

Deputy Montfort Tadier
Chair
Economic & International Affairs Scrutiny Panel
Morier House, St Helier JE1 1DD

Dear Deputy Tadier,

Economic and International Affairs Scrutiny Panel
Proposed Budget 2025-2028 Review

Thank you for your letter dated 6 November on the above topic. I have kept my responses relatively brief but would be happy to provide further context if that would be helpful.

Your understanding of the amount of this reduction and if this will be recurring?

Digital Jersey receives two separate grants from Government in respect of:

- a. Economic development activities. The 2024 grant is £2,325,000 and is funded under a Partnership Agreement that currently expires on 31 December 2026.
- b. Skills. The 2024 grant and course funding is £441,000. Prior to 2024 the Digital Jersey Academy was funded through a Partnership Agreement that expired on 31 December 2023. The funding for 2024 is non-recurrent and there is currently no new agreement.

We received informal email notification on 05 November from an officer that our base budget for 2025 in the Government plan would be reduced but we have yet to receive formal confirmation of our final funding position.

For context, governance of the grants is as follows:

- a. Economy Department: Digital Jersey has a Partnership Agreement with the Economy Department. This was due to expire on 31 December 2023 and was extended, by side letter agreed by both parties, for 3 years to 31 December 2026. Any changes to the Annual Grant amount require written notification by Government at least six months prior to the relevant grant period. Given that we have not yet received written notification in accordance with the terms of the contract, the Board of Directors is therefore planning on the basis that the full grant will be received in 2025.
- b. CYPES: The Partnership Agreement for the Academy grant expired on 31 December 2023. In December 2023 a one year extension was agreed for 2024 with a request that Digital Jersey prepare a business case considering options to continue to operate the Academy without government funding. We provided that business case in May 2024.

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What consultation was undertaken with Digital Jersey when arriving at this figure?

There have been informal discussions with officers during which Digital Jersey was informed that the Government Plan included an overall total savings target of £1m from the following ALOs – Jersey Finance, Visit Jersey, Digital Jersey & Jersey Business – shared on a prorated basis according to existing funding.

Officers had therefore verbally indicated a figure in the region of 6-7% for Digital Jersey (£140,000-£160,000) *as a maximum reduction* and, notwithstanding the contractual position, the Board has been willing to discuss how Digital Jersey can support the achievement of the overall savings target.

A discussion about the Academy is scheduled for 15 November with the Chief Minister and the Minister for Education.

What will the consequences be for Digital Jersey?

The consequences of a change to the 2024 funding levels are currently hard to quantify as no value has been confirmed.

Are you confident there will be no impact on the effectiveness of the organisation or the wider economy in future as a result of the cut in funding?

In the event of cuts beyond a modest level there will be substantial impact on Digital Jersey's effectiveness and impact and a significant risk to morale that may hinder retention of our core asset, our excellent and dedicated team.

Given that the key drivers for productivity in an economy are widely acknowledged to be technology adoption and skills, the Board believes that there could be a serious impact on the wider economy because of these proposed savings.

Separately the Panel has undertaken some discussion as to the annual basis on which grants are approved and delivered, and we would value any comment you may wish to make as to impact on your budgeting.

While grants are reviewed and reconfirmed annually, until 2024 the process, while administratively onerous, has not seriously impeded Digital Jersey's ability to deliver on its operational plans. There has remained a residual cash flow risk due to the historic uncertainty of timing of payments from Government which the Board has mitigated by building a modest cashflow reserve.

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Concluding remarks.

The Board has sought to mitigate the impact of flat levels of grant funding for the past 2 years, despite significant inflationary pressures, by increasing non-governmental income (for example in co-sponsorship of projects) and by renegotiating supplier contracts.

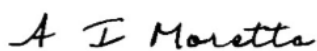
Overall the Board remains very concerned that the continuing uncertainty will impact on staff retention and morale, distract the organisation from delivering its objectives effectively and be unsettling for the >200 paying member organisations who we currently support.

The Board is confident that Digital Jersey has and can continue to play a significant role in enabling the economy to grow and become more productive and the Board remains committed to that vision. Digital Jersey's mandate and mission is to accelerate Jersey's Digital Future which is achieved through support for industry (member services, the Hub, start up support, business relocations mentoring, events etc); delivery of innovation initiatives such as the sandbox projects, Impact Jersey, Data Trusts, and other projects; and support across both education and the economy for digital skills development. This aligns with the Future Economy Programme ambition to be 'a consistently high performing, environmentally sustainable and technologically advanced small island economy by 2040.'

In addition, Digital Jersey is down to deliver the vast majority of actions within the Government's soon to be published Digital Economy Strategy, including digital skills development through the Academy. Digital Jersey is also part way through our [5 Year Strategic Plan | Digital Jersey](#), with its focus on creating a sustainable tech hub through a focus on Transforming Industry, Growing Infrastructure, Upskilling People and Accelerating a Digital Government.

We feel that Digital Jersey is the main organisation in the island focused on innovation and digital transformation, and even our existing budget, at less than 0.2% of total Government expenditure, is a small investment in the necessary modernisation of our economy and indeed our island.

Yours sincerely,



Tony Moretta
CEO of Digital Jersey Limited, on behalf of the Board of Directors

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