

I refer to your request for comment in relation to the additional funding for Jersey Business in the sum of £700,000.

I do not believe that the additional funding is justified. In fact I am struggling to see any value in Jersey Business itself.

As an organisation the role of Jersey Business ("JB") would, very simplistically, appear to be twofold: to help businesses deal with the excessive red tape and disjointed business practices that have been created by Government and secondly to help provide a safety net for Government not to change these practices.

Rather than continue to throw money at a quango would it not be more efficient and provide greater value for money to make Jersey more business friendly by addressing the root causes of too much regulation, form filling and a disjointed civil service ?

Unlike most businesses in the island, JB are not regulated nor seem to carry any form professional indemnity insurance. This must limit their activities. They hold themselves out as professionals but do not have to adhere to the principles of any professional body. There is no requirement for them to make money, work efficiently or commercially – as they state themselves they are "not for profit". There seems to be no measureable targets as to their performance. They pay no tax (directly or indirectly) and they, themselves, seem to make no positive impact in creating productivity in the economy. They say that they are uniquely placed to work across all sectors though I would suggest that a simple google search would highlight numerous Jersey resident taxpaying businesses (directly or through the e taxation of the shareholder) offering similar services.

Their 2021 Annual Report and Accounts are full of verbose phrases but they offer no actual insight into what they actually do on a day to day basis to justify the substantial funding they have received.

They point to their work during the pandemic but the co-funding scheme was confusing and flawed which has led to a string of appeals.

In addition, they prominently state that they drive productivity improvement – one would suggest more detail is required here as it very unclear from their report how this is actually achieved.

In relation to their own performance analysis, they list the following as differences that they made. It should be remembered that according to JB they have a "unique ability to work across sectors":

- 12 organisations attended leadership development – could have been supplied by the private sector – not unique
- 5 businesses improved process – not unique
- 10 people learnt new business skills – not unique
- 47 improved their media presence - not unique
- 2 new businesses to Jersey – not unique
- 9 businesses helped to ask for grants – not unique
- 156 businesses supported – no detail as to how ? not unique

The above being achieved over a 52 week period with a team of nearly 20. We would have expected twice the above, as a minimum, with a team of that size. It is noted that they incurred c£40k in external accounting, finance support and other legal and professional fees. One would like to understand better how these fees were incurred as one would have expected that a business so unique and "having intimate knowledge and intelligence about the business community" would not need such a level of external support.

There is nothing whatsoever within their annual accounts to suggest that they offer anything that is not available from the private sector.

The cost to the public of Jersey for 2021 was c£1.3m funded solely by the taxpayer (directly or indirectly). This will be the ongoing number before inflation or any additional funds are voted.

If one uses a 20% flat tax rate then “taxable business profits” of c£7m would need to be generated by business to fund JB. I find it incredibly difficult to believe that the activities of JB resulted in anywhere near sufficient new business activity to justify the cost of running JB let alone making a positive contribution. Additional funding of £700,000 will require “new” additional taxable business profits of £3.5m to break even. New business activity generated by JB therefore would need to run at c£10m per annum to justify the total funding. It being noted that the island has virtually full employment so achieving this goal, one would suggest, would be virtually impossible and therefore it is assumed that JB and Government accepts that it has a negative effect on overall island productivity.

As highlighted in the message from the Chair, their role is to help Government develop and deliver key economic strategies. As stated above JB seem to simply exist to deal with problems within Government. In reviewing the FOI request entitled “Staff job titles and grades” it would seem on first reading that the work JB purportedly does for Government is already very well catered for. <https://www.gov.je/government/freedomofinformation/pages/foi.aspx?ReportID=5887> whilst the work they do externally can easily be done by the private sector at no cost to the taxpayer and no detrimental effect on economic productivity.

I would be very interested to know whether your request for comment has elicited any positive responses from any non-Government funded (wholly or partly) organisations.

I would urge Scrutiny to look carefully at value for money across all Government departments and any entity that is predominantly funded by Government. Government should be small and focused, not large, unwieldy and in certain areas self-serving. Rather than increase their funding, the funding of JB should be frozen and then reduced as JB is wound down.