

# STATES OF JERSEY



## FUNDING FOR CULTURE, ARTS, AND HERITAGE

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Lodged au Greffe on 8th October 2024  
by Deputy M. Tadier of St. Brelade  
Earliest date for debate: 12th November 2024

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STATES GREFFE

## **PROPOSITION**

**THE STATES are asked to decide whether they are of opinion –**

- (a) that no changes should be made to the target revenue expenditure model agreed by the States in P.40/2019 for the funding of Culture, Arts and Heritage, unless a proposition exclusively concerning the funding of those specific matters is considered and approved by the Assembly; and
- (b) to request the Chief Minister to remove any reference to changes to this funding model in the draft Budget (Government Plan) 2025-2028 and to incorporate any financial changes necessary to re-implement the funding of 1% of overall States revenue expenditure for Arts, Heritage and Culture.

**DEPUTY M. TADIER OF ST. BRELADE**

## REPORT

1. On 3rd May 2019, the States Assembly agreed a proposition that States' revenue expenditure on the arts, heritage and culture should be increased in the proposed Government Plan 2020–23 so that it reaches a target of 1% of overall States revenue expenditure by 2022; and to request the Council of Ministers to take the steps necessary to achieve this target in bringing forward the Government Plan.
2. This proposition was passed by 27 – 15. It is interesting to note that only 4 of the 15 members who voted against the Proposition that day are still in the Assembly. Notably, it was opposed by the Council of Ministers of the day, including the current Chief Minister, who was Minister for Economic Development, Sport and Culture at the time. The proposal was, however, supported by the current Minister for Sustainable Development (Deputy Kirsten Morel) and the 1% was also maintained under his Ministry in the 2023 and 2024 budget.
3. The intention of this proposal was that the 1% of revenue expenditure should continue indefinitely, so as to provide a clear formula for the CAH sector – primarily the four ALOs that deliver or CAH for the island in its various forms, and so there could not be a return to the atrophy and budget cuts that might be brought by future governments. This intention seems to have been understood, as the 1% CAH funding has continued past 2022, into 2023 and has remained as such in 2024. This pre-agreed formula was noted in the 2024 Government plan on page 52 (see below)

The Government Plan also includes a number of areas of expenditure that are determined by pre-agreed formulas: an annual 2% increase in Health budgets to maintain service standards and meet the costs of health care inflation, staged increases in the Jersey Overseas Aid (JOA) budget to 0.3% of GVA by 2025, and maintenance of spending on Arts, Heritage and Culture to 1% of government expenditure.

4. The government's position is that they now wish to move away from the 1% of overall revenue expenditure, and to move to maintain the 2024 budget figure + RPI going forward.
5. The result of the Government's proposed change would mean less funding for CAH for the period of the 2025-2028 budget (see financial and manpower statement). I view this as a retrograde step. However, the purpose of this proposition is not to make an argument for or against which model is best – it is to focus on process.
6. The method by which this Council of Ministers is seeking to back out of the 1% for CAH is not just sneaky but lacks courage and transparency. Just one short paragraph appears in the 2025 Budget report on page 48 to 'inform' us that the change is going to happen:

## Formula Driven Growth

The Budget also allocates a further £13.4 million to a number of areas of expenditure that are determined by pre-agreed formulae. These include:

- an annual 2% increase in Health budgets to maintain service standards and meet the costs of health care inflation,
- staged increases in the Jersey Overseas Aid (JOA) budget to 0.3% of GVA by 2025
- formula driven increases for the States Grant to the Social Security Fund and Long-Term Care Fund (as set out in the sections “Social Security Fund” and “Long-Term Care Fund”).
- Overdraft charges based on projected cash balances in the Consolidated Fund.

As budgets for Arts, Heritage and Culture have now been increased to 1% of Net Revenue Expenditure, in future, this level will now be maintained and increased by RPI.

There is no argument made, no proposition, no accompanying report nor business case that is made to overturn the previous States decision, just a single sentence.

7. The problem with this process is that when overturning a previous States decision, the burden of proof should be with the person or group moving the rescindment to make their case. When the case is made, and after debate, and a positive vote, then – and only then – should a proposition be rescinded.
8. Some members might think I am being overly robust calling the CoM’s methodology here *sneaky* and suggesting it is opaque. I will explain why I think this: it is sneaky because it relies on a member or members to first pick up on the change; then it requires a member to lodge an amendment to the Budget simply in order to retain the status quo, and to force a debate. Indeed, this is what I will be forced to do if this proposition is not passed. It is completely the wrong way around to require an active proposition to simply maintain the status quo, whereas it should be the Council of Ministers who wish to propose a new funding mechanism, to make the case, have a debate and secure a clear States decision for this new course of action. If the Council of Ministers believe their funding formula is better than the existing one, they should have the courage of their convictions and make the case for it, in a separate proposition.
9. The argument will come back no doubt, that upon agreeing the new Budget and all that is in it, they will effectively be gaining permission for a rescindment. In my mind, that does not wash, but I will allow other members to make up their minds.

## Financial and staffing implications

Changes to Net Revenue Expenditure					
2024		2025	2026	2027	2028
Approved	£'000	Estimate	Estimate	Estimate	Estimate
985,044	Base Budget	1,162,591	1,229,715	1,238,649	1,260,912
Adjustments for net changes to Base Budget;					
(21,691)	Adjustments from Previous Government Plan	(4,872)	(3,804)	215	-
70,166	Inflation	30,205	25,410	19,927	21,781
14,649	Formula Driven Growth	23,429	8,535	6,454	10,224
-	CSP Revenue Growth	5,919	2,326	(1,721)	1,533
51,177	Other Revenue Growth	32,747	467	(112)	115
77,596	Reintroduction of States Grant to Social Security Fund	-	-	-	-
(14,350)	Savings	(20,304)	(24,000)	(2,500)	(466)
<b>1,162,591</b>	<b>Net Revenue Expenditure</b>	<b>1,229,715</b>	<b>1,238,649</b>	<b>1,260,912</b>	<b>1,294,099</b>

Table 11: Changes to Net Revenue Expenditure

Under the 1% for Culture, Arts and Heritage, the budget for that sector would be

£12.29m for 2025  
£12.38m for 2026  
£12.6m for 2027 and  
£12.94m for 2028

In 2024, the 1% for CAH was £11.62m.

Under the 1%, CAH would be getting a 5.7% uplift in its funding from in 2025 compared to 2024. This is confirmed in the Chief Minister foreword in the Budget, and it tallies with the figures above.

Inevitably, as the cost of goods and services increases there will be some increase in Government spending. We are also committed to ensuring our health service has the money it needs to deliver good quality services. In addition, this Council of Ministers is committed to curbing excessive growth in the public sector. Revenue expenditure will increase overall in 2025 by 5.7%, compared to 9.4% in the previous plan.

However, what government is proposing is an RPI increase instead, which they estimate to be 'less than 2%' (see below).

Inflation is forecast to fall throughout 2024 with the Retail Prices Index (RPI) expected to fall below 2% in 2025. RPI(X), which excludes mortgage interest payments, is forecast to be higher than RPI in the second half of 2024. The FPP also forecast real wage growth with forecast growth in average earnings exceeding forecast inflation.

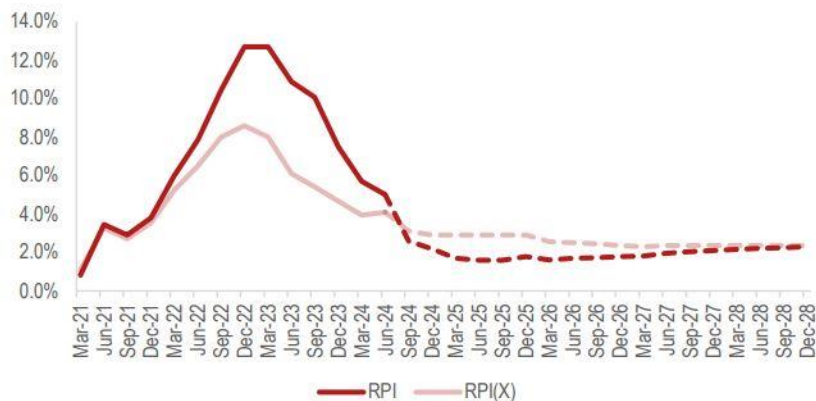


Figure 5: Inflation forecast. Dashed lines represent forecast. Source: Economics unit

The Council of Ministers’ proposal for CAH therefore represents a reduction of **£438,600** in funding for 2025 (£232,400 rather than £671,000); however, given that the estimated growth in overall Governmental spend in 2026-2028 is negligible (0.7% for 2026, 1.7% for 2027 and 2.6% for 2028) and roughly on par with projected inflation, there is little difference for subsequent year, apart from the baseline.

### Children’s Rights Impact Assessment

A Children’s Rights Impact Assessment (CRIA) has been prepared in relation to this proposition and is available to read on the States Assembly website.