

**Assistant Minister for
Economic Development,
Tourism, Sport and Culture**

19-21 Broad Street | St Helier
Jersey | JE2 4WE



By email

6 October 2023

Dear Chair,

Requests for information – Jersey Reds

Thank you for your letter of the 29th September in which you provide a number of questions relating to the Jersey Reds. I have set out below answers to each of these in turn:

1. *With regards to the recent ceased trading of the Jersey Reds, could you confirm on which basis the short term loans of £370,000 were made available to the Club and if these loans were supported by a robust financial business case.*

Both grants were made to meet the urgent cashflow constraints of the Jersey Reds, in particular their wage costs. Ministers considered that it would have been unreasonable to enforce the closure of such a socially valued business without first considering the financial viability of the Club. The short-term funding provided time for a contemporary review of the Club's finances and consideration of its viability in the medium to long term.

2. *Could you also confirm the regulations on how tax payers money is used to support private business enterprises such as the Jersey Reds and if this is an appropriate use of public funds*

The use of public funds is controlled under the Public Finances Law 2019 which places a personal responsibility on the Accountable Officer for a number of matters, including the economy, efficiency and effectiveness of all income and expenditure for their area(s) of responsibility.

The Public Finances Manual is narrowly framed and elected Ministers are able to take a broader view of the economic and social merits of an intervention than officials are entitled to in their role as Accountable Officers. The Public Finances Manual therefore provides for Ministers to issue Letters of Instruction to provide assurance to Accountable Officers in the discharging of their roles. In the case of support for the Jersey Reds, Letters of Instruction were issued in both instances by the Minister for Economic Development, Tourism, Sport and Culture.

Ministers considered the requests for support and concluded that it would have been unreasonable to enforce the closure of such a socially valued business without first considering the financial viability of the Club. The short-term funding provided time for a contemporary review of the Club's finances and consideration of its viability in the medium to long term. Following the conclusion of this analysis, the Council of Ministers decided not to proceed with further payments.

I hope the above provides clarity to the areas you have raised.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Lucy".

Deputy Lucy Stephenson

Assistant Minister for Economic Development, Tourism, Sport, and Culture