

# STATES OF JERSEY



## **PROPOSED GOVERNMENT PLAN 2024 - 2027 (P.72/2023) – TWENTY-SEVENTH AMENDMENT (P.72/2023 AMD.(27)) – COMMENTS**

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**Presented to the States on 7th December 2023  
by the Council of Ministers**

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**STATES GREFFE**

## COMMENTS

The Council of Ministers urges Members to reject Amendment 27 which would reduce key funding in 2024 to Jersey Business, our Island's business support agency.

This amendment from the Economic and International Affairs Scrutiny panel proposes to hold the expenditure in the general reserve until further evidence and information is provided on the measurable benefit for the Island's economy. This would have an immediate impact on the organisation's provision of expert advice and support for businesses in 2024, as well as business insights and data for Government and would have a negative long-term effect on its ability to adequately resource its support services.

In turn, these consequences would negatively impact the Island's business environment and signal that the States Assembly is not supportive of a resilient and strong business community in Jersey.

Jersey Business is well run and provides excellent value for money. Since taking up his post, the new CEO has already reduced headcount in order to ensure efficiency. The organisation has identified that a delay in funding beyond January 1, 2024, would result in a reduction in its team by 3 full time members of staff, or alternatively a reduction in the provision of both productivity and leadership support for businesses by 50%. This has also been identified as a major risk in their 2024 Business Plan.

Once staff members are lost, in an increasingly tight recruitment market, it will be difficult to find the necessarily skilled and experienced individuals to replace them. This could have a significant long-term impact on the organisation, notwithstanding this amendment's significant impact on the individuals concerned.

These risks are set out in Jersey Business' 2024 Business Plan. The organisation has confirmed that without this funding from 1<sup>st</sup> January 2024, it would face the necessity of downsizing its workforce by three employees, representing a significant 19% reduction in headcount. Alternatively, JB would need to cut back on client support delivery by an equivalent level. This scenario would result in a substantial 50% reduction in both productivity and leadership support for businesses.

While it is challenging to precisely gauge the impact of this, the estimate of the potential consequences are:

- Impact of not running the Business Improvement Programme: a potential loss of £625,000 in net profit for businesses without improved productivity (20 x £25k average saving).
- Impact of not running Leading Growth: a shortfall in support for 20-25 leaders seeking guidance and development.
- Impact of JB reducing headcount by three employees: a reduction of 5,472 hours in support for the 2,500 businesses JB supports.

### **Economic context**

As the Arms-Length Organisation responsible for providing direct support to Jersey companies, Jersey Business is playing a vital role in continuing to stabilize and grow Jersey's economy, following the sustained economic shocks of Covid, Brexit, the Ukraine conflict, the cost-of-living crisis and ongoing housing and recruitment pressures in the Island.

The combination of these impacts means that many businesses are facing complex, long-term challenges which are ultimately shaping our economic environment. To ensure businesses are future-proofed and ready to adapt to further change, able to remain competitive and embrace new ways of working such as automation, it is essential they are supported to become more resilient and able to shape their business models for growth, to become more productive and efficient or to exit safely where that is the best course of action for the business and its staff.

In addition to a reach of 2500 businesses, there have been 50,694 visits to the Jersey Business website from 35,324 users (in 2023), who downloaded 5,039 guides or templates. The organisation has also seen a 10% increase in general business enquiries compared to last year.

Given the continued demand for its services over the 12 years of its existence, and noting the current economic climate, the Government Plan 2024-2027 proposes to increase Jersey Business' core grant by £150,000 to ensure it can maintain its support for the business community and continue to meet the aims of the Common Strategic Policy.

Given the ongoing economic challenges in addition to a potentially worsening fiscal outlook, the Council of Ministers does not consider this an appropriate time to further reduce funding from the Island's business support agency and for this reason, is asking States Members to reject the amendment.

### **Grant funding**

It is important to recognise that the increase in Jersey Business's core grant does not represent an increase in overall grant funding received from Government when compared to 2022 – the total grant in 2024 (including the additional £150,000) is 10% less than the total funding received in 2022 (and 15% less than total funding in 2021).

In 2023, Jersey Business' core grant was increased from £860,000 to £1,560,000 to enable the organisation to continue to meet the sustained demand for its services in a challenging economic environment. This grant amount in 2023 represented a 16% reduction in funding from 2022.

The organisation was able to support the shortfall through reserves and this allowed it to sustain services whilst undertaking an organisational re-design and re-prioritisation of services to ensure best value for money, continued alignment with the CSP and Strategy for Sustainable Economic Development. The option of using carry forward / reserves is not available in 2024.

Jersey Business' priorities in 2024 focus on People / Productivity / Data and Insights. Their unique ability to work across sectors enables them to maximise the impact of business support activity by creating a range of interconnecting programmes and building knowledge and intelligence about the business community.

New areas of work in 2024, in line with Ministerial priorities will include piloting support for start-ups, programmes of support for financial literacy, customer acquisition and retention and developing high performing teams as well as support for the implementation of 4 key strategies for Export, Retail and the Digital and Visitor Economies.

Jersey Business continually measures the value it add to the businesses it supports. It undertakes an annual survey which provides a ‘Net Promoter Score’ (NPS) across all services and partners this with customer satisfaction scores (CSAT) and qualitative insights. With an NPS of 55 in 2022, this represents a score of ‘excellent’, along with a customer satisfaction score of 8.3/10. The surveys of programme participants to date in 2023, have also produced very high NPS scores of 75 and above.

These scores emphasise the value placed on the support provided by Jersey Business by those in receipt of those services.

### **Financial and manpower implications**

Amendment 27 would lead to the loss of either 3 staff or a reduction of both productivity and leadership support for businesses by 50% (priority areas as outlined in the Strategy for Sustainable Economic Development).

For the reasons outlined, the Council of Ministers ask that States Members reject this Amendment.