work that is undertaken by that department and yours?

The Minister for External Relations:

Well, some of it you could say is hand in hand, but the hand in hand work is really about inbound visits where we may need the Bailiff to offer a formal invitation. We need to ensure that the Bailiff or the Deputy Bailiff is on Island to support that visit and to welcome them and to do all of the introductory conversations. That is the only place where there is crossover. All of the embassy work in London with nations, embassies or high commissions is undertaken by the External Relations Department.

Deputy M. Tadier:

If ambassadors or high commissioners visited Jersey, would it be unusual for them not to visit the Bailiff or the Deputy Bailiff if they were around?

The Minister for External Relations:

If they were on Island it would be very unusual for them not to visit. I cannot think that there has been a case when they have both been ... one or both have been here that they have not been introduced and spoken to the Bailiff.

Deputy M. Tadier:

Who meets the costs of those diplomatic visits? Would it be your department or the Bailiff's or ...?

[10:30]

The Minister for External Relations:

It really is in partnership. So I do not think there is ... the general rule is, I think, that the inbound visitor pays for their own flights. In a ...

Chief Officer, Ministry of External Relations:

Officer accommodation.

The Minister for External Relations:

Officer accommodation, that is right, but the principal will stay, hosted by the Lieutenant Governor, at Government House. If there are events here during the course of that visit, then I think the majority of that is paid for from our budget.

Chief Officer, Ministry of External Relations:

The majority, yes, will come from our budget. Of course, if there is a Bailiff's dinner or other engagements organised by the Bailiff's Office, that will come out of their budget.

Deputy M. Tadier:

Yes. Part of the reason I ask is that I suppose in one sense it could be perceived as a hidden subsidy to your department if that department is effectively paying for something, but I do not want to get into that necessarily. But the second thing is that this may be ... they face less scrutiny as a department than other ministerial departments. So I am just wondering where the lines are drawn on that, really.

Chief Officer, Ministry of External Relations:

The majority of the costs will be met by us because the programme is led by us and it is managed by us. The reason the programme is happening in the first place, as the Minister said, is because we are conducting an engagement in London or directly in member states, which builds the relationship in order to facilitate ambassadors or ministers, et cetera, wanting to come to Jersey. So the Bailiff's portion of the programme is very, very important but tends to be smaller in the scheme of the overall visit.

Deputy M. Tadier:

I will ask this now. It is not the direction I was necessarily intending to go, and I am sorry, Deputy, for encroaching, but we know that there are ... it may well be that there are changes to the role of

the Bailiff that happen during the course of the next 3 to 4 years, so the term of this budget. If that were the case, do you anticipate that that, what I might call a cross subsidy, might continue within your ... to benefit your department if that were the case?

The Minister for External Relations:

The first thing I would say is we cannot call it a cross subsidy because the Bailiff hosts a Bailiff's dinner in his role as civic head of Jersey, much in the same way that the Speaker of the U.K. Parliament is seen as the first citizen in the U.K. and hosts dinners in the U.K. The slight ...

Deputy M. Tadier:

But the difference is are you saying that our Speaker would then ...

The Minister for External Relations:

So that is the right thing for the Bailiff to do in their role as civic head and they have their budget and they fund those dinners. The question is, I suppose, if Jersey moved to a division of those responsibilities and changed who chaired the Assembly, where would the function of the civic head sit? Because I think it could be argued that the function of the civic head could still host those dinners but that has always been the biggest stumbling block about that division.

Deputy M. Tadier:

But the point you have made is it is the Speaker in the U.K. that would host a dinner or a gathering in the Speaker's house, so if the Bailiff were no longer Speaker, are you suggesting that the Speaker might take that role?

The Minister for External Relations:

No, because you also have the head of state that hosts dinners for V.I.P. (very important person) dignitaries in the U.K. as well. So you can have a first citizen hosted dinner which the Speaker does, but you also have the head of state hosting one. This is some of the glorious peculiarity of our constitution that if we are going to change that role we really need to work through.

Deputy M. Tadier:

I ask these only in terms of what the budget implications might be rather than anything else, so thank you for that. I will pass back over.

Deputy K.M. Wilson:

I think in a similar line as well it is what sort of overlap do you have in relation to some of those functions that you have just outlined around the teams with international development?

The Minister for External Relations:

We do not have any overlap with the function of the work of Jersey Overseas Aid. It has always been very important from Jersey's perspective to show the separation and the decisions made by Overseas Aid, which are simply about aid and supporting the most vulnerable across the world, and the work that we do in External Relations, which is more broadly about Jersey's history, culture and economy. We have purposefully throughout the years kept those separate. It does not mean to say, for example, that when we have an inbound visit or an outbound visit that the individuals, the interlocutors that we speak to are not very interested in Jersey's aid programme; they are. Even yesterday, the ambassador was much taken by the work that Overseas Aid do around the Jersey cow and the ambassadorial nature of that project. So that is something that we will help facilitate those conversations, but it will be separate in how it is funded and how decisions are made.

Deputy K.M. Wilson:

Could you please provide an outline of the purposes and priorities of the Financial Services teams?

The Minister for External Relations:

So, as I said, we have the financial crime strategy team, but we are during the course of the end of this year and into next year, in order to make our savings and head count reduction requirements, bringing those together. So the financial crime strategy team provides head of delegation function for Jersey and leads the Moneyval delegation and engagement with international bodies like F.A.T.F. (Financial Action Task Force). It co-ordinates across all agencies, Government, J.F.S.C. (Jersey Financial Services Commission), F.I.U. (Financial Intelligence Unit), E.C.C.U. (Economic Crime and Confiscation Unit), to ensure compliance with international standards. It develops and implements the jurisdictional financial crime strategy, develops policy and legislation to detect and prevent money laundering, terrorist financing and proliferation of financing, and it supports the financial services industry in Jersey in understanding and implementing international obligations. The Financial Services team develop and implement a jurisdictional strategy for Financial Services. They develop and implement policy and legislation to support, protect and grow the financial services sector in Jersey. They engage with international standard setters and assessment bodies, including the O.E.C.D., the E.U. and the Commission. They represent Jersey's financial services sector on an international platform. They engage and support local trade associations and representative bodies, and they work closely with the J.F.S.C. to deliver appropriate regulation to support, protect and enhance the financial services sector in Jersey, something that has had quite a lot of coverage of late. Then we have the Financial Intelligence Unit, and that serves as Jersey's national intelligence agency and competent authority for the receipt, analysis and dissemination of intelligence developed from the submission of suspicious activity reports, known as S.A.R.s, and other reporting aligned with A.M.L./C.F.T. (anti money laundering/countering financing of terrorism) reporting obligations, countering threats to the Island and internationally through co-ordination with

other domestic and international competent authorities. They also engage in cross-agency programme of work on financial crime through representation on operational delivery groups and they are a member of the Egmont Group.

Deputy K.M. Wilson:

Thank you, Minister, for that comprehensive account. You mentioned just now about the issues in relation to regulation that have been in the press recently. Do you envisage any changes to those priorities at all during the course of this term?

The Minister for External Relations:

Well, as I have said and as I said on the day that we published our Moneyval report, we are undertaking a strategic review of the regulatory environment right across Jersey and it is too early to say what changes might arise from that at this stage. But I am more than happy to keep the panel updated and informed as that review continues.

Deputy K.M. Wilson:

Do you have a timeframe for when that review will be completed?

The Minister for External Relations:

Some of the work will be undertaken locally. Some of it will require international expertise and experiences or experience of other regulatory regimes. We are hoping to have the overall work completed by probably the second quarter of next year. That is not to say that we do not expect some actions to be taken as that review is ongoing.

Deputy K.M. Wilson:

Thank you. Finally from me, could you outline the usefulness of the proposed £40,000 expenditure for professional subscriptions? Could you just give us an outline of what it covers and how useful these subscriptions are?

The Minister for External Relations:

Yes. It is largely 2 things. It is our membership of the Commonwealth Enterprise and Investment Council. We have a programme with them whereby they support Jersey activity which is really aimed at engaging with Commonwealth countries, either at business or Government level. It also involves our membership of 4 partnerships with O.E.C.D. bodies.

Deputy K.M. Wilson:

Could you just give us a flavour of what we get for that?

The Minister for External Relations:

In regard to the O.E.C.D. we get to, in effect, sit round the table and support policy development and have a voice at that table. So membership is one thing, of course, but the value that we get from that membership is enormously enhanced by the quality of the people that we send to those organisations, which, for example, has allowed us to sit on the steering group for the Pillars One and Two reform. It allows us to also chair a global forum work as well. So you pay to get through the door. It is the quality of the officials that we send that really give us influence.

Deputy K.M. Wilson:

Thank you.

Deputy M. Tadier:

Any further questions on that? No. Thanks. Minister, there is a question that we will probably follow up on, but I wanted to get some breakdown of the staff costs for Financial Crime and the Financial Intelligence Unit. But I think that we could easily do that by correspondence if that is all right.

The Minister for External Relations:

Yes, that is probably easier.

Deputy M. Tadier:

Is that okay?

The Minister for External Relations:

Yes.

Deputy M. Tadier:

Thank you. So I will pass over to Deputy Andrews for the next set of questions.

Deputy M.B. Andrews:

Thank you very much, Chair. The panel notes that there is about £330,000 worth of income that will be generated across the calendar year of 2025. I want to know whether any consideration was given to broadening revenue streams for the Department of External Relations.

The Minister for External Relations:

So, no is the straightforward answer. The income is really money arising from the aerodrome licence fee and that money is then used to provide the Office of the Director of Civil Aviation and, therefore, that is what it does. I am not sure what capacity there would be for us to increase that licence fee.

Chief Officer, Ministry of External Relations:

You have a statutory obligation, Minister, to make sure that the D.C.A.'s (Director of Civil Aviation) Office is appropriately resourced, which means that we have the D.C.A. and team in place. That is essentially what that Ports of Jersey money pays for. So there is no need to try to generate any more. It is simply paying for that function.

Deputy M.B. Andrews:

That function, okay. Thank you very much. The panel notes as well in the last Government Plan that was debated in December the States Assembly approved additional expenditure of £134,000 for the overseas offices. Also there was an element of inflationary pressure to contend with as well as a part-time employee being employed by the Department for External Relations. So I just wanted to know whether you could provide us with an update as to what has happened with that part-time employee in their new role for the department for the ...

Chief Officer, Ministry of External Relations:

Yes, of course. Do you want me to pick that one up? So it is a relatively junior role but we identified a need to support particularly our French office, B.I.A.N., with on-the-ground engagement here in Jersey. The office has 3 people now, but serving both Jersey and Guernsey it is a huge amount of ground to cover. They needed some additional support so a .5 was identified as being appropriate. It is actually .5 External Relations but also .5 Economy as well, so the resource is split across the 2 areas. I believe ... Richard will speak to Economy but I think supporting on the cultural work that the department does. It has been sufficient and well received by B.I.A.N., I have to say.

Deputy M.B. Andrews:

Good. Speaking of working with other states, and in this case obviously there has been mention of Guernsey, the previous iteration of the Economic and International Affairs Panel provided a recommendation for the Minister, or the then Minister, for External Relations about potentially conjoining with other bailiwicks to have an office headquartered in London. I want to know whether that is still for consideration.

[10:45]

The Minister for External Relations:

Well, I suppose you are asking the wrong person in that Jersey already has an office in London. We have spoken to our colleagues in both Guernsey and the Isle of Man. They are looking for their own office. Guernsey Finance, as I understand it, have a serviced office now, which is relatively new. They also have a desk in the London office with a Guernsey employee ...

Chief Officer, Ministry of External Relations:

They hot desk, yes.

The Minister for External Relations:

Hot desk.

Chief Officer, Ministry of External Relations:

We provide a hot desk for a Guernsey employee to come into the office for a certain number of days per month.

Deputy M. Tadier:

Their office or ours?

The Minister for External Relations:

Our office.

Chief Officer, Ministry of External Relations:

Our office. They come into the London office.

The Minister for External Relations:

So that is a Government official rather than a Guernsey Finance official.

Chief Officer, Ministry of External Relations:

Government official, yes, but I think the ...

The Minister for External Relations:

But they continue to look, basically.

Chief Officer, Ministry of External Relations:

Yes. The Isle of Man, as you say, Minister, are also looking as well. I am not sure there is appetite, certainly from the Isle of Man's perspective, to have a joint office but open to have conversations, of course.

Deputy M.B. Andrews:

Minister, I also wanted to touch on the subject of current and capital accounts. Now, in some states they will provide information or that data, such as the U.K., Germany or France, for instance. I wanted to know whether consideration would be given in future years potentially for the Government

to be expending on creating current and capital accounts for the Island so there is maybe an understanding of capital inflows and outflows for our own jurisdiction.

The Minister for External Relations:

I suppose some of that there is ... we are going to be cheeky now because we are going to ask Richard to make a commentary about something which he is not here for today because it really ... although the economic adviser sits in Richard's department, it is not in relation to Financial Services. They are and have been for some time considering what data would be useful. I know they did some work when we were starting to do the F.T.A. (free trade agreement) programme. I do not know if you wish to comment, Richard. You do not need to because you are not here wearing that hat but ...

Chief Officer, Department for the Economy:

We have good data on the monetary flows, inbound and outbound from Jersey, for different countries globally, but they are just aggregate values. In terms of capital accounts and current accounts, that tends to be more of a central bank issue. So we do not issue our own currency in the true sense of the word. We issue notes but we do not have our own currency. We do not have our own central bank. So it is probably something from the Financial Stability Board perspective at some future point that they might care to take a look at. Those responsibilities have been absorbed into the Fiscal Policy Panel. But it is a pretty extensive undertaking to start to do that and considerable cost to be monitoring in that way. But it typically starts with having your own currency and your own central bank.

Deputy M.B. Andrews:

Thank you very much. Minister, obviously short term it is a very much standardised Government budget from an External Relations perspective, but do you think in, say, the next decade there would be any undertaking that potentially could be quite substantial for your department and, if so, what would that be?

The Minister for External Relations:

I hope not because if there is it means there has been another tectonic shift as we saw with Brexit. It is important for us to remain stable and make the most, I think, of our current constitutional position. When it comes to the work of the Financial Services bit of the budget, then perhaps I hope the reverse, that we have created a competitiveness board, and you will know that in the current budget we are proposing that in the future - not in 2025 but from 2026 onwards - there will be money there allocated from Pillar Two revenue to support that competitiveness work. That will rightly need to focus on supporting Financial Services.

Deputy M.B. Andrews:

Thank you very much, Minister.

Deputy M. Tadier:

Does anyone else want to come in? Trying to read my colleagues' faces to see ... I think we are okay for now. I just want to ask some more detail. You said something quite interesting about the London office and then a Guernsey officer having space in that office. Is that effectively just as ... is that still keeping the separation between the 2? It is not the beginning of an emergence of the Channel Islands office in London?

The Minister for External Relations:

No. As the Chief Officer said, it is a hot desk. So they come and use a desk in ...

Deputy M. Tadier:

Yes, but it is still distinctly the Guernsey office?

The Minister for External Relations:

They are doing Guernsey ... that official is doing Guernsey work in the London office.

Deputy M. Tadier:

Can I then ask is there a difference in approach in terms of the European offering? Because we have the ... B.I.A.N. is obviously the Bureau des Iles Anglo-Normandes and the C.I.B.O. is the Channel Islands Brussels Office. So that is very much a joint ...?

The Minister for External Relations:

It is, yes.

Deputy M. Tadier:

Is that partly due to the way that Europe maybe looks at the Channel Islands as a collective?

Chief Officer, Ministry of External Relations:

Well ... sorry, Minister, you answer.

Deputy M. Tadier:

It is not a trick question. It is just to understand.

The Minister for External Relations:

You go first and then I will ...

Chief Officer, Ministry of External Relations:

No, no.

The Minister for External Relations:

So the Chief Officer set up the ... that was her first job for Jersey was setting up the London office.

Chief Officer, Ministry of External Relations:

I think to a degree it works well for the Channel Islands and the Crown Dependencies across the piece to be representing ourselves together with international stakeholders. The decisions in respect of B.I.A.N. and C.I.B.O. were before my time, but I suspect that was a driver for it. Also it makes economic sense as well to be splitting the costs, particularly when you are looking at platforms in Europe. The London office at the time I do not think there was appetite actually ...

The Minister for External Relations:

There was not, no. That is right.

Chief Officer, Ministry of External Relations:

... from Guernsey or the Isle of Man to come in with us on that endeavour. That has changed. It was fortuitous in many respects because it was before Brexit, but the office has come into its own since that point. You are seeing now that Guernsey and, indeed, the Isle of Man are having to spend more time in London to engage.

Deputy M. Tadier:

Okay. Are there times when ... because there are clearly synergies but there are also distinctions in what we are seeing with Guernsey at the moment. They are taking a slightly ... possibly different approach to their income tax, where they are looking to increase income tax maybe on a temporary basis. That is not something Jersey is doing. I do not want to go down that road, but there is not always a joint ... we cannot always expect a joint policy to be put forward in terms of taxation issues or whatever issues. So is it useful to have a distinct brand as well, do you think?

The Minister for External Relations:

There are benefits from both. So remaining close even while ... and in conversation even while we might be ploughing slightly different furrows are important because once we leave these islands interlocutors have no qualms in asking us about Guernsey and the Isle of Man because they have heard something about them, and as a Jersey Minister you have to be able to speak positively on behalf of your colleagues, as they do from time to time on behalf of Jersey. So understanding the difference is important but also working together is important.

Deputy M. Tadier:

Yes.

Deputy G.P. Southern:

Does that not contain a contradiction, talking about competition and co-operation simultaneously?
Does that lead to problems?

The Minister for External Relations:

Well, I have never found it really to lead to problems but you are right, there is an element of competition. But I think that is trumped by co-operation. The marketplace that we are looking to trade in is a big marketplace. We all have to show that we can meet the international standards and be responsive to international requirements. I think that by working together, the 3 of us, we end up with something which is greater than the sum of its parts.

Deputy K.M. Wilson:

Just to follow on from that, would you consider there may be some areas of work where it would be useful to share resources to maximise the benefits for each of the islands?

The Minister for External Relations:

Yes, and we see that.

Deputy K.M. Wilson:

Where would you do ...?

The Minister for External Relations:

We see that in Brussels all the time. We see it in France all the time, and we also undertake a lot of engagement in the U.K. together. At party conferences we are seeing Ministers and M.P.s (Members of Parliament) together, on the whole Jersey and Guernsey rather than the 3 of us with that engagement, but certainly with U.K. Ministers in London we can be having engagement with the 3 of us.

Deputy M. Tadier:

Can I ask about the ... if it is appropriate, if you can answer it. In terms of the employment contracts with B.I.A.N. staff, do they work jointly for both Islands? Who are they answerable to in terms of their contracts?

The Minister for External Relations:

Well, each of the offices have got slightly different structures because of where they are based.

Deputy M. Tadier:

The same can go for C.I.B.O., of course.

The Minister for External Relations:

Yes.

Chief Officer, Ministry of External Relations:

As the Minister said, you will have a private foundation I think in respect of C.I.B.O. B.I.A.N. has a similar type arrangement. The London company is a limited company. They have been set up as employing entities so the staff are employed through those companies, as it were. Each company has a board and the board generally has - well, certainly in respect of B.I.A.N. and C.I.B.O. - an equal split of Jersey and Guernsey representation so that both Islands have an equal say in the activities and the employment of the officers.

Deputy M. Tadier:

It is distinct, so whereas the Jersey London office effectively have civil servants, officers, working for Government, is that correct?

The Minister for External Relations:

But through the London company because in order to work in the U.K. you have to have an employing structure, and that employing structure is the London company.

Deputy M. Tadier:

Thank you. I just have a question now about the Alliance Francaise because there is an element ... it is a small but I am sure very important grant for them from your department. So we understand that a payment of £15,000 for the Alliance is anticipated.

The Minister for External Relations:

Yes.

Deputy M. Tadier:

First of all, can you tell us is that new or have you always been giving that or a grant?

The Minister for External Relations:

It has increased.

Deputy M. Tadier:

What was it before?

Chief Officer, Ministry of External Relations:

£9,000.

Deputy M. Tadier:

I am thinking ... 9. Okay. Could you just remind us is that a composite grant that is funded with other departments as well?

Chief Officer, Ministry of External Relations:

So previously it was just External Relations. The Alliance has needed additional funding. I think for a reasonable period of time they have been asking for additional support, so this year we looked at the budget again and we have increased our funding to £15,000. My understanding is that Economy for next year will also be funding to the tune of £15,000 as well.

Deputy M. Tadier:

They probably have an arrangement with Education, I imagine, for services that are rendered, so to speak.

Chief Officer, Ministry of External Relations:

They do but I am not sighted on the quantum of that.

Deputy M. Tadier:

Could you just tell us in terms of the value that the Alliance provide to you, is that £15,000 good value for money, do you think?

Chief Officer, Ministry of External Relations:

Yes, I do. Absolutely, otherwise we would not have increased the grant.

Deputy M. Tadier:

I was hoping that would be the answer. It would be awkward if it was not.

Chief Officer, Ministry of External Relations:

Absolutely, yes.

The Minister for External Relations:

I did not know whether you were asking from an operational perspective or just supporting.

Deputy M. Tadier:

Well, from a ministerial point of view is it ...

The Minister for External Relations:

So from a ministerial perspective, support for the work of the Alliance and us having such a thriving Alliance here in Jersey is a very positive thing. From an operational perspective, I do not really get involved in ...

Chief Officer, Ministry of External Relations:

It is for similar sorts of reasons ...

The Minister for External Relations:

... looking at where they spend it, but it is a good thing from a governmental perspective.

Deputy M. Tadier:

The next question is: is it enough? Maybe it is not something you can or will answer, but is it enough? Does Government give enough to the Alliance Francaise, given what they give back potentially to Government and the wider community?

The Minister for External Relations:

Well, my understanding is, having met with the Alliance on I think at least one formal occasion, if not more, that the increased budget from both our budget and from the Economy budget will support them to continue trading and doing what they want to do. If you ask them a totally different question of: "If the sky was the limit what would you do?" then obviously I suspect they would come back for more.

Deputy M. Tadier:

Thank you. Okay. The next question we are going to move on to a slightly different area. We have noted that the ... sorry, I should have asked are we all okay to ...? I know I am the Chair but I do like to be inclusive. **[Laughter]** The panel has noted that the budget proposes an approval for an updated consolidated policy for the application of the strategic reserve, which includes confirmation of the provisions of States contribution to the banking depositors compensation scheme if necessary.

[11:00]

So can you outline what consideration has been given to using other funds or mechanisms for the funding of the scheme in the future if required? Does that make sense?

The Minister for External Relations:

Yes. It is only a restating of the existing position. I know that you have asked questions about it, but that is what it is. So, in effect, it is no change. It is the fact that we are stating the use of the strategic reserve ...

Assistant Minister for External Relations:

Yes, just bringing the policy all together.

The Minister for External Relations:

... that we are bringing it all together to make it, I suppose, clearer. So there is no change in that regard. Of course, you will know from your other work that the change really is around - and we have just gone out to consultation - the resolution authority, which gets ahead of the need to provide depositor compensation because it seeks to mean that firstly banks do not need to wind up, but if they do need to wind up you have a proper and good, thorough process in place.

Deputy M. Tadier:

So in terms of the funding that is available for that, it is up to £100 million, is that correct?

The Minister for External Relations:

Yes.

Deputy M. Tadier:

That has remained fixed since 2009?

Chief Officer, Department for the Economy:

Since the inception of the law, yes.

Deputy M. Tadier:

Yes. So that is the global figure which would be compensated and then there is ...

The Minister for External Relations:

Well, it is the figure that can be called upon at the point of the failure of the bank. It is not saying that is the only amount that will be compensatable, but it is the figure that will be called upon, which is why we are trying to deliver the new resolution authority to get ahead of that.

Deputy M. Tadier:

Okay. Can we look at the figure ... we have asked this question in a different context before, but the overall amounts that are being safeguarded for deposits has not gone up since the introduction either. I do not want to ask the question we have asked before about why not because I think you have answered that, but if there were to be a proposal to increase that either in this term if there were an amendment forthcoming or if there was, in fact, a Government policy in the future to do that, where would the money come from? Is it something that could be delivered?

The Minister for External Relations:

This is part of the issue that you cannot just say you are going to do one thing without thinking about the implications of the rest of the scheme. I think that the chair and the compensation board themselves say that, okay, while it is something that could be looked at, they take the view that it really should not be looked at before 2026 when we have got the resolution authority up and running and you have the depositor compensation scheme within that new resolution authority. They are the experts in this area, albeit they recognise it is a governmental decision. But their advice would be that you do not look at that until any earlier than 2026.

Deputy K.M. Wilson:

Does the presence of the resolution authority first reduce the financial risks to the Island around how it might ... so is that the rationale behind why you want to ...?

The Minister for External Relations:

That is correct, yes.

Deputy M. Tadier:

In terms of the progress of the transfer of responsibility for the scheme to the new resolution authority, could you just tell us how is that going and what is the timeline for it?

The Minister for External Relations:

We have just or we are just about to - I have signed the M.D. (ministerial decision) - publish the legislation for consultation.

Deputy M. Tadier:

Okay. When do you think that that will be concluded?

Chief Officer, Department for the Economy:

It depends on the feedback that comes through consultation. If it is relatively easily accepted, then I think it is something that will be coming to the Assembly in the early part of next year. If there is

quite comprehensive feedback that needs to mean a fundamental rewriting of the draft legislation, it is going to be much deeper into 2025.

Deputy M. Tadier:

Okay. But next year sometime, hopefully earlier rather than later.

Chief Officer, Department for the Economy:

Earlier part of next year, as I say. By spring next year we should have that launched, yes.

Deputy M. Tadier:

Thank you. I think that is all for now. I will pass to Deputy Southern for his question, which will be 13 on his order paper.

Deputy G.P. Southern:

Might be. Yes, it is. So we note Financial Services is looking for £700,000 of savings. What risk assessment of those savings has been undertaken?

The Minister for External Relations:

When you say risk assessment, in what way do you ask that question?

Deputy M. Tadier:

I think it is to do with are there any counterfactuals or are there any downsides to the savings or the cuts, as some people might call them, that are being made? Are there any negatives that need to be managed or mitigated?

Deputy G.P. Southern:

Effectively, will there be a reduction in grant payments or what will the role of staff play in ...?

The Minister for External Relations:

So the biggest element of the saving is the reduction in the base grant to Jersey Finance Limited of £429,000 and then, as I said, the other element of savings will be delivered by the restructuring that is ... I am not sure if it is ongoing or completed but it is in that process so we will make those savings. So we will seek to provide a similar - as much as we can - service but with fewer staff in line with the Government's diktat to prioritise so that more money can be spent and retained on front-line services. We will continue to work with Jersey Finance to ensure that they can manage their budget as efficiently as possible, but it will have implications because they will have less money to spend.

Deputy G.P. Southern:

And fewer staff, critically.

Chief Officer, Department for the Economy:

Minister, if I might just add ...

The Minister for External Relations:

Yes, sorry, go on, yes.

Chief Officer, Department for the Economy:

Just on the basis for the public record, the restructuring is complete so there is no further uncertainty to colleagues. In terms of the background, the journey we have been on, the financial crimes strategy team was formed in the preparations for Moneyval. Having completed Moneyval successfully and published the report earlier this year, we are able to stand that resource down from, I suppose, a war footing in one context to something that beats a much steadier tempo over the years ahead and leading up to the next Moneyval assessment. So a couple of colleagues who were on fixed-term contracts, those contracts expired as the Moneyval programme came to a close earlier this year and we will move to a different pace going forward.

Deputy K.M. Wilson:

Does that mean that your baseline whole-time equivalent establishment remains the same or has it increased or reduced as a result?

Chief Officer, Department for the Economy:

The fixed headcount will remain the same. We have lost 2 fixed-term contractors earlier in the year, so that is the 2 full-time equivalents that are mentioned, I think, in the letter.

Deputy M. Tadier:

Just to remind ourselves, when we talk about the grant to Jersey Finance, they are a separate entity anyway, so they do get money from other sources, from subscriptions?

Chief Officer, Department for the Economy:

They do. They raise about £900,000 or so a year of income from their members, both by voluntary membership and through some commercial activities. For example, members may sponsor certain Jersey Finance events either in the U.K. or internationally.

Deputy M. Tadier:

Do you have any other questions, Deputy Southern?

Deputy G.P. Southern:

Which grants are anticipated to be reduced both in External Relations and the Financial Services Ministry? Where are those changes occurring?

The Minister for External Relations:

We have just talked about the grant to J.F.L. That is the £429,000. We will be reducing the grant to the C.I.B.O. That is arising out of a change of structuring there, which means that we do not need to pass as much money to them because it is the grant that provides the funding for the office to operate. We will retain that and that will be banked as a saving.

Deputy M. Tadier:

But the headcount at C.I.B.O. is to remain the same?

The Minister for External Relations:

It is, yes.

Deputy M. Tadier:

Are there any other changes in any of the other offices that we need to know about that are reductions in funding?

The Minister for External Relations:

No.

Deputy M. Tadier:

That is all of the questions in that section, so I am going to pass back over to Deputy ... I think we have asked that question.

Deputy K.M. Wilson:

The Chief Minister has indicated that growth bids have been reduced by 20 per cent. Can you tell us how this has impacted upon the ministry's aspirations?

The Minister for External Relations:

There has been a reduction of the growth bids in 2024, so that is in-year, so growth monies. Like every other department that has had to take that cut, you are just having to do slightly less of what you were proposing to increase doing rather than have all of that new money.

Deputy K.M. Wilson:

Just for the benefit of the public, Minister, could you say what you had intended to do before?

The Minister for External Relations:

Well, I basically say you do as much as you can with the money that you have got of what it was that we initially wanted to do.

Deputy K.M. Wilson:

What was that?

The Minister for External Relations:

We will not quite do as much. Do you want to talk about the ...

Chief Officer, Ministry of External Relations:

Well, in respect to the C.I.B.O. grant, which the Minister referenced before, we are finding the 20 per cent entirely from C.I.B.O. So the growth funding I think was £134,000 that we received in 2024 and we are finding £27,000 from C.I.B.O. That is largely coming from a change in status of the office, which actually means that the office really can continue doing what it was doing before. It is able to operate on a more efficient footing by virtue of the legislative changes in Brussels rather than us having to direct the office to do less of the very important business that it does in Brussels. In effect, the efficiency saving from External Relations in respect of the overseas offices is not going to affect the operation or the resourcing.

Deputy K.M. Wilson:

It is quite fortuitous.

Chief Officer, Ministry of External Relations:

Quite fortuitous, yes, indeed, that has come about and we have implemented it successfully. Of course, that is just External Relations.

Chief Officer, Department for the Economy:

There was a modest amount of growth for Jersey Finance that had been agreed previously in the Government Plan, I think 2023, that would have taken effect in 2024. That figure was cut by the 20 per cent. I am trying to remember the number off the top of my head, but I think the 20 per cent saving was somewhere in the order of £100,000 to £150,000 of saving. We can come back with a specific number but it was roughly in that range.

Deputy K.M. Wilson:

Yes, if you could. Thank you, Richard.

Deputy M. Tadier:

We are talking about cuts and growth at the same time, effectively, and I think it would be helpful to know if we could talk about an effective saving rate. Is the global saving for your departments 20 per cent or is it less than that because you have successful growth bids on top after you have made the 20 per cent?

Chief Officer, Department for the Economy:

There is no growth in 2025, certainly for the Financial Services part of the portfolio.

Chief Officer, Ministry of External Relations:

We have no further growth.

Deputy M. Tadier:

So it is effectively a 20 per cent cut on the growth.

Chief Officer, Ministry of External Relations:

On the growth. I think it is important to note that we also have some growth that was awarded in 2022 in respect of sanctions work, international compliance. That growth comes to an end as at the end of this year. We are not getting that back. However, the post is still needed because the global situation unfortunately has not got any better, in fact it seems to be getting worse, so we are also trying to absorb that cost within the overall budget for the department, too.

Deputy K.M. Wilson:

Can I just ask, in terms of how you are going to achieve that 20 per cent, is that within year or is that spread over the next 2 years where there is no growth in the department?

Chief Officer, Ministry of External Relations:

It is annually, so it is every year in terms of the 20 per cent.

The Minister for External Relations:

Yes, but you have made the 20 per cent cut to the growth money through the C.I.B.O. That does not come back in 2025, 2026 or 2027. It is taken out.

Deputy K.M. Wilson:

Yes, so you will have a 20 per cent reduction on the growth, but are you anticipating growth in 2025?

Chief Officer, Ministry of External Relations:

No.

Deputy K.M. Wilson:

So where would you get that money?

The Minister for External Relations:

In 2025, like all central departments, we are being asked to take our share of the £15 million, is it, worth of savings on how we recruit and the people that we employ tied with the recruitment freeze. That is where the Chief Officer is talking about we will have to do that, but at the same time we will have to replace somebody that we will not then have funding for. I am a great believer that departments should - and all departments obviously are not but should - be subject to similar disciplines, but this discipline arises out of largely 2 things: investing in our people through the pay rises and providing more funding for health.

[11:15]

Deputy K.M. Wilson:

Can I just check, do the same principles apply to Financial Services in the way that they apply to External Relations?

The Minister for External Relations:

In regard to?

Deputy K.M. Wilson:

The way in which growth and efficiency is going to be addressed.

The Minister for External Relations:

Yes, they are global targets for the non-front-line departments.

Deputy M. Tadier:

Can I ask, if you do not mind, Deputy, the reason I was looking at the Financial Crime and Financial Intelligence Units stats to follow up on probably a written question, so to speak, is you have a department that is quite heavy in terms of its staffing costs. The budget is taken up by the vast majority of staff costs, and that effectively is not protected from growth because the staff costs are immune from the top slicing, the 20 per cent saving on growth. Is that correct? They will be subject to pay negotiation commitments.

The Minister for External Relations:

The 20 per cent was the 20 per cent of growth monies that were given in 2024, so that is where the 20 per cent is. In 2025 the central departments that are not front line have been asked to take their share of the increased £10 million of savings and on top of that the extra £15 million from staff savings.

Chief Officer, Department for the Economy:

There is a general downward pressure towards headcount in non-front-line departments. So departments such as Financial Services, Financial Crime and the Financial Intelligence Unit will face that same downward pressure. We are able to manage that dynamically, certainly going into 2025 and we expect in 2026 as well. The Financial Intelligence Unit is something that we have invested in of late and now needs a period of consolidation as a standalone authority once the legislation is passed.

Deputy M. Tadier:

Going back to the question that Deputy Southern was asking earlier about the risks, is the threat of reductions in headcount having a toll or an impact on the stress levels of staff currently in your departments? You can only speak for your own departments. Are the ones who are likely to be made redundant or restructured in different positions, either now or in the future, being engaged in that conversation? Are they aware of the changes that may be happening to them?

The Minister for External Relations:

Yes. That is why I was cautious about whether it was completed or not in what I was going to say in the public domain, because there is engagement that is ongoing, as the Chief Officer just said. It has been completed. We had a core team of people that were delivering what was an excellent result in Moneyval for Jersey and there was always going to be that really strong passion for the shared mission. Once that shared mission is completed, there are people on fixed-term contracts whose contracts are going to come to an end and there is always going to be a breaking up of that team, which is not straightforward for staff. We recognise that. It has, though, allowed us to move forward and restructure and do all of the things that we have been asked to do from a central corporate perspective.

Deputy G.P. Southern:

Is there no risk contained in that? It is a highly skilled team with rare skills. There is no risk that a cohort of your workers up and leave?

The Minister for External Relations:

There is always a risk. This is the only certain thing about an Island community, people come and go. We live with that every day. Great staff move on for all sorts of personal reasons and

opportunities elsewhere or bigger pay packets in the private sector, but my experience has always been as great staff move on, others see the light of day and want to get out of the private sector and want to give something back to their community. We have to let people go in that way.

Deputy K.M. Wilson:

Could I frame it a little bit more in terms of do you think there is a consequential impact in relation to the plan that you have put together to address the efficiency programme?

The Minister for External Relations:

Whenever you are having to try to deliver your priorities for less money than you might have thought you would have or you might ideally like, that presents challenges, but I have to put those challenges against the challenges of constituents telling me they have had to wait 4 years for a cataract operation. When I make that judgment, yes, my departments, I think, together with Deputy Morel's, are at the heart of growing the economy. If we do not get it right and if we do not invest, then we will have a declining economy, which ultimately has a knock-on effect to my constituent who is having to wait for 4 years for a cataract operation as well, but at this point I think that is the right decision and the right balance to make.

Deputy M. Tadier:

Was there ever a conversation had at council about your 2 departments being exempt, exactly for the reason you have outlined? It could be shortsighted. Talking about cataracts, this could be political shortsightedness.

The Minister for External Relations:

Yes, there were. I made the case that we could have more money, but I live with the settlement that I have got, as I say, knowing that in the Financial Services bit of my department there is money allocated in 2026 to do the competitiveness work, which will really support the work that we want to do in F.S.

Deputy K.M. Wilson:

I just wanted to draw a bit more on the resource around the staffing. Is one of the consequential impacts that as activity and the work progresses you will not have the workforce available to you to deliver the kind of agenda that you are pursuing and that will increase the cost base in each of the departments because of the need to recruit additional capability and additional capacity? I take Richard's point about you are scaling but I think, Minister, what you are saying is there is only so much we can do with so much money. There seems to be a tension in that and I think it would be helpful for us to understand if the anticipation includes having to recruit additional staff in order to manage the workload over the next 2 years.

The Minister for External Relations:

I am conscious that we have the Minister for Treasury and Resources with us. The Government are seeking to prioritise where they spend their money, but overall the budget is not reduced between 2024 and 2025; the budget is increased. It is increased for the very reasons that I have kept articulating: investment in people and provision of health services. That is why it has increased.

Deputy G.P. Southern:

Investment in people with a wage freeze?

The Minister for External Relations:

There has not been a wage freeze. They have had a pay rise that was not in the budget and so that continues rolling ... that cost rolls forward. That is a choice to make, investing in our people.

Deputy M. Tadier:

I think the risk from a staffing point of view is that in order to meet the increase in staff wages, you reduce headcount. One of the things we hear as constituency reps or politicians generally across the board is that there is a risk that we hear of high-level redundancies being made with long-serving staff and then they may find themselves coming back as consultants in whichever department, partly because they cannot work for a year in a department, I think. Is there a risk that if you cut staff numbers too far that you just need to get them back via another means and it is not really a saving in real terms?

Assistant Minister for External Relations:

I think the target is rather than saying target X number of headcount reductions, it is being done by an amount of money, so assume this amount of saving. It may be one department can achieve that amount of saving by losing one manager and often people do say we will take that managerial job and that just gets adopted into everybody else's and you do not replace that person. What we have said we will focus on is the unnecessary layers of management that have crept in in some places rather than people on the front line providing front-line services.

Deputy M. Tadier:

But in terms of the use of short-term contracts and getting consultants in, is that something that is relevant to your department? Is that something that you do not think you will necessarily need?

The Minister for External Relations:

In External Relations it is not an operating model that we have, but in Financial Services we have always found it incredibly useful to bring in largely people from industry on secondment or

consultancy to do specific pieces of work. We are in the situation now where we have to make the case for each of those pieces of work discretely and go through a new process. That is just how it is to ensure that right across the board we are managing that spend on consultants.

Chief Officer, Department for the Economy:

I would like to stress on that as well the support that we have from the financial services industry more widely. When we do go out and look for secondees, if we bring a secondee in for a 6-month block of work, they come in and are seconded at the same level as our own staff in terms of pay, so the cost to us is the same as we would have for paying somebody on the payroll for that period. They are not coming in at an inflated day rate or charge-out rate from that firm. That is a huge benefit for us, to bring in somebody with contemporary knowledge in a particular matter and then go back out to that firm once the work is completed. Some of our budget is deployed towards that more flexible model as well.

Deputy K.M. Wilson:

Can you tell us what percentage of the budget is deployed for that purpose?

Chief Officer, Department for the Economy:

It is about 10 per cent of the Financial Services and Financial Crime pay bill that gives us that flexibility to bring people in on shorter-term engagements.

Deputy K.M. Wilson:

Will that be charged against a vacancy or is that money that is just set aside?

Chief Officer, Department for the Economy:

It is just money that is set aside, yes. We do not hold vacancies against it but, as I say, if they do come in they are paid the substantive rate of the role not a charge-out rate from the firm that they are coming to us from.

The Minister for External Relations:

We are probably quite unique in that model across government.

Chief Officer, Department for the Economy:

We are fortunate with the support we have from industry.

The Minister for External Relations:

Yes, that is right.

Deputy K.M. Wilson:

The panel understands there is an anticipated saving in 2025 of £130,000 in implementation of digital visitor economy and elite sports strategies. Can you please inform us as to what part of those strategies will not be progressing?

The Minister for External Relations:

I would like to but obviously I cannot because it is not within my remit. It is the other bit of the Economy Department that you will need to ask Deputy Morel about.

Deputy M.B. Andrews:

I will make a note of that one for Deputy Morel's hearing.

Deputy K.M. Wilson:

Do your savings relate to cutting of programmes, reducing the scope of the programmes on achieving the aspirations within reduced budgets?

The Minister for External Relations:

There is a small part of the External Relations budget which is a cut to programmes. Remind me what we call it. We call it the bilateral programme fund which ...

Deputy M. Tadier:

What does that mean?

Chief Officer, Ministry of External Relations:

This was some money that we put aside in the budget to support collaboration with other bits of government or A.L.O.s or indeed third sector teams that wanted to work with us to deliver aims in support of good international relations or stronger international relations. That is things like we had an event when C.E.D.A.W. (Convention for the Elimination of Discrimination Against Women) was extended to us. We had an event that we co-hosted and supported through that. It would not normally come out of the External Relations budget. It is that sort of thing that the fund supports. We did some work with Durrell as well, supporting some in-bound visits of experts coming over to Jersey and vice versa. That is not something that will be in place longer term. That is where I have had to make a saving.

Deputy K.M. Wilson:

Are you able to give us separately a list of where you are reducing the scope or you are just stopping doing things? That would be really helpful to us.

Chief Officer, Ministry of External Relations:

It is relatively simple. It is the bilateral programme fund, I am cutting the travel budget a little bit and then there are some savings around staff, which tends to be around vacancy management rather than making staff redundant or losing vacant posts. I will, of course, come back with the detail on that.

Deputy K.M. Wilson:

Thank you. In relation to Financial Services?

Chief Officer, Department for the Economy:

Yes, we can come back with more detail. I think dynamically we are meeting ... we do not have a special fund, so the budget is relatively straightforward. There is an element of staff costs, there is the grant to Jersey Finance and then there is some non-staff cost components. The target savings we have had are a long-term efficiencies target that departments have had to take that we deliver to dynamically each year. That may be by deferring some work, it may be by value management in terms of contractual relationships, it may be dipping for the line in terms of reduced travel spend towards the year end.

[11:30]

On the staff side we are happy that we can live within our means on staffing and ensure that by prioritisation of the workload ruthlessly we ensure our statutory requirements are met and it is the discretionary work programme that would be deferred if necessary. Then the grant to Jersey Finance I think we have covered. That is generally given out much earlier in the year, but there is clarity for Jersey Finance of the budget that they will be working to in 2025, provided the Government Plan or the Budget, should I say, is passed. Should there be amendments to the budget, then they would have to adjust accordingly.

Deputy M. Tadier:

We are virtually at the end. Are you okay if we just ask the last question? I am looking at this thinking it could easily be a question for Economic Development but it is a generic one, so if you can answer it for your department as well.

Deputy M.B. Andrews:

It is in regards to A.L.O.s and the uncertainty that those A.L.O.s face when the States Assembly is debating budgets. It seems to be year on year that the States Assembly is debating those budgets and, of course, there is concern, say, if we are looking at Jersey Finance who might want to do something in particular but if there is no certainty in the future that there will be a budget agreed for

them. Do you believe there is potentially a better sustainable way of working with the A.L.O.s compared to what is already in place?

The Minister for External Relations:

It is a good question, which is not solved by the way that we work with A.L.O.s. It would only be solved by returning to a more than one-year budget process because for every single organisation that we support, the agreement for our budget and spend is only annually and it is towards the end of the year for a spend that starts on 1st January, while you have an annual budget. We tried a M.T.F.P. (Medium Term Financial Plan), which was a 3-year process. People felt that was too much of a straitjacket. When I was sitting in the role of the Minister here to my right now, I proposed a 2-year budgeting process so you could try and align it with elections, so you did not feel you had a straitjacket but you could have more certainty about the 2 years in a row. I think there would be continued value in us considering that approach.

Deputy M. Tadier:

Can I just ask in terms of when the grants are paid, are they paid in tranches or are they paid in one lump sum for the year and when are they paid?

The Minister for External Relations:

They are currently paid in tranches. There is quite a governance process to go through. What the Chief Officer in relation to J.F.L. is doing is trying to shorten that process so that they have certainty of budget right at the start of the year, which will help some way to that but it does not go the whole way.

Deputy M. Tadier:

In terms of delivery, they might have certainty but when do they get the money in the account?

Chief Officer, Department for the Economy:

What we aim for as a department is to get the money out in January and July, so the 2 6-monthly instalments. That has been predicated by the information being provided by the arm's-length organisation that is pertinent to that point of the calendar. For example, they will not have signed off the previous year's annual accounts at that point but they will have signed those off by the July grant payment. We have a series of requirements that are pertinent to that point of year. If they give us that information then the grant is paid out. We are looking to slim that further to see if we can make those post-conditions as opposed to pre-conditions so that the money can get out the door earlier in January than it does at the moment. The benefit to the Government is that reduces the amount of reserves that the A.L.O. might otherwise need to hold on its balance sheet to cover for cash flow.

Deputy M. Tadier:

The message is that you are looking to make sure that all governance that is required is justified, proportionate and streamlined where possible?

Chief Officer, Department for the Economy:

Yes.

Deputy M. Tadier:

I am guessing - and this does not just apply to your department - that there are A.L.O.s that Government deals with across the board that are well established, that are known and it is largely business as usual, and so that sounds reasonable. Is that what would chime with you?

Chief Officer, Department for the Economy:

That is certainly what we are aiming for. At the Department for the Economy we give a number of grants: Jersey Finance, Visit Jersey, Jersey Business, Digital Jersey, Jersey Heritage, ArtHouse Jersey. There are some regulators like the Data Protection Authority. There is a lot goes out the door and very different circumstances for each of those organisations and different obligations that are placed upon them, but the sooner the information that is required for the January payment comes in, the quicker we get the money out the door to them and the less cash flow reserves they need to be sitting on.

Deputy M. Tadier:

Thank you. That is a theme that comes up with other departments, so thank you for that. Any further questions? Minister and your team, can I say thank you. Sorry we have overrun this one slightly but I think we have kept within more or less the window. Any questions for us?

The Minister for External Relations:

No, thank you.

Deputy M. Tadier:

Thanks for your time.

[11:35]