

Chief Minister

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Dear Chair, *Küsten,*

I write in response to your letter of the 15th October, which sets out a series of questions from your Panel in relation to the 2021-2024 Government Plan. I have tried to answer these questions below, whilst noting your subsequent letter of the 28th October, with further questions.

Independent charity commission

- 1. The 6-month progress report does not refer to this action. Please could you provide us with an update?**

The Charity Commissioner is independent from government and carries out its own work programme. During 2020, the Commissioner and his two full time members of staff have focused on working with various entities and organisations to complete the registration of all applicant charities (where the entity passes the charity test) and to deal with the first round of annual returns, as well as any work associated with Covid-19. It is anticipated that this initial stage will be complete this year. With the impact of Covid-19 on charities in terms of volunteer availability and financial pressures, and indeed on capacity both at the office of the Charity Commissioner and in Government, it has not been possible nor indeed considered appropriate to seek to develop and consult on further regulatory measures which will be the focus of the next stage of the work. Government officials continue to provide support to the Charity Commissioner where required and will be liaising with the office of the Charity Commissioner to move forward with further proposals when possible and when considered appropriate for the sector. In terms of legislation, the Charities (Appeals – Reasons & Time Limits) (Jersey) Order 2020 was made on 23 July 2020. Responsibility for this area now sits with the Minister for External Relations.

- 2. We note that this action was not linked to a project seeking additional revenue expenditure because it could be delivered using the existing departmental budget and via the Dormant Bank Accounts Law. Could you provide us with a breakdown of expenditure spent to date?**

The costs of the Charity Commissioner are to be paid from the Jersey Reclaim Fund (which contains the balances of dormant accounts) for 2020 – 2023 as set out in the Dormant Accounts (Jersey) Law 2017 and associated orders. 2020 expenditure to date is c.£120k which includes costs associated with the Commissioner's office, staffing costs, IT licences, and miscellaneous other expenses, however some recharges are outstanding and the total annual sum to be paid from the Reclaim fund is in the process of being checked and agreed.

Additional GoJ officer support has been provided in 2020 from time to time as part of general departmental budgets.

Brexit - Constitutional implications policy resource (CSP3-1-01)

- 3. The 6-month report shows that this project is complete and that one member of staff has been recruited to support Ministers in assessing and responding to ongoing constitutional impacts of Brexit and future consequences for Jersey. Would you like to make any further comment on this project?**

The officer recruited into the post has now taken up a different role in the GoJ and during 2020 the work has been covered by existing staff. The vacant post has not been re-recruited to. From 2021 onwards, the constitutional implications of Brexit will need to be addressed as necessary as part of other ongoing Brexit workstreams proving for a growth reduction of £348k across 2021 – 2024.

Financial Stability Board (CSP3-2-08)

- 4. Last year, a project to create a Financial Stability Board was identified with additional revenue required of £150k for the years 2020 – 2023. The progress status of this project has “reduced” by £100k for each year. In what ways will this impact the project?**

The advent of the Covid-19 global pandemic seriously affected the planned progress with the Financial Stability Board (FSB) in 2020. In preparing bids for the Government Plan a principled decision was made to reduce the funding allocated for 2020-2023 pending a review of how the objectives for the FSB could be best met. The remaining Budget covers the salary of the Chair to the shadow FSB, Lord Andrew Tyrie, while other relatively small costs in 2020 have been met from funds within the department. An informal review considered a number of options for the FSB and whether its objectives could be delivered in different working structures with alternative resources. It has been concluded that the reduction in funding should be temporary and a new business case will need to be submitted to establish and fund the FSB on a statutory basis. If the funding were to be kept at only £50k this would seriously impact the project and the FSB would not be able to convene a complete board and move on to a statutory basis. It would in effect remain paused without the funding to staff the body or the statutory footing necessary to deliver its objectives.

- 5. How much of the funding identified for 2020 (£150,000) has been spent?**

Up to 26 October 2020, and rounding to the nearest £100, around £57,000 in total has been spent. The majority of £50,100 relates to the salary of the Chair while £4,600 has been used for business and admin support, a further £3,000 covers the work of a board member.

6. The 6-month report explains that a decision will be made in the second half of 2020 as to whether the FSB should be placed on a statutory footing. Have any decisions been made regarding this?

Following the 6-month report officials advised the Chief Minister as to whether the FSB should be placed on a statutory footing, the discussion also covered the challenges in establishing the FSB e.g. recruitment but also governance and the interaction between the FSB and other bodies including the Jersey Financial Services Commission. An informal decision was made to continue the development of the shadow FSB including funding and legislation to place the FSB on a statutory footing – ideally in 2021.

7. Why has there been no progress in the recruitment of Board members, admin support and an economist? Will the significant reduction in funding further hamper these efforts?

In January 2020 The Chief Minister approved the appointments of Dr Gunther Thumann and Bill Allen to the Jersey Financial Stability (Shadow) Board (“JFSB”):

- Dr Gunther Thumann was appointed Chairman of Jersey Finance Ltd in May 2017. Dr Thumann has four decades of experience in the private financial and the public sector. Between 1978 and 1994, he was an economist in the German civil service and subsequently senior economist for the International Monetary Fund (IMF) in Washington D.C. In 2007 he was appointed partner, CEO and chairman of the board of Brevan Howard Capital Management in Jersey. He has invaluable expertise of the financial sector in Jersey and brings on-island insights to the JFSB.
- Bill Allen is an economist specialising in the financial sector and monetary policy. He worked at the Bank of England from 1972 to 2004, from 2004-2011 he held Chief Economist roles in the financial sector. He has been an expert consultant with the IMF since 2004, and from 2010 a Specialist Adviser to the House of Commons Treasury Committee. His research interests and experience include the financial crisis and liquidity, and he brings a wealth of expertise and capability to the JFSB.

Progress was also made with admin support with an agreement reached on contractual arrangements to fund the business support to the Chair of the shadow FSB. In terms of recruiting an economist the post was advertised, and after interviewing some applicants an offer was made to an outstanding candidate. Unfortunately for personal reasons, and not the structure of the post, the candidate withdrew their interest after an extended period during which they explored whether these challenges could be resolved. The post of economist was re-advertised but there were no applicants who met the criteria to warrant an interview.

Through 2020 there has been little opportunity to make further progress in the recruitment of Board members, admin support and an economist. The Chief Economic Adviser and the two staff in the Economics Unit have been focused on other urgent priorities following the Covid-19 global pandemic, notably supporting the Fiscal Policy Panel economic forecasts in March and August, consequent income forecasts for the

Government Plan, developing a package of fiscal stimulus and wider economic advice to support colleagues on a range of issues.

- 8. The 6-month report says that a paid Chair has been recruited. What work is the Chair undertaking and how much progress has the FSB made, given that board members, admin support and an economist have yet to be recruited?**

Following their appointment, the Chair of the FSB, supported by officials, began work to consider and appoint board members. In addition, the Chair met with officials and the Jersey Financial Services Commission (JFSC) to consider how the role of the FSB fitted with that of the JFSC, given their respective mandates and terms of reference. It was noted that coordination and information-sharing between the two bodies would be important to deliver the objectives of the FSB. Work was undertaken to consider how aspects of governance along with legal obligations could influence effective working between the FSB and JFSC, including such potential options as a memorandum of understanding. Without an economist to serve as a secretariat to the FSB the work of the chair and board members has been supported by the Chief Economic Adviser.

Guernsey-Jersey Joint Working Programme (OI3-07)

- 9. The 6-month report explains that the progress status for this project is deferred and although the group continues to meet, no new projects are being discussed.**

- a. When did the group last meet?**

15 January 2020 – Pan-Island working group meeting (officers only)

03 February 2020 – Pan-Island Ministerial Group

06 February 2020 – Pan-Island working group discussion (officers only)

02 March 2020 – Pan-Island Ministerial meeting

- b. How many times has the group met in 2020?**

Please see answer to part (a)

- c. If no new projects are being discussed, what matters are discussed at meetings?**

During the meetings held in early 2020, the joint working programme was reviewed, with a view to achieving further progress in key areas (Justice & Home Affairs, Health & Care, shared Policy & Performance capability). However, the Government's response to Covid has meant the joint-working programme has necessarily paused, as has happened across other areas of government business.

- d. When do you expect that new projects will be discussed?**

Following Guernsey's election, a meeting will be convened in due course to discuss the joint-working programme (existing and new opportunities) with Guernsey Ministerial counterparts and their officers.


- e. What new projects are planned?**

Please see the answer to part (d)

10. How much of the funding identified for 2020 (£63k) has been spent? If no funding has been spent, has the £63k been reallocated?

As stated in the question, £63,000 was allocated for Guernsey-Jersey Joint Working Programme and of that, £38,000 has been used to fund the 2020 efficiencies programme as a one-off measure.

Yours Sincerely,



Senator John Le Fondré

Chief Minister

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