

2024.10.22

3.1 Deputy J. Renouf of St. Brelade of the Minister for Sustainable Economic Development regarding the £20 million living wage transitional support scheme (OQ.194/2024):

Further to the announcement in August 2024, will the Minister provide an update on the £20 million living wage transitional support scheme, including details of the various components to be offered?

Deputy K.F. Morel of St. John, St. Lawrence and Trinity (The Minister for Sustainable Economic Development):

I thank the Deputy for his question. The Cost-of-Living Ministerial Group met last week to discuss the proposed package of measures, which over 2025 and 2026 will be as follows: a productivity boost worth £6 million by the productivity grant; a £7 million investment in the visitor economy and hospitality industry; £3 million in support of training investment; more than £2 million in additional support for the rural and marine economy. Further support packages are also being considered. Those numbers that I have given are all over that full 2-year period, so for each year it should be divided in 2; so £6 million is £3 million a year, £7 million is £3.5 million, et cetera. The Minister will be meeting again shortly to sign off on the package and will be making further announcements in the coming weeks.

3.1.1 Deputy J. Renouf:

The Minister for Social Security said on 8th October in a Scrutiny hearing that care homes would be covered with this package. I questioned her and said: “Which of course will be productivity related” and the Minister for Social Security said: “Not all of it.” Could the Minister confirm whether all elements of the package will be productivity related, as he said to me in the Assembly on 18th September.

Deputy K.F. Morel:

The vast majority of this is productivity related. From the care industry’s perspective, in particular, they will be eligible for the productivity grant but they will also be eligible for training grants. In the sense that training is not directly necessarily productivity, but in my view it is related to productivity, that could be seen as slightly aside. There are also other smaller amounts to help with work permits. I think that is £400,000, which would be for work permits. In itself, that £400,000 is ... sorry, it is not £400,000 for work permits; £400,000 temporary support for employees during the transition. That is for employees who are still below the thresholds and eligible for income support or not eligible for income support because they have not been here for 5 years. That £400,000 is not directly productivity related but it is the vast, vast minority of this money. In that sense to the letter, there are small, small parts of this package which are not directly productivity related but they are absolutely very small parts.

The Bailiff:

Mr. Deputy Viscount, before you leave, could you switch off the Solicitor General’s microphone button? Thank you very much indeed. No, that is the Attorney General’s now on. Perfect, thank you very much indeed.

3.1.2 Deputy A.F. Curtis of St. Clement:

Will the Minister advise what specific changes have been made during 2024 to the design of the productivity support scheme to give them assurance that it will be deliverable at such a large scale?

Deputy K.F. Morel:

I do not quite understand which changes the Deputy might be thinking of, but the overall package of the scheme is very similar to where it has been for a few months. We are working with Jersey Business to ensure that they are able to deliver this scheme at scale, as the Deputy’s suggestion.

3.1.3 Deputy A.F. Curtis:

I believe the last time the productivity support scheme ran was in 2023, and I read to the Minister the statistics from Jersey Business's report which detailed approximately 90 expressions of interest, 81 applications and 4 successful applicants. Does the Minister think that this ratio of applicant to success is what he expects in this scheme? If not, what does the Minister plan to do to ensure the scheme is deliverable?

Deputy K.F. Morel:

I thank the Deputy for that question and I do believe this is likely to be more successful. I believe the criteria will have changed to the extent that makes it more interesting for businesses to be attracted to it. The grant is likely, though not confirmed, and this is one of the details we have to confirm, is to cover a maximum of 75 per cent of project costs with 25 per cent being paid by the business. That at the moment in 2023 was a 50:50 split. Also we will have minor grants and major grants to make it easier.

[9:45]

Minor grants will still have important governance from a Public Finances Manual perspective, but they will be easier to pass through the system quickly. Obviously the larger grants, which are likely to be above £5,000 up to a maximum of £75,000, are going to require a greater amount of funding. By having a 2-tier system we intend to help grants flow more quickly. I just want to caveat that at the moment that is what we are looking at, is £5,000 to £75,000 for the larger grants. In case that changes, I just want Members to be aware that it could change, but I doubt it.

3.1.4 Deputy L.M.C. Doublet of St. Saviour:

In a previous answer to an oral question, the Minister committed to share the full breakdown of how this £20 million will be allocated by the end of September or the beginning of October. Could the Minister advise whether this has happened or not, and if not, why not, and when this will be shared with Members, please?

Deputy K.F. Morel:

I must apologise for not having done so, and the reason is because it has not been signed off yet by the Council of Ministers. There is no other reason. But as soon as it is, we will be able to share that certainly with Scrutiny, but elsewhere. I am not hiding anything from anyone. This is just a matter of the formality of the way it has gone through the Council of Ministers.

3.1.5 Deputy L.M.C. Doublet:

Could the Minister advise when this will be available to Members and also, following the dissemination of that information, would Members also be able to have information about how the effectiveness of this funding is going to be measured so that the public can also see whether this money is being used effectively?

Deputy K.F. Morel:

It is really important that the public believe this money is used effectively and so I will endeavour to provide that information at the same time. I cannot give a precise date as to when this information will be shared but it will be very shortly.

3.1.6 Deputy H.L. Jeune of St. John, St. Lawrence and Trinity:

Deputy Curtis and Deputy Doublet have asked similar questions I would have liked to, but I would like to ask the Minister: what are the lessons learnt from past productivity schemes? We have just heard there was one in 2023. I am wondering if there were any more and what lessons have been learnt from those schemes to make this one more successful than the last?

Deputy K.F. Morel:

A large part of the learning has been around trying to help businesses understand how productivity grants can help them. I believe even before 2023 - I believe in 2022 - we had a productivity scheme. I do not believe it was as successful as it was in 2023. Part of that is just understanding. There will be a

great deal of communication around this. We will also help businesses understand that this is designed for them and how they can avail themselves of it. Helping them understand, particularly for those smaller grants, that it is not an onerous process is something that I think is going to help people engage with this as well because there is, I have to admit, often ... if you are running a small business, taking time to go through a grant application process, if you believe that a grant application process is going to be onerous that is off-putting in itself. Certainly, for the smaller grants where we are trying to make a lighter touch approach, then I think that will really help them engage with that process.

3.1.7 Deputy H.L. Jeune:

Within these different productivity schemes that you outlined, how has the Minister implemented other policy areas that the Council of Ministers have signed up to, for example on climate issues, environmental issues, social issues? How have they been integrated to ensure that businesses who apply for these kind of grants are also applying those kind of aspirations as well?

Deputy K.F. Morel:

That is a very interesting question and while there is no direct reference to, for instance, environmental or social elements of the grant, there is no question in my mind that they do engage with the environmental and social impacts. Productivity in itself, part of productivity is cutting waste. That in itself helps the environment. From the perspective of the training grants, enabling younger Islanders, because we are likely to focus training grants on apprenticeships, to engage with training is helping at the social level as well. The £400,000 I mentioned, which I know is important to the Minister for Social Security, enables those people who have not been in Jersey for 5 years to be supported in a way that they would not otherwise have been supported. Despite their working, it helps them with their income. So there are absolutely social and environmental themes that run through it. They are just not talked about explicitly.

3.1.8 Deputy I. Gardiner of St. Helier North:

There are people who raise concerns with me about local businesses who benefited from the scheme during COVID can see in this one something similar. It was 80 per cent subsidised wages. If it is not correct, how will the Minister ensure that the businesses will be able to carry on after 2 years, pay a living wage and continue to operate?

Deputy K.F. Morel:

Understanding the financial stability effectively of businesses into the longer term will be part of that grant application process. It is not going to be a case of providing support to a business with the view that once the support is gone, the business is likely to fail. I do not think a business in that situation would be likely to be able to avail themselves of grants. So understanding the financial standing of the businesses that apply will be an important part of that process.

3.1.9 Deputy I. Gardiner:

Businesses who are not able to pay now a living wage, would the Minister provide for clarity a typical example how productivity grants - specific productivity grants for specific business or charity - will help for the business or charity to pay wages.

Deputy K.F. Morel:

I think it is really important that these grants are not there to help businesses pay wages. These grants are there to help businesses become more productive and so reduce their reliance on wages. That is the key difference between this. These are not subsidies for wages.

Deputy I. Gardiner:

I asked to give a specific example to explain this statement because we have heard this statement. Can the Minister provide a specific example of how this product ...?

The Bailiff:

I think the position was that you asked for a specific example related to the payment of wages and the Minister cannot provide that because it is not about the payment of wages. I am not sure that the Minister has done other than answer the question as posed.

Deputy I. Gardiner:

I asked how the productivity grant will help provide the wages, how it would work.

The Bailiff:

But I think the answer ... Minister, unless I am mischaracterising you, is not the answer the Minister provided, is that the productivity grant will not help the wages, that is not its function. So an example as to how it will help the wages seems to me has been answered by the Minister. That is my ruling, Deputy.

3.1.10 Deputy P.F.C. Ozouf of St. Saviour:

Deputy Doublet and Deputy Jeune have asked the question about timing of this £20 million amount of money because it builds on the question that I asked the Minister about this when he said, as has already been said, he would be publishing or hoping to publish the details of the scheme by the end of September. Now it is 3 weeks on from that. He said to the Assembly that it is going to be subject to Council of Ministers approval. He said there is going to be a great deal of communication about it but could I press him on when Members, who are now approaching the deadline for Budget amendments - and this has already been a subject of one Budget amendment, that he will know about the source of funding from Social Security lodged by Deputy Bailhache - when is he going to publish the information about the spending of a £10 million scheme, which he has kindly explained this morning, to Members so they can scrutinise it and, if necessary, bring forward amendments within the Budget timetable?

Deputy K.F. Morel:

As previously mentioned, I cannot give a precise date on that, but it will be imminent.

3.1.11 Deputy P.F.C. Ozouf:

Well, we will leave that “imminent” for other Members to make their mind up. He has said that it is subject to Council of Ministers approval, whether it is a rubber stamp, but can he not actually just publish it? May I just press him on one part of the scheme? I did not hear him, and I am sorry if I did not, whether or not the agricultural sector is going to have an allocation. He spoke about the visitor economy; is the agricultural sector going to be having an indicative ring-fenced amount and, just for the avoidance of doubt, does that include cannabis growers?

Deputy K.F. Morel:

The agricultural sector is going to have a slice of this, and it is £1.1 million, so it is £2.2 million over 2 years. It is going to be delivered to the sector through the existing Rural and Marine Support Scheme; so fishing businesses are also open for this. Any business that is eligible for the Rural and Marine Support Scheme will be able to receive some of that £1.1 million. In some areas of the Rural and Marine Support Scheme, cannabis businesses are able to access some parts of it. So, if they are able to access those parts which this speaks to, then they may be able to.

3.1.12 Deputy J. Renouf:

The Minister has talked about this as £20 million over 2 years. Is there a risk that there will be a mad sprint to get £10 million a year from companies and that this will form a cliff edge at 2 years' time? Therefore, what I would ask is, is the intention that it will definitely end in 2 years, and will all the money be dispersed within that 2-year period?

Deputy K.F. Morel:

I am unable to foresee the future, so I cannot guarantee one way or the other as to whether all money will be dispersed in that 2-year period, because I do not know how many businesses will apply and I do not know how much they will apply for. But I do believe that we need to monitor to see whether the cliff-edge scenario that the Deputy refers to is a possibility, and if it is, then I think it will be behoven

on that Government of the day to make decisions as the Council of Ministers as to whether they wish to continue the scheme or wish to continue a step-down version of the scheme with it becoming smaller over a period of time. But that would be a discussion for that Government of that day.