

# STATES OF JERSEY



## PROPOSED BUDGET (GOVERNMENT PLAN) 2025-2028 (P.51/2024) – COMMENTS

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Presented to the States on 22nd November 2024  
by the Economic and International Affairs Scrutiny Panel

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STATES GREFFE

## COMMENTS

### **Background**

The Council of Minister's proposed the Budget 2025-2028 [[P.51/2024](#)] (previously entitled 'Government Plan') ('Budget') the Common Strategic Policy 2024-2026 [[R.115/2024](#)] and [Departments' Business Plans 2024](#) which aim to link the Government's high-level priorities with their delivery.

The [Common Strategic Policy 2024-2026](#) which was approved by the States Assembly on 21st May 2024 defines thirteen strategic priorities for delivery over the next two years. It is aligned with the long-term vision set out in the [Future Jersey Report](#) and ten Island Outcomes arising from it.

Revenue expenditure growth funding totalling £3.1 million which was allocated in the Government Plan 2024–2027, has been reprioritised to support funding of the Common Strategic Policy 2024-26 objectives. Where delivery of Common Strategic Policy priorities cannot be met through reprioritisation of existing resources and budgets, additional funding has been provided. The Proposed Budget includes funding to deliver Minimum Income Standards.

The Budget was accompanied by the publication of an Annex on 13th August 2024. This document provided further details about the departmental spending and additional revenue expenditure. It was published as a States Assembly report [R.133/2024](#).

### **The Panel's approach to scrutinising the Budget**

As per last year's [Review of the Government Plan 2024-2027](#), the Scrutiny Liaison Committee agreed that each Panel would review the aspects of the Budget that aligned with its remit. A list of the revenue programmes examined by the Panel can be found [here](#).

The Panel's Terms of Reference for the Review were agreed in line with other Scrutiny Panels. Specifically, the Terms of Reference were:

1. *To review components of the Proposed Budget 2025-2028 Proposition [P.51/2024] which are relevant to the Economic and International Affairs Scrutiny Panel to determine the following:*
  - a) *The impact of the Budget proposals on departmental budgets, savings and staffing levels.*
  - b) *Whether the revenue expenditure growth, capital and other projects are appropriate and likely to have a positive impact on Islanders and Island life.*
  - c) *How the proposed revenue expenditure growth, capital and other projects align with the Common Strategic Policy to deliver on the priorities, and in line with the Departments' Business Plans.*
  - d) *Whether the resources allocated to revenue expenditure growth and capital and other projects are sufficient, ensure value for money and demonstrate best use of public funds.*

2. *To assess the impact of the Budget proposals on the Consolidated Fund, the Technology Accelerator Fund, Dormant Bank Accounts Fund, Agricultural Loans Fund, Tourism Development Fund, CI Lottery (Jersey) Fund and the Jersey Innovation Fund.*

The Panel received the following letters from Government Ministers in response to its queries about the content of the Budget:

- [Minister for International Development – 20th September 2024.](#)
- [Minister for External Relations – 23rd September 2024.](#)
- [Minister for Sustainable Economic Development – 2nd October 2024.](#)

The Panel identified approximately 14 external stakeholders and wrote to them as part of the review. The Panel received responses and submissions from the following:

- [Jersey Bank Depositors Compensation Scheme.](#)
- [Jersey Finance.](#)
- [Ports of Jersey.](#)
- [Jersey Farmers Union.](#)
- [Jersey Arts Centre Association.](#)
- [Art House Jersey.](#)
- [Digital Jersey.](#)

Private submissions were also made by Jersey Business and Digital Jersey.

The Panel also held three public hearings with Ministers as part of its Budget Review:

- [The Minister for International Development \(Quarterly Hearing\) on 19th September 2024.](#)
- [The Minister for External Relations on 15th October 2024.](#)
- [The Minister for Sustainable Economic Development on 25th October 2024.](#)

The Panel extends its thanks to all those who contributed to its evidence gathering process.

### **Amendments**

The Panel had lodged one amendment to the Budget:

- [Jersey Business and Digital Jersey Savings \(P.51/2024\): Twentieth Amendment.](#)

The reports accompanying the amendments provide further information which the Panel will not duplicate in these Comments.

### **Main themes and key findings**

The Panel collected and considered evidence from the Minister for Sustainable Economic Development, Minister for External Relations and the Minister for International Development in its review of the Budget. The Comments will address key themes emerging from the Panel's review, including five areas from which the Panel has made findings and recommendations.

The Panel is concerned about the impact of domestic inflation, measured by the Retail Prices Index, on businesses and consumers in Jersey. The Panel is also concerned that the Budget provides varying levels of Government support across different sectors of the economy and means that the Panel is unclear about the approach taken by Government in the distribution of funding and business support, as well the Savings Proposals. For example, the Panel notes the proposed support within the Budget for the agriculture and marine sectors of the economy, including proposals for approximately £6.8 million of Agriculture and Fisheries support, however, the Panel is concerned about the reduction in support for the tourism sector and visitor economy. The Panel notes proposed savings of £256,000 in 2025 for the Implementation of the Digital, Visitor Economy and Elite Sport Strategies project, compared with revenue expenditure growth in Government Plan 2024-2027 of £650,000 for the same project in 2025.

For ease of reference, the Panel sets out its comments below in an order that reflects the Proposition and Summary Tables in the published Proposed Budget (Government Plan) 2025-2028 Proposition.

During its review of the Budget, the Panel analysed the Technology Accelerator Fund ('Fund'). The Panel found that the Fund has a higher risk tolerance than the funds administered by other Government departments, to promote business innovation in Jersey. Whilst the Panel is assured about the governance processes in place, it recommends that the Minister for Sustainable Economic Development quantify and publish the benefits to Jersey from successful projects as they are realised from the Fund.

The Panel noted that the level of depositor compensation payable from the Jersey Bank Depositors Compensation Scheme ('DCS') has remained unchanged since 2009. The Panel decided to scrutinise the maximum compensation payable by the DCS and recommends that the Minister for External Relations undertakes a review of the terms of the DCS, following completion of the transfer of legal and operational responsibilities from the Jersey Bank Depositors Compensation Board to the Jersey Resolution Authority.

The Panel has also scrutinised the funding allocated to the Jersey Overseas Aid Commission ('JOA') and found that one of the aims of the JOA is to increase the level of aid, from the current level of 0.29% of Gross Value Added ('GVA'), to the Organisation for Economic Co-operation and Development ('OECD') average of 0.36% of GVA. The Panel also found that one of the advantages of linking the JOA budget to GVA, meant that Jersey could benchmark Jersey's contributions against other developed countries and jurisdictions, and assess how the Island is performing. The Panel notes that under the current proposal, it would take until 2030 to reach the OECD average. We also note that the current funding level is far below the target set by the United Nations was for 0.7% of GVA to be spent on development assistance. The Panel recommends that the Minister for International Development provide clarification about whether the Council of Ministers support the provision of aid that matches the OECD average, and how this will be achieved.

The Panel has also scrutinised the Living Wage Transitional Support project ('project') designed to improve on-Island business productivity and competitiveness as the Island moves towards the establishment of a living wage. The Panel found that whilst the project is not limited to specific sectors of the economy, it will need to be monitored in 2025 and 2026, to ensure it delivers the intended outcomes. The Panel recommends that the Minister for Sustainable Economic Development undertakes an assessment and

produce evidence about the outcomes of the project, to inform future Government decisions about extensions to the project beyond 2026.

The Panel also considered the Minimum Income Standards project and found that this will work will involve a research study, and the creation of a new formula about the cost of living in Jersey, to better inform minimum wage setting. The Panel recommends that the Minister for Sustainable Economic Development reports to the States Assembly, on an annual basis from 2025 to 2028, to provide an update on the progress and outcomes of the Minimum Income Standards project.

During its review of the Budget, the Panel questioned the reductions in grants to Arm's Length Organisations ('ALOs'), including to Digital Jersey and Jersey Business, which total £571,000 and to Jersey Finance which totals £429,000. Whilst the Panel has heard from Jersey Finance that its Budget allocation for 2025 will be sufficient, the Panel recommends that the Minister for External Relations reinstates the grant to Jersey Finance in the next Proposed Budget (Government Plan) 2026-2029. Furthermore, the Panel remains concerned about the reductions in grants to Digital Jersey and Jersey Business and have proposed amendments to the Budget to address these concerns. The Panel also recommends that the Council of Ministers ensures that grants to ALOs are maintained at a sustainable level. Additionally, the Panel has considered and questioned the current one-year budgeting process for ALOs, in relation to the certainty and long-term planning this provides and recommends that the Minister for External Relations undertake a formal consultation with ALOs in relation to the current budgeting process.

Finally, the panel would like to address a matter relating to the way the allocation for the 1% for Arts, Heritage and Culture is calculated, in particular when it relates to the inclusion of 'non-Sustainable Economic Development spend' to make up the 1%. Further to a breakdown of figures provided in response to WQ 230/2024 it was indicated that in 2023, the £521,000 allocated to *Jèrriais* was included to make up the 1%. Given that the vast majority of this sum is used to pay *Jèrriais* teachers, whose wages are paid out of CYPES budget, it does not seem appropriate to include this sum under the 1% cultural spending, any more than it would to include the wages paid to art, history, music, dance, photography teachers, for example.

### **Table 3 – Transfer of monies between States Funds: Technology Accelerator Fund**

The Technology Accelerator Fund ('Fund') is a project led by the Minister for Sustainable Economic Development. The Budget highlights that the projects supported by the Fund are to be delivered through the Impact Jersey Programme, and states that the aim of the Fund is to *"assist in solving the Island's strategic challenges by enhancing the digital economy, incubating, supporting, and accelerating high value technological initiatives and closing known gaps in Jersey's innovation eco-system"*.<sup>1</sup>

The Budget proposes that the Fund has an opening balance of approximately £14.3 million and proposed expenditure of approximately £3 million in 2025. Additionally, the Budget proposes a transfer of approximately £1.3 million from the Technology Accelerator Fund to the Consolidated Fund in 2025 to *"support investment in Government digital projects"*.<sup>2</sup>

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<sup>1</sup> [Proposed Budget \(Government Plan\) 2025-2028 – P.88](#)

<sup>2</sup> [Proposed Budget \(Government Plan\) 2025-2028 – P.74](#)

**Table 51 – Technology Accelerator Fund**

£'000	2025 Estimate	2026 Estimate	2027 Estimate	2028 Estimate
Opening Balance	14,278	10,018	4,285	1,152
Programme expenditure	(2,971)	(2,346)	(1,746)	(1,152)
Transfer from Technology Accelerator Fund	(1,289)	(3,387)	(1,387)	-
Transfer to Consolidated Fund				
Closing Balance	10,018	4,285	1,152	-

During its review, the Panel asked about the balance of risk that Government was taking in relation to the return on investment from projects supported by the Fund. At a Public Hearing with the Minister for Sustainable Economic Development on 25th October 2024, the Panel learned that the Fund would tolerate a higher level of risk than other Government departments would take, to promote innovation:

**Deputy M. Tadier:**

*“That is fine when it is a private individual’s money, but when it is government money at stake, where is the balance of risk for Government and where is the payback for Government when an investment has been successful?”*

**The Minister for Sustainable Economic Development:**

*“Absolutely, it is exactly the same. In this area of government, it is not going to be the same in Health as something like this, but in this area of government, the Economy Department, there has to be an element which is about acceleration, and that means a higher level of risk. It means embracing that. It is about innovation.”<sup>3</sup>*

The Panel also asked about the return on investment from the Fund at the Public Hearing with the Minister, and learned that the return on investment was tied to the benefits of successful projects that resulted from the Fund and in turn benefited the Island:

**Deputy M. Tadier:**

*“How do we claw back the investment? Is there a way that ... if we invest in a successful business, for example, or allow a business to flourish with a grant that they would not have otherwise had, what is the clawback that Government gets for it?”*

**The Minister for Sustainable Economic Development:**

*“The idea of the Impact Fund is you are trying to solve problems that Jersey has. A successful project in a particular area in itself will be providing benefit to the Island, because it is solving a problem that Jersey has.”<sup>4</sup>*

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<sup>3</sup> [Public Hearing – Minister for Sustainable Economic Development – 25<sup>th</sup> October 2024](#)

<sup>4</sup> [Ibid](#)

The Panel was further informed that whilst the Fund tolerates a higher degree of risk than other areas of Government, there is governance around the projects supported by the Fund, and that the Government had sought advice and experience from an advisor to the Canadian Government in relation to the Canadian Impact Fund:

**The Minister for Sustainable Economic Development:**

*“...I fundamentally believe that in small areas of government such as this, you have to have an appetite for slightly greater risk than Government normally does, but you wrap it in good governance. The Impact Fund is wrapped in good governance. We have worked with Canada on this. One of the 31 advisers to the fund is a person who works in the Canadian Government on their Impact Fund, which has been hugely successful. We are looking at the governance that they have there”<sup>5</sup>*

The Panel notes that the Budget states that a “revised spend profile of this £20 million fund was agreed enabling some monies to be transferred into the Consolidated Fund to fund investment in the Government’s digital programme” with further amounts proposed to be transferred to the Consolidated Fund in 2026 for the same purpose, and that “This has led to a reprofiling of the spend across 2025 and 2026”.<sup>6</sup>

At the Public Hearing with the Minister, the Panel referenced the reprofiling of spending set out in the Budget and asked whether the Fund would be replenished to ensure that it could continue to provide the desired outcomes. The Panel learned that the Minister would ensure that the £20 million of expenditure previously approved by the States Assembly would be made available through the Fund:

**Deputy M. Tadier:**

*“...you call it re-profiling, and we have understood that money is being transferred to the Consolidated Fund over a period of time for the Budget. Will you look to replenish that fund, so the impacts can continue to happen?”*

**The Minister for Sustainable Economic Development:**

*“I will look to make sure that the £20 million the States voted for is what goes through that fund. There is no question; the States voted for that.”<sup>7</sup>*

The Panel notes that whilst the Fund proposes a higher degree of risk than that conventionally taken by other Government departments, the Panel is assured that the Fund and the projects supported by the Fund are subject to appropriate governance processes. However, the Panel recommends that the Minister for Sustainable Economic Development should quantify and publish details about the benefits realised for the Island, from successful projects supported by the Fund.

**Finding 1:** The Technology Accelerator Fund has a higher risk tolerance than the funds administered by other Government departments, to promote business innovation.

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<sup>5</sup> [Public Hearing – Minister for Sustainable Economic Development – 25<sup>th</sup> October 2024](#)

<sup>6</sup> [Proposed Budget \(Government Plan\) 2025-2028 – P.88](#)

<sup>7</sup> [Public Hearing – Minister for Sustainable Economic Development – 25<sup>th</sup> October 2024](#)

**Finding 2:** The Technology Accelerator Fund is subject to governance processes and the Department for the Economy has sought independent advice

**Recommendation 1:** The Minister for Sustainable Economic Development should quantify and publish details about the benefits to Jersey, realised from projects supported by the Technology Accelerator Fund, prior to the lodging of the next Government Plan.

### **Strategic Reserve Fund: Jersey Bank Depositors Compensation Scheme**

Paragraph (k) of the proposition element of the Budget asks the States Assembly to “*approve an updated and consolidated policy of the Strategic Reserve Fund*” which includes approval of the total compensation of up to £100 million payable from the [Jersey Bank Depositors Compensation Scheme \(‘DCS’\)](#), under paragraph (k)(ii).<sup>8</sup>

The Panel has considered the level of depositor compensation payable by the DCS and questioned the Minister for External Relations during its review of the Budget. The DCS is administered by the Jersey Bank Depositors Compensation Board (‘Board’), and was set up to “*provide depositors with compensation in the unlikely event of bank failure*”.<sup>9</sup> A core feature of the DCS is the depositor protection of up to £50,000 for deposits placed in Jersey per person, per Jersey banking group.<sup>10</sup> The maximum level of compensation that the Board may expend in relation to payments from the DCS following the failure of a bank affecting Jersey bank deposits is £100 million.

During its review, the Panel decided to ask questions in written correspondence about Regulation 28(1)(b) of the [Banking Business \(Depositors Compensation\) \(Jersey\) Regulations 2009](#) (‘Regulations’) that deal with the maximum level of DCS compensation, the maximum level of compensation that the Board can expend, monitoring of the £50,000 cap on Jersey bank deposits and whether the level of compensation payable by the DCS was considered as part of the Budget process.

In a letter from the Minister for External Relations dated 20th September, the Panel was informed that the maximum level of compensation payable by the DCS is set out in the Regulations. The Panel was also informed that the Budget provided a continuation of the current DCS compensation arrangements and, “*seeks to continue to recognise the potential funding necessary from the Strategic Reserve Fund up to an amount as provided within the existing law*”. The Panel were further informed that the Budget does not consider the adequacy of the total compensation of £100 million payable by the DCS, “*Further consideration of the adequacy of the £100m limitation provided in Regulation 28 or the maximum compensation in Regulation 22 of the 2009 Regulations does not form part of the consideration of P.51*”.<sup>11</sup>

However, the Panel learned that Jersey’s response to potential bank failure has also evolved beyond the operation of the DCS in isolation and that, “*Significant work in recent years has focussed on Jersey’s Resolution Framework, with the establishment of the Jersey Resolution Authority and the development of the resolution framework*”. The Panel also learned that the Jersey Resolution Framework “*with relevant plans and*

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<sup>8</sup> [Proposed Budget \(Government Plan\) 2025-2028 – P.3](#)

<sup>9</sup> [Jersey Bank Depositors Compensation Board](#)

<sup>10</sup> [Ibid](#)

<sup>11</sup> [Letter – Minister for External Relations re Proposed Budget 2025-2028 – 23<sup>rd</sup> September 2024.](#)



*stabilisation tools available, provides a more sophisticated response to a bank that is or is likely to fail. Where a Jersey bank has critical functions, such as those systemic important banks, the undertaking of resolution action in line with a bank's resolution plan will mitigate the risk and impacts of bank failure".* The Panel further learned that the administration of the DCS was in the process of being brought within the remit of Jersey Resolution Authority ('JRA'), which would provide *"a better opportunity to consider more holistically our response to banks failure".*<sup>12</sup>

The Panel also requested the views of the Board in relation to the DCS, that included questions relating to the adequacy of the £100 million of maximum compensation payable by the DCS in the event of a Jersey bank failure. In its response dated 3rd October 2024, the Board highlighted the resource constraints of the Board and the JRA and that, *"Both organisations are small, and resources have, over the last twelve months, been focused on supporting the drafting of this legislation, and preparations for the operational transfer which will follow, alongside our respective ongoing responsibilities to implement a resolution regime and ensure we could pay compensation to depositors in the event of a bank failure".*<sup>13</sup>

The Board also highlighted that a review of the existing DCS arrangements would be a significant undertaking, *"Reviewing the terms of the JDCS including limits, coverage and funding will be complex and will require extensive consultation with domestic stakeholders and other peer jurisdictions, especially Guernsey and the Isle of Man as their schemes are broadly in line with our own".* The Board also submitted to the Panel that a review of the terms of the DCS should be undertaken no earlier than 2026 *"...to allow time for the responsibility for administration of the JDCS to be transferred to the JRA and for the organisation to "find its feet".*<sup>14</sup>

The Panel decided to ask questions about the DCS at a Public Hearing with the Minister for External Relations on 15th October. the Panel sought clarity about the total compensation payable from the DCS and the length of time that the DCS compensation has been fixed for:

**Deputy M. Tadier:**

*"So in terms of the funding that is available for that, it is up to £100 million, is that correct?"*

**The Minister for External Relations:**

*"Yes."*

**Deputy M. Tadier:**

*"That has remained fixed since 2009?"*

**Chief Officer, Department for the Economy:**

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<sup>12</sup> [Ibid](#)

<sup>13</sup> [Submission – Ports of Jersey – 3<sup>rd</sup> October 2024](#)

<sup>14</sup> [Ibid](#)

*“Since the inception of the law, yes.”<sup>15</sup>*

The Panel then asked about how a potential amendment to the level of DCS compensation would be funded and delivered. The Panel was informed that changes to the level of DCS compensation would have implications for the entire DCS, and reiterated the position of the Board, that a review of the DCS compensation should not take place before 2026:

**Deputy M. Tadier:**

*“...if there were to be a proposal to increase that either in this term if there were an amendment forthcoming or if there was, in fact, a Government policy in the future to do that, where would the money come from? Is it something that could be delivered?”*

**The Minister for External Relations:**

*“This is part of the issue that you cannot just say you are going to do one thing without thinking about the implications of the rest of the scheme. I think that the chair and the compensation board themselves say that, okay, while it is something that could be looked at, they take the view that it really should not be looked at before 2026 when we have got the resolution authority up and running and you have the depositor compensation scheme within that new resolution authority. They are the experts in this area, albeit they recognise it is a governmental decision. But their advice would be that you do not look at that until any earlier than 2026.”<sup>16</sup>*

The Panel acknowledges the size and resource constraints of both the Board and the JRA, and that the focus of both organisations is on supporting the development of legislation and preparations for the operational transfer of functions from the Board to the JRA which will follow. However, the Panel recommends that the Minister for External Relations undertakes a review of the terms of the DCS, including the level of depositor compensation, once the transfer of legal and operational functions from the Board to the JRA has been completed.

**Finding 3:** The level of compensation payable by the Jersey Bank Depositors Compensation has remained fixed at the current level of £100 million since 2009.

**Recommendation 2:** The Minister for External Relations should commence a review of the terms of the Jersey Bank Depositors Compensation, including the level of depositor compensation, once the full transfer of legal and operational functions from the Jersey Bank Depositors Compensation Board to the Jersey Resolution Authority has been completed, by no later than 30th January 2026.

**Table 10 – Revenue Heads of Expenditure - Jersey Overseas Aid**

The [Jersey Overseas Aid Commission](#) (‘JOA’) is led by the Minister for International Development and the Panel considered the increases in JOA funding over Government Plan 2024-2027, the Gross Value Added (‘GVA’) linked funding for the JOA and the

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<sup>15</sup> [Public Hearing – Minister for External Relations – 15<sup>th</sup> October 2024](#)

<sup>16</sup> [Ibid](#)

outputs from the funds allocated to the JOA in the Budget. The proposed expenditure on JOA in this Budget is set out as follows:

**Table 10: Revenue Heads of Expenditure**

Revenue Heads of Expenditure £'000s	2025 Estimate	2026 Estimate	2027 Estimate	2028 Estimate
Jersey Overseas Aid	22,221	22,888	23,552	24,259

The Panel compared and considered the increases in the JOA grant funding from approximately £20 million allocated to JOA in Government Plan 2024-2027, with approximately £22 million allocated to JOA in the Budget and asked about the uses for the additional grant increase. At a Quarterly Public Hearing with the Minister on 19th September 2024, the Panel learned that the increases to JOA grant funding could enable the JOA to fund more international development grants, and that the majority of the funding had already been allocated:

**Deputy K.M. Wilson:**

*“Okay, thank you. Minister, can you just please outline what the additional grant increases will be used for?”*

**Interim Executive Director, Jersey Overseas Aid:**

*“It enables us to fund potentially more multiyear international development grants, but the majority of that budget is already committed to existing multiyear programmes as well as unallocated funds for humanitarian disasters, which we do not know when or if they will happen, but it is important to have that resource available to distribute when it is needed as well.”*

The Panel then asked about the percentage of the JOA budget that will be retained and learned that the JOA’s humanitarian budget represents about 25% of its overall budget, of which 30% was ‘un-earmarked’ to respond to emergencies:

**Deputy K.M. Wilson:**

*“What percentage of your budget do you keep back?”*

**Interim Executive Director, Jersey Overseas Aid:**

*“Well, our humanitarian budget represents about 25 per cent of our overall budget, of which we will keep back around about 30 per cent un-earmarked in order to respond to rapid onset emergencies, manmade or conflict.”*

The Panel notes that one of the Budget’s stated aims for JOA is to provide, “*staged increases in the Jersey Overseas Aid (JOA) budget to 0.3% of GVA by 2025*”. At its Quarterly Public Hearing with the Minister, the Panel was informed that it would be beneficial to reach the Organisation for Economic Co-operation and Development level of aid of 0.36% of GVA, but that, “*the O.E.C.D. [Organisation for Economic Co-operation and Development] average fluctuates, as we have just seen this year. I mean, it has gone up 0.3 per cent this year.*”

**Interim Executive Director, Jersey Overseas Aid:**

*“Can I just say also the value of tying the budget to G.V.A., it also enables us to benchmark our contributions to other countries and jurisdictions as well, so we have an idea of how we are performing compared to other developed jurisdictions and countries.”*

However, the Panel note that the 0.3% of GVA target for Jersey was significantly below the 0.7% target established by the United Nations:

**Interim Executive Director, Jersey Overseas Aid:**

*“Yes, the 0.7 per cent target was one that the U.N. (United Nations) established and it is one that, yes, as the Minister said, Scandinavian countries in particular regularly meet those. But I think 0.7 per cent in this, for us I think as we get to 0.3 per cent ... I think trying to get towards the O.E.C.D. average would be a great milestone, but I think 0.7 per cent realistically would be something that is unachievable.”*

The Panel also asked about the length of time that would be required to reach the 0.36% of GVA target and was informed that if the same formula was applied at 0.01% per annum, that it would take six years. The Panel notes that this means that under the current funding formula it would take until 2030 to reach the OECD average:

**Deputy M. Tadier:**

*“...If we say it is at 0.36 per cent and that is the target, how long would it take to get to that, do you think?”*

**The Minister for International Development:**

*“If we use the same formula of 0.01 per cent per annum, it will take 6 years”*

The Panel also asked about how variations in GVA were modelled and accounted for in the JOA budgeting process. The Panel was informed that every project funded by the JOA has a detailed budget, and the funding requirements for the JOA were forecasted using financial modelling:

**Deputy K.M. Wilson:**

*“Just in the context of the conversation that we have just had about the variation or potential variation about G.V.A., how do you model that? How do you account for that if you have got long-term plans for development and improvement?”*

**Interim Executive Director, Jersey Overseas Aid**

*“So every project that we fund has a very detailed budget over 3 or 4 years that we are funding them, so we can forecast exactly how much money is committed next year, the year after and the year after that. Through modelling, we know exactly*

*how much money is needed at the end of each year to meet the needs of the project.”*

The Panel notes the aspirations of the Minister for International Development to bring the JOA budget in-line with 0.3% of GVA by 2025 and the aim to reach OECD average and will continue to monitor the work of the JOA, and the projects funded by this Budget through the JOA.

**Finding 4:** The Jersey Overseas Aid Commission humanitarian budget represents approximately 25% of the overall budget for Jersey Overseas Aid.

**Finding 5:** The Jersey Overseas Aid Commission budget is linked to the Gross Value Added to Jersey’s economy and enables the Jersey Overseas Aid Commission to benchmark Jersey’s contributions against other developed countries and jurisdictions.

**Finding 6:** The Minister for International Development and the Jersey Overseas Aid Commission aims to increase the level of Jersey aid from 0.29% of Gross Value Added to the Organisation for Economic Co-operation and Development average of 0.36% of Gross Value Added by 2030, which is less than the 0.7% target established by the United Nations.

**Recommendation 3:** The Minister for International Development should provide clarification about whether the Council of Ministers support the provision of aid that matches the Organisation for Economic Co-operation and Development average of 0.36% of Gross Value Added, and how this will be achieved, by no later than 31st January 2025.

**Table 10 – Revenue Heads of Expenditure - Living Wage Transitional Support**

The ‘Living Wage Transitional Support’ project is led by the Minister for Sustainable Economic Development and includes a £20 million package of support, of which £10 million will be provided in 2025 and 2026 respectively. The Budget states that one of the main aims of the project is to *“improve productivity and maintain competitiveness”*:<sup>17</sup>

**Table 10: Revenue Heads of Expenditure**

Revenue Heads of Expenditure £'000s	2025 Estimate	2026 Estimate	2027 Estimate	2028 Estimate
Living Wage Transitional Support	10,000	10,000	-	-

During its review of the Budget, the Panel considered a written submission from the Jersey Farmers Union on 24th September 2024, which highlighted the impact of the project on the agricultural sector in Jersey. The Jersey Farmers Union stated that the project will have a *“profound impact on our industry”*, and that the £10 million of funding in 2025 and 2026 is *“...an absolute must without which our industry would seriously diminish”*. The Jersey Farmers Union also stated it was unaware at present about how the project funding would be distributed, and that *“all the productivity gains*

<sup>17</sup> [Proposed Budget \(Government Plan\) 2025-2028 – P.44](#)

*have already been made in order to remain in business this far on the inflationary journey towards the Living Wage”.<sup>18</sup>*

The Panel decided to question the project at a Public Hearing with the Minister for Sustainable Economic Development on 25th October 2024 and asked about whether the project used international comparators in the absence of Jersey-based data. The Minister indicated that comparators were not used in the development of the project, and that the aim of the project was to provide grants to businesses that could demonstrate improvements to business productivity. The Minister also stated that the project would contribute towards the aims of the [Future Economy Programme](#):

**Deputy K.M. Wilson:**

*“...what comparators you are using to establish those proposals in this Government Plan? Is this based on U.K. (United Kingdom) comparators in the absence of the fact that we have got no Jersey-based data?”*

**The Minister for Sustainable Economic Development:**

*“No, I do not believe we have looked particularly at comparators...”*

**The Minister for Sustainable Economic Development:**

*“...So if a business is struggling with higher wages because of the minimum wage, rather than saying: “Okay, here is an amount which bridges the gap for you” and you are just paying that to them and they do whatever they want with it, what the package is designed to do is to say: “Here are some grants that are available to you. You need to show us how you are going to invest this in your business to make it a more productive business.” That in itself helps us move towards the aims of the Future Economy Programme, which is for a more productive Island, while at the same time enabling businesses to, like you say, reduce the reliance on labour. It does not mean they necessarily cut labour, but going forward they may need to hire fewer people as a result of having an often more technologically enabled and productive business.”<sup>19</sup>*

The Panel then asked whether there were particular focus areas where an improvement in productivity or competition was expected following approval of the projects within the Budget. The Panel learned that in addition to the areas of direct support proposed within the Budget, which include support for agriculture and fisheries, other areas of focus for the project included the hospitality, retail, care and third sectors:

**Deputy K.M. Wilson:**

*“...are there any particular areas where you believe you expect to see improvement in productivity and increased competition or maintaining competition at current levels?”*

**The Minister for Sustainable Economic Development:**

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<sup>18</sup> [Submission – Jersey Farmers Union – 24<sup>th</sup> September 2024](#)

<sup>19</sup> [Public Hearing – Minister for Sustainable Economic Development – 25<sup>th</sup> October 2024](#)

*“So we have been particularly thinking about those businesses which are more likely to be affected directly by a significant increase in minimum wage, so the general sectors there, you are talking about agriculture/fishing. They are being supported. They are the only ones being supported directly with grant support through the rural and marine economy support schemes.”*

**The Minister for Sustainable Economic Development:**

*“Outside of that, we have been thinking particularly about hospitality, we have been thinking about retail, we have been thinking about the care sector and the third sector, and they are the ones that we believe are likely to be particularly significantly affected.”<sup>20</sup>*

During the Public Hearing, the Panel was informed that the increases to the minimum wage would impact the business community in Jersey on a wide scale, and the support offered by the proposed project would be open to businesses in all sectors of the Island’s economy:

**The Minister for Sustainable Economic Development:**

*“But that said, the gains in the minimum wage are of a scale that we believe has an impact, even if it is indirect, on all sectors in the Island, so even the finance sector, which often people do not think of as being affected by minimum wage, we believe at the lower end of its pay scales may well be affected by this. So the biggest productivity grant scheme that we are providing, which is £3 million a year over 2 years - £3 million each for 2 years - is open to all businesses, regardless of sector.”<sup>21</sup>*

The Panel then learned that the project was developed to improve productivity but also competitiveness to ensure the Islands key economic sectors did not fall behind international markets. The Panel also learned that levels of business investment were low in the Island, and that an extension to the support offered by the project beyond 2026, would be *“for the next Government to decide”*:

**Chief Economic Adviser:**

*...we have definitely tried to completely shape it around productivity and competitiveness. Productivity is that trying to make the productivity gains, but the competitiveness is to make sure we do not fall backwards and become less competitive, particularly in the international markets, like tourism and agriculture. It is a targeted approach on those 2 arms, rather than a subsidy or grant. What goes alongside what we are trying to do is the messaging, as much as anything else. We believe it is important for companies to invest in themselves. I am sure they believe that as well. We are helping them do that, rather than giving straight subsidy or grant. We are pushing everything down a certain area. That message, that we are supporting businesses to do that, is really important*

**The Minister for Sustainable Economic Development:**

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<sup>20</sup> [Ibid](#)

<sup>21</sup> [Ibid](#)

*“With your finance, the hospitality and agriculture, you have to continue investing in your business if you want to stay competitive, stay productive and stay as a profitable business. As Tom said, business investment levels are quite low in the Island in comparison to other areas. That is one of the key things I want to turn around. If Government ... even if it is only over a 2-year period ... and I have said in the States that maybe the next government will have to look at tapering it and extending it. That is for the next government to decide. If we can encourage and create a behaviour of growing investment in businesses within the Island, that will be a real success.”<sup>22</sup>*

In a Government of Jersey press release dated 11th November, it was confirmed that the transitional support stated in the Budget would be launched and delivered via Jersey Business, and the proposed funding distributed as follows in 2025 and 2026:

*“The application process will be announced following States approval, with the schemes open to all employers launching in early 2025 via Jersey Business.”*

- *“£2.3m Productivity Grant – to help any employer invest in a product or process improvement*
- *£2m Skills Grant – to help any employer invest in apprenticeship and skills training*
- *£1.1m Rural and Marine Grant – top up funding to the existing rural and marine support schemes*
- *£1m Visitor Economy Development Grant – a productivity grant ring-fenced for visitor economy employers*
- *£2m Destination Marketing Grant – top up grant for Visit Jersey to increase tourism demand*
- *£1m Route Development Grant – a contract for Ports of Jersey to increase connectivity*
- *£0.3m Additional Employee Support – to support lower-income workers who have lived in Jersey less than five years.”<sup>23</sup>*

Whilst the overarching aims and objectives of the project to improve on-Island business productivity and competitiveness, are not limited to specific sectors. However, it has not been made clear to the Panel what productivity measures will be assessed as part of the grant funding to be delivered by the project, and how specific business productivity measures will be deemed to improve business productivity. The Panel will monitor the project in 2025 and 2026, to ensure it delivers the intended outcomes. The Minister for Sustainable Economic Development should undertake an assessment and produce evidence about the outcomes of the project, to inform future Government decisions about extensions to the project beyond 2026.

**Finding 7:** The Business support during the transition to a Living Wage project was not developed using comparators with other jurisdictions.

**Finding 8:** The Business support during the transition to a Living Wage project is open to businesses in all sectors of Jersey’s economy.

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<sup>22</sup> [Public Hearing – Minister for Sustainable Economic Development – 25<sup>th</sup> October 2024](#)

<sup>23</sup> [Multi-million pound investment in Jersey businesses announced – gov.je – 11<sup>th</sup> November 2024](#)



**Recommendation 4:** The Minister for Sustainable Economic Development should monitor and assess the outcomes of the Business support during the transition to a Living Wage project, to inform future Government decisions about the project, prior to the lodging of the next Government Plan

**Table 12 – Common Strategic Policy – Revenue Expenditure Growth: Minimum Income Standards**

The Minimum Income Standards project is an item of ‘Revenue Expenditure Growth’ and is being led by the Minister for Sustainable Economic Development, with £200,000 made available in 2025 to commission a research study that will, “*establish and maintain a set of household minimum income standards in Jersey*”. The Budget makes the following allocations for this project in 2025 to 2028:<sup>24</sup>

**Table 12: CSP Revenue Expenditure Growth**

CSP Revenue Expenditure Growth	2025 Estimate	2026 Estimate	2027 Estimate	2028 Estimate
Minimum Income Standards	200	50	50	50

During its review, the Panel asked for more information about how the funds allocated to the project in 2025 would be used. In a letter from the Minister for Sustainable Economic Development dated 2nd October 2024, the Panel was informed that the funds would be spent on, “*expert researchers, likely from academic institutions, who will help build our approach to delivering a tailored “Minimum Income Standard” for the island*”. The Panel was also informed that the work to deliver the project is a “*sizable undertaking and meets the aspirations alongside the “living wage” policy to better understand the true basic cost of living in Jersey.*”<sup>25</sup>

At a Public Hearing with the Minister on 25th October 2024, the Panel asked for more information about the purpose of the Minimum Income Standards project. The Panel learned that a key starting point for the work on the project was Islanders thoughts about what a minimum income level for Jersey should be:

**Deputy K.M. Wilson**

*“Can you just, for the benefit of the public, briefly outline the purpose of the proposed revenue expenditure minimum income standards?”*

**Chief Economic Adviser:**

*“Every country that has done this - and it is slightly unusual that a government does this, it is usually done by research institutes or suchlike - that is the starting point, it is what people think should be a minimum income standard for people to live on in that place.”*<sup>26</sup>

<sup>24</sup> [Proposed Budget \(Government Plan\) 2025-2028 – P.43](#)

<sup>25</sup> [Letter – Minister for Sustainable Economic Development re Proposed Budget 2025-2028 – 2<sup>nd</sup> October 2024](#)

<sup>26</sup> [Public Hearing – Minister for Sustainable Economic Development – 25<sup>th</sup> October 2024](#)

The Panel then learned that the project would benefit businesses and employees in Jersey, and would create a formula that better aligned with the cost of living and the minimum income required to live on the Island, rather than a standard calculation based on two-thirds of median income:

**Minister for Sustainable Economic Development:**

*“So by doing a minimum income standard you are creating that scenario, that formula of: “This is how much it costs to live in Jersey” and many people believe that it is better to adjust your minimum wage and your income support according to that information rather than the more esoteric two-thirds of median wage, which does not speak in any way to the actual costs of living in Jersey. It just speaks to wages, and in Jersey you have one particular sector which pays, in the main, much more than many other sectors and so some would argue distorts the median wage in the Island.”<sup>27</sup>*

The Panel will continue to monitor developments and the progress of the research study to establish a Minimum Income Standard for Jersey, however, the Panel recommends that the Minister for Sustainable Economic Development report to the States Assembly, on an annual basis from 2025 to 2028, to provide an update on the progress and outcomes of the project.

**Finding 9:** The Minimum Income Standards project will commission expert researchers to establish the minimum income required to afford the cost of living in Jersey.

**Finding 10:** The Minimum Income Standards project will result in the creation of a new formula about the cost of living in Jersey which will help to inform minimum wage setting.

**Recommendation 5:** The Minister for Sustainable Economic Development should report to the States Assembly in each year from 2025 to 2028, on the progress and outcomes of the research study to establish and maintain a set of household minimum income standards in Jersey.

**Table 55 - Savings Proposals and the budgeting process for Arms-Length Organisations**

The Panel identified the following ‘Savings Proposals’ (‘Savings’) within the Panel’s remit in the Budget, for External Relations, Economic Development, Tourism, Sport and Culture and Financial Services:

**Table 55: Savings Proposals**

£’000	Arms-Length Organisations	Growth Reductions	Roles	2025 Estimate
External Relations		(27)	(52)	(79)
EDTSC	(571)	(220)	(226)	(1,047)
Financial Services	(429)	(287)	(67)	(783)

<sup>27</sup> [Public Hearing – Minister for Sustainable Economic Development – 25<sup>th</sup> October 2024](#)

The Panel asked about the Savings identified in relation to External Relations in a letter dated 13th September, which make up £79,000 of Savings scrutinised by the Panel. In a response dated 20th September 2024, the Minister for External Relations stated that the £27,000 of ‘Growth Reductions’ would be delivered through a reduction in grant payments and £52,000 from vacancy management and role reductions “...reduction in grant payments (representing a 20% reduction on prior year growth) and £52,000 from vacancy management/staff role reductions”. The Minister further stated in relation to role reductions that “...specific roles affected by the reductions in 2026 have not yet been identified but will be outlined in the Government Plan 2026”.<sup>28</sup>

At a Public Hearing with the Minister for External Relations on 15th October 2024, the Panel questioned the Savings identified in relation to Financial Services, which total £783,000 of the total savings scrutinised by the Panel. The Panel learned that the largest Saving was in relation to a £429,000 reduction in the grant to the Arms-Length Organisation (‘ALOs’), Jersey Finance, “the reduction in the base grant to Jersey Finance Limited of £429,000”.<sup>29</sup>

The Panel asked about other sources of revenue for Jersey Finance, in addition to funds obtained from Government grants, and learned that the organisation received additional funding of approximately £900,000 from members of Jersey Finance, “They raise about £900,000 or so a year of income from their members, both by voluntary membership and through some commercial activities. For example, members may sponsor certain Jersey Finance events either in the U.K. or internationally”.<sup>30</sup>

The Panel decided to request further information from Jersey Finance about the impact of the proposed grant reduction in 2025 and asked whether Jersey Finance had confidence that there would be no impact on the effectiveness of the organisation resulting from the Saving in 2025. In its written submission to the Panel, Jersey Finance informed the Panel that “If the reduction in grant is limited to one year, we are confident in our team’s ability to plan carefully and manage our resources to as best as possible mitigate the downside risks. This is not to say that it will not have some impact which is impossible to quantify at this stage”.<sup>31</sup>

During its review of the Budget, the Panel expressed concern about the reductions in grant funding for other ALOs, that included reductions in the grant funding to Digital Jersey and Jersey Business totalling £571,000 in 2025. It has not been made clear to the Panel about the rationale for the proposed savings and the reductions to grants to ALOs, and about how the Savings have been targeted, and what the long-term effects of the Savings might be on the ALOs or the wider economy. The Panel believes that the proposed reduction of the Government of Jersey grants to Jersey Business and Digital Jersey are ill advised. The Panel therefore decided to propose an [amendment](#) to the Budget, that will reduce the amount of savings proposed to be made through the reduction in the Government of Jersey grants to Jersey Business and Digital Jersey.

However, at its Public Hearing with the Minister, the Panel also noted uncertainty for ALOs caused by the annual budgeting process and asked whether a more sustainable

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<sup>28</sup> [Letter – Minister for External Relations re Proposed Budget 2025-2028 – 20<sup>th</sup> September 2024](#)

<sup>29</sup> [Public Hearing – Minister for Sustainable Economic Development – 25<sup>th</sup> October 2024](#)

<sup>30</sup> [Ibid](#)

<sup>31</sup> [Submission – Jersey Finance re Proposed Budget 2025-2028 – 7<sup>th</sup> November 2024](#)

budgeting process could be implemented. The Panel learned that the challenges around uncertainty for ALOs during the budgeting process could only be solved by moving away from a one-year budgeting process, but that a three-year budgeting process for ALOs as used previously by the Medium-Term Financial Plan, would be too binding. The Panel also learned that the Minister believes that there is value in considering a two-year budget process, to provide more certainty for ALOs:

**Deputy M.B. Andrews:**

*“It is in regards to A.L.O.s and the uncertainty that those A.L.O.s face when the States Assembly is debating budgets. It seems to be year on year that the States Assembly is debating those budgets and, of course, there is concern, say, if we are looking at Jersey Finance who might want to do something in particular but if there is no certainty in the future that there will be a budget agreed for 39 them. Do you believe there is potentially a better sustainable way of working with the A.L.O.s compared to what is already in place?”*

**The Minister for External Relations:**

*“It is a good question, which is not solved by the way that we work with A.L.O.s. It would only be solved by returning to a more than one-year budget process because for every single organisation that we support, the agreement for our budget and spend is only annually and it is towards the end of the year for a spend that starts on 1st January, while you have an annual budget. We tried a M.T.F.P. (Medium Term Financial Plan), which was a 3-year process. People felt that was too much of a straitjacket. When I was sitting in the role of the Minister here to my right now, I proposed a 2-year budgeting process so you could try and align it with elections, so you did not feel you had a straitjacket but you could have more certainty about the 2 years in a row. I think there would be continued value in us considering that approach.”<sup>32</sup>*

The Panel also noted the breadth of ALOs supported by the Department for the Economy, and was informed that ALOs in receipt of grants had different circumstances and obligations, and the sooner that the information that was required of ALOs was returned to the Department, the sooner grant payments would be made:

**Deputy M. Tadier:**

*“I am guessing - and this does not just apply to your department - that there are A.L.O.s that Government deals with across the board that are well established, that are known and it is largely business as usual, and so that sounds reasonable. Is that what would chime with you?”*

**Chief Officer, Department for the Economy:**

*“That is certainly what we are aiming for. At the Department for the Economy we give a number of grants: Jersey Finance, Visit Jersey, Jersey Business, Digital Jersey, Jersey Heritage, Arthouse Jersey. There are some regulators like the Data Protection Authority. There is a lot goes out the door and very different circumstances for each of those organisations and different*

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<sup>32</sup> [Public Hearing – Minister for Sustainable Economic Development – 25<sup>th</sup> October 2024](#)

*obligations that are placed upon them, but the sooner the information that is required for the January payment comes in, the quicker we get the money out the door to them and the less cash flow reserves they need to be sitting on.”<sup>33</sup>*

Additionally, the Panel received feedback from stakeholders about the way in which ALO budgets are approved and delivered annually. In its submission to the Panel, Art House Jersey highlighted that a longer budgeting process would enable ALOs to plan more effectively with a longer-term approach. Art House Jersey highlighted that the Arts Strategy called for, *“the regularly funded arts organisations to receive in-principle revenue funding over a three-year period (rather than the current one-year)”*, and that the current [Public Finances \(Jersey\) Law 2019](#) does not allow, *“funding agreements beyond a one-year model, but that in-principle arrangements would enable arts organisations to more effectively plan for a longer-term approach”*.<sup>34</sup>

The Panel also decided to request feedback from Digital Jersey and Jersey Finance about the ALO budgeting process. Digital Jersey submitted to the Panel that the ALO budgeting process *“has not seriously impeded Digital Jersey’s ability to deliver on its operational plans”*, it stated that 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”*.<sup>35</sup>

However, in its submission to the Panel, Jersey Finance stated that a four-year budgeting process, with an annual review, would be ideal, *“The ideal outcome for our business would be to agree the four-year plan and high-level budget to allow proper strategic investment with certainty of income streams. This could be reviewed annually based on market changes and opportunities”*.<sup>36</sup>

The Panel notes that the Budget makes proposed Savings of £1 million per year from 2025 to 2027, from the Arm’s Length Organisations and Regulatory Organisations project. The Panel further notes that this project within the Budget will include a review by Department for the Economy, about *“...how its Arm’s Length Organisations operate, and how savings could be delivered in those agencies through better sharing of resource and cross-organisational working. Those savings would be realised through lower grants paid.”*<sup>37</sup>

The Panel acknowledges that the circumstances and obligations vary between ALOs supported by Government, and that the submission of information in a timely manner ensures the prompt payment of grants to ALOs. However, the Panel believes that greater certainty for ALOs could be achieved through an assessment of the current budget process, and that the Minister for Sustainable Economic Development should commit to undertaking a formal consultation with ALOs on the current budgeting process, as part of the Department for the Economy’s broader review of ALOs and Regulatory Organisations, with a view to improving certainty and longer-term planning.

**Finding 11:** The grant provided to Jersey Finance will reduce by £429,000 in 2025.

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<sup>33</sup> [Public Hearing – Minister for Sustainable Economic Development – 25<sup>th</sup> October 2024](#)

<sup>34</sup> [Submission – Art House Jersey – 15<sup>th</sup> October 2024](#)

<sup>35</sup> [Submission – Digital Jersey – 11<sup>th</sup> November 2024](#)

<sup>36</sup> [Submission – Jersey Finance – 7<sup>th</sup> November 2024](#)

<sup>37</sup> [Proposed Budget \(Government Plan\) 2025-2028](#)

**Finding 12:** The Panel received stakeholder submissions that indicated that an extension to the current budgeting process, could improve certainty and longer-term planning for Arm’s Length Organisations.

**Recommendation 6:** The Minister for External Relations should reinstate the grant provided to Jersey Finance in 2026 to the 2024 level of allocation, in the next Government Plan.

**Recommendation 7:** The Minister for Sustainable Economic Development should publish evidence as part of the Review of Arm’s Length and Regulatory Organisations, that demonstrates that grants to Arms-Length Organisations are maintained at a sufficient level. This should also include indicators about the Council of Minister’s intentions regarding the use of Arm’s Length Organisations to deliver productivity and economic aspirations, prior to the lodging of the next Government Plan.

**Recommendation 8:** The Minister for Sustainable Economic Development, the Minister for External Relations and the Minister for International Development should measure and monitor the impact of any reduction or increase in budgets under their respective remits, including the funding allocations to Arm’s Length Organisations, and report findings back to the States Assembly, prior to the lodging of the next Government Plan.

**Recommendation 9:** The Minister for External Relations and the Minister Sustainable Economic Development should undertake a formal consultation on the current budgeting process for Arm’s Length Organisations, that includes the timeframe for agreement and payment of grants to Arm’s Length Organisations, by no later than 30th December 2024.

### **Arts, Heritage and Culture Funding – Funding for Jèrriais**

During its review, the Panel noted that the Budget refers to the previously agreed 1% of Net Revenue Expenditure to support Arts, Heritage and Culture, and that, “*in future, this level will now be maintained and increased by RPI*”.<sup>38</sup> However, on 24th October 2024, the States Assembly adopted a proposition entitled “[Funding for Culture, Arts and Heritage](#)” (P.69/2024) made by Deputy Montfort Tadier, as an independent Member of the States Assembly. P.69/2024 seeks to maintain the target revenue expenditure model agreed by the States Assembly in P.40/2019, to provide 1% of overall States revenue expenditure for Arts, Heritage and Culture, and that the Budget be altered to reflect the change back to the previously agreed funding model in P.40/2019.

However, the Panel are concerned about the allocation of Arts, Heritage and Culture funding to items of work that do not fall within the remit of Arts, Heritage and Culture. In response to a [Written Question \(WQ 230/2024\)](#) submitted by Deputy Montfort Tadier in his capacity as an independent States Member, the Minister for Sustainable Economic Development provided a breakdown of the total allocated budget for Arts, Heritage and Culture in 2022 and 2023. In the response to WQ 230/2024, the Panel note that funding provided for Jèrriais, the Bailiff’s Office – Liberation Day and the Bailiff’s Office – Platinum Celebrations were provided through “Department for Economy Culture, Arts and Heritage Spend”:

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<sup>38</sup> [Ibid](#)

### Written Question (23/2024) – 17th June 2024

<b>Total Department for Economy CAH Spend (£'000)</b>	2022: 7,873	2023: 8,899
Jèrriais	509	521
Bailiff's Office – Liberation Day	100	103
Bailiff's Office – Platinum Celebrations	100	-
<b>Total CAH Spend delivered outside of Department for Economy</b>	709	624
<b>Total CAH Budget</b>	8,582	9,523

However, during the States Assembly debate on P.69/2024, the Minister for Education and Lifelong Learning stated that the funding provided for Jèrriais is provided through the Children, Young People, Education and Skills budget, "...the Jèrriais funding is from C.Y.P.E.S. (Children, Young People, Education and Skills). It is in C.Y.P.E.S. budget." The Minister further stated that, "It is in the C.Y.P.E.S budget and then it is counted as towards the 1 per cent of arts funding. So this is money from C.Y.P.E.S that is spent on Jèrriais, not in the cultural budget."<sup>39</sup>

The Panel does not believe that the inclusion of Jèrriais within the budget for Arts, Heritage and Culture constitutes expenditure on Arts, Heritage and Culture projects, and that Government spend on Jèrriais constitutes expenditure from the CYPES budget towards language education. Furthermore, the Panel believes that the inclusion of Jèrriais in both the CYPES budget, which is counted towards the Arts, Heritage and Culture budget, means that the actual amount allocated to Arts, Heritage and Culture is less than the 1% of Net Revenue Expenditure to support Arts, Heritage and Cultural projects.

The Panel is not clear as to the rationale for the budgeting process used to account for expenditure on Jèrriais and recommends that the Minister for Sustainable Economic Development provide clarification about why projects within the remit of CYPES are counted towards expenditure on Arts, Heritage and Culture. Furthermore, the Panel note that whilst [Amendment 27](#) to the proposed budget (P.51/2024) P.69/2024 reinstates the funding model agreed under P.69/2024 and P.40/2019, the Panel expect that the investments made by the funding allocated to Arts, Heritage and Culture, are adequately invested in cultural projects.

**Finding 13:** The funding for Jèrriais is provided through the budget for Children, Young People, Education and Skills but counted towards the 1% Net Revenue Expenditure on Arts, Heritage and Culture.

**Recommendation 10:** The Minister for Sustainable Economic Development should provide clarification about if and why projects within the remit of the Children, Young People, Education and Skills Department are counted towards the 1% Net Revenue Expenditure on Arts, Heritage and Culture, by no later than 30th January 2025.

### Conclusion

A key concern for the Panel remains the impact of inflation on the business community in Jersey. Whilst the Panel notes that the Retail Prices Index decreased by 2.0 percentage

<sup>39</sup> [Hansard – States Assembly debate – 24<sup>th</sup> October 2024](#)

points since the last quarter of 2024, from 5% in June 2024 to 3% in September 2024, the Panel is unclear about the rationale for how funding has been prioritised within the Budget, and how decisions have been made about funding projects in some areas, whilst Savings have been proposed in others.

During its review the Panel has considered how the Technology Accelerator Fund will support projects to tackle the Islands strategic challenges and recommends that the Minister for Sustainable Economic Development produce evidence about the benefits realised from the Technology Accelerator Fund. The Panel has also considered the level of aid provided to the Jersey Overseas Aid Commission, and recommends that the Minister for International Development provide clarification about whether the Council of Minister's supports aid that matches the Organisation for Economic Co-operation and Development average of 0.36% of Gross Value Added.

During its review of the Budget, the Panel highlighted that the compensation payable by the Jersey Bank Depositors Compensation Scheme has remained fixed since the inception of bank depositor compensation legislation in Jersey in 2009. The Panel also found that the Jersey Bank Depositors Compensation Board is in the process of transferring legal and operational functions to the Jersey Resolution Authority. One this transfer of responsibilities has completed the Panel has recommended that the Minister for External Relations undertake a review of the terms of the Jersey Bank Depositors Compensation Scheme, including the level of compensation payable by the Scheme, is commenced.

The Panel has scrutinised the Living Wage Transitional Support project and recommends that the Minister for Sustainable Economic Development undertaken an assessment and produce evidence about the outcomes of the business support measures during the transition to a living wage, to inform future Government decisions about the project. Furthermore, the Panel considered the research study to be undertaken as part of the Minimum Income Standards and that this is only item of Revenue Expenditure Growth scrutinised by the Panel. The Panel recommends that the Minister for Sustainable Economic Development reports to the States Assembly on the progress and outcomes of the research study.

The Panel has considered the proposed Savings and expressed concern about the reductions in the Government grants to Arm's Length Organisations ('ALOs'), including Jersey Finance, Digital Jersey and Jersey Business. Whilst the Panel received evidence that Jersey Finance can accept the grant reduction in 2025 only, the Panel has recommended that the Minister for Sustainable Economic Development reinstates the full grant to Jersey Finance in the next Proposed Budget (Government Plan). Additionally, the Panel lodged an amendment to the Budget to maintain the grants to Digital Jersey and Jersey Business at a higher level, to "*allow sufficient funding to those organisations*". Furthermore, the Panel has recommended that the Minister for Sustainable Economic Development ensure that grants to ALOs are maintained at a sustainable level, and that a consultation about the budgeting process for ALOs be undertaken as part of the Review of Arm's Length and Regulatory Organisations.

However, the Panel also believes that the terminology used in the Budget to describe reductions in the funding provided to different sectors and organisations supported by Government are not clear. The Panel note that the current Budget refers to 'Savings Proposals', however, previous Government Plans, such as the Government Plan 2023-2026, referred to 'Value for Money Savings'. The Panel wish to highlight that the use



of such terminology in relation to the proposed reductions in funding are subjective and may be regarded as ‘savings’ or ‘cuts’ depending on the affected sectors. Furthermore, the mid-term and long-term effects of the proposed changes in funding are not known and will require careful monitoring.

Finally, the Panel is concerned about the allocation of Arts, Heritage and Culture funding to projects that sit outside the remit of Arts, Heritage and Culture, and has sought clarification about why projects within the remit of the Children, Young People, Education and Skills Department are counted towards the 1% Net Revenue Expenditure on Arts, Heritage and Culture.

Whilst each scrutiny panel has undertaken its own review, several overarching recommendations have become apparent during the review process and have been made within the Corporate Service Panel’s report (see Appendix 1). The Panel fully supports these recommendations, and it is hoped these will serve as useful, constructive feedback to Ministers to consider when preparing the next Proposed Budget.

In relation to the recommendations made within this report, the Panel requests a formal response in writing from Ministers acknowledging the recommendations and to confirm its acceptance, or otherwise. If not accepted, the Panel requests a full explanation be provided in the written response.

#### **Findings:**

**Finding 1:** The Technology Accelerator Fund has a higher risk tolerance than the funds administered by other Government departments, to promote business innovation.

**Finding 2:** The Technology Accelerator Fund is subject to governance processes and the Department for the Economy has sought independent advice

**Finding 3:** The level of compensation payable by the Jersey Bank Depositors Compensation has remained fixed at the current level of £100 million since 2009.

**Finding 4:** The Jersey Overseas Aid Commission humanitarian budget represents approximately 25% of the overall budget for Jersey Overseas Aid.

**Finding 5:** The Jersey Overseas Aid Commission budget is linked to the Gross Value Added to Jersey’s economy and enables the Jersey Overseas Aid Commission to benchmark Jersey’s contributions against other developed countries and jurisdictions.

**Finding 6:** The Minister for International Development and the Jersey Overseas Aid Commission aims to increase the level of Jersey aid from 0.29% of Gross Value Added to the Organisation for Economic Co-operation and Development average of 0.36% of Gross Value Added by 2030, which is less than the 0.7% target established by the United Nations.

**Finding 7:** The Business support during the transition to a Living Wage project was not developed using comparators with other jurisdictions.

**Finding 8:** The Business support during the transition to a Living Wage project is open to businesses in all sectors of Jersey’s economy.

**Finding 9:** The Minimum Income Standards project will commission expert researchers to establish the minimum income required to afford the cost of living in Jersey.

**Finding 10:** The Minimum Income Standards project will result in the creation of a new formula about the cost of living in Jersey which will help to inform minimum wage setting.

**Finding 11:** The grant provided to Jersey Finance will reduce by £429,000 in 2025.

**Finding 12:** The Panel received stakeholder submissions that indicated that an extension to the current budgeting process, could improve certainty and longer-term planning for Arm's Length Organisations.

**Finding 13:** The funding for Jèrriais is provided through the budget for Children, Young People, Education and Skills but counted towards the 1% Net Revenue Expenditure on Arts, Heritage and Culture.

### **Recommendations:**

**Recommendation 1:** The Minister for Sustainable Economic Development should quantify and publish details about the benefits to Jersey, realised from projects supported by the Technology Accelerator Fund, prior to the lodging of the next Government Plan.

**Recommendation 2:** The Minister for External Relations should commence a review of the terms of the Jersey Bank Depositors Compensation, including the level of depositor compensation, once the full transfer of legal and operational functions from the Jersey Bank Depositors Compensation Board to the Jersey Resolution Authority has been completed, by no later than 30th January 2026.

**Recommendation 3:** The Minister for International Development should provide clarification about whether the Council of Ministers support the provision of aid that matches the Organisation for Economic Co-operation and Development average of 0.36% of Gross Value Added, and how this will be achieved, by no later than 31st January 2025.

**Recommendation 4:** The Minister for Sustainable Economic Development should monitor and assess the outcomes of the Business support during the transition to a Living Wage project, to inform future Government decisions about the project, prior to the lodging of the next Government Plan.

**Recommendation 5:** The Minister for Sustainable Economic Development should report to the States Assembly in each year from 2025 to 2028, on the progress and outcomes of the research study to establish and maintain a set of household minimum income standards in Jersey.

**Recommendation 6:** The Minister for External Relations should reinstate the grant provided to Jersey Finance in 2026 to the 2024 level of allocation, in the next Government Plan.

**Recommendation 7:** The Minister for Sustainable Economic Development should publish evidence as part of the Review of Arm's Length and Regulatory Organisations,

that demonstrates that grants to Arms-Length Organisations are maintained at a sufficient level. This should also include indicators about the Council of Minister's intentions regarding the use of Arm's Length Organisations to deliver productivity and economic aspirations, prior to the lodging of the next Government Plan.

**Recommendation 8:** The Minister for Sustainable Economic Development, the Minister for External Relations and the Minister for International Development should measure and monitor the impact of any reduction or increase in budgets under their respective remits, including the funding allocations to Arm's Length Organisations, and report findings back to the States Assembly, prior to the lodging of the next Government Plan.

**Recommendation 9:** The Minister for External Relations and the Minister Sustainable Economic Development should undertake a formal consultation on the current budgeting process for Arm's Length Organisations, that includes the timeframe for agreement and payment of grants to Arm's Length Organisations, by no later than 30th December 2024.

**Recommendation 10:** The Minister for Sustainable Economic Development should provide clarification about if and why projects within the remit of the Children, Young People, Education and Skills Department are counted towards the 1% Net Revenue Expenditure on Arts, Heritage and Culture, by no later than 30th January 2025.

## **Appendix 1 – Overarching Recommendations:**

**Recommendation 1 (Overarching):** The Council of Ministers must ensure for all future Budgets that supporting key information is published and provided to Scrutiny as a single document at the time of the lodging of the Budget. Information must include delivery progress updates for the preceding year as well as Ministerial priorities and Departmental Business Plans to coincide with the Budget year under review.

**Recommendation 2 (Overarching):** The Council of Ministers must ensure that a mechanism is established to provide periodic reporting on delivery progress for the Budget. Reports must be published both in-year and annually for all future Budgets to provide the required transparency, governance and accountability for project delivery within the approved timelines and allocations of funds.

**Recommendation 3 (Overarching):** The Council of Ministers should develop a communications plan to actively engage members of the public and raise awareness of the Budget process.

**Recommendation 4 (Overarching):** The Council of Ministers should encourage Ministers to complete Children’s Rights Impact Assessments (CRIAs) when developing the Budget as appropriate. The Council of Ministers should produce a detailed list to identify the CRIAs that were completed in relation to the Budget, which should be accessible alongside all future Budgets.

**Recommendation 5 (Overarching):** By the end of Q1 2025, the Council of Ministers must establish a structured risk assessment and mitigation framework specifically for monitoring competing priorities within the Common Strategic Policy. This should include consideration for the criteria for identifying and categorising risks associated with each Common Strategic Policy priority, with a mechanism to periodically measure progress and risk levels to ensure adjustments can be made promptly where risks are identified or threaten long term goals. Responsibility for monitoring and reporting must be assigned to designated leads within the departments to ensure accountability across the departments. Quarterly reports must be produced to highlight specific risk mitigation strategies and be provided to Scrutiny.

**Recommendation 6 (Overarching):** Cross-departmental collaboration must be targeted with consideration for shared planning tools and regular interdepartmental meetings focused on managing and mitigating risks identified within the Common Strategic Policy priorities. This should be implemented by the end of Q2 2025.

**Recommendation 7 (Overarching):** To ensure that the reprioritisation process for delivering the Common Strategic Policy is transparent, efficient and minimises risk to essential services, the Council of Ministers should establish a risk assessment within the reprioritisation process. This should include a risk review protocol to develop clear assessment and documentation of the risks associated with delaying and deprioritising projects to establish the impact on essential services, the community and the Government’s strategic objectives. This should be established by Q3 2025.

**Recommendation 8 (Overarching):** A report detailing which projects have been deferred, cancelled or reprioritised, along with the rationale, cost-benefit analysis and risk mitigation strategies employed, should be published to enhance transparency and

understanding of the trade-offs made to deliver the Common Strategic Policy priorities. The first report should be published by Q3 2025 with a future report to coincide with the lodging of all future budgets.

**Recommendation 9 (Overarching):** Prior to any further structural changes or staffing reductions, the Council of Ministers must ensure that a comprehensive Impact Assessment is conducted to consider the effects on service delivery, capacity, morale and the long-term resilience of departments. The assessment should include specific measures for mitigating risks associated with the loss of institutional knowledge, particularly at senior levels.

**Recommendation 10 (Overarching):** The Council of Ministers must ensure that measures are in place to protect critical back-office and policy functions which recognise their critical role in enabling effective service delivery on the front line. A flexible approach should be taken to ensure that expertise and capacity in these areas are preserved, particularly where expertise is vital to the delivery of Government priorities, such as health policy development.

**Recommendation 11 (Overarching):** As the restructuring process progresses, the Council of Ministers should continually monitor its impact, particularly on service delivery and staff retention. Where gaps in capacity are identified, a clear process must be in place to address this, including through the reallocation of resources, redeployment or recruitment where required, to ensure that the Government is able to deliver on its priorities effectively.

**Recommendation 12 (Overarching):** Succession planning processes should be strengthened, particularly at senior levels, to ensure that departments retain the necessary skills and institutional knowledge. Consideration should be given to mentorship programmes, internal training opportunities and clear career progression pathways to ensure that key functions are maintained without compromising service quality.

**Recommendation 13 (Overarching):** The Council of Ministers must invest in enhancing data collection mechanisms to ensure data continuity for performance monitoring, and should prioritise the maintenance of high quality, timely data collection that feeds directly into key decision-making processes and supports evidence-based policy. As strategic investment in data collection and analysis improves efficiency and reduces the need for reactive decision-making based on incomplete or outdated information, the Council of Ministers must effectively balance any decision to reduce statistical outputs against long term benefits of informed policy development.

**Recommendation 14 (Overarching):** The Council of Ministers should take appropriate steps to clarify and strengthen the mechanisms and metrics in place for the assessing, monitoring and reporting of Key Performance Indicators to ensure consistency across departments. Clear processes should be in place for managing any identified discrepancies in departmental Key Performance Indicators, with specific measures and actions for supporting departments in improving performance.

**Recommendation 15 (Overarching):** The Council of Ministers should consider how transparency in monitoring departmental spending can be enhanced so that public service performance and spending are transparently evaluated, governed and communicated to the public.

**Recommendation 16 (Overarching):** The Council of Ministers must be mindful that the Public Finances (Jersey) Law 2019 should demonstrate changes in practice and must ensure ongoing Ministerial engagement and take proactive measures to ensure Sustainable Wellbeing is meaningfully integrated, rather than retroactively in all future Budgets. Consideration should be given for establishing a process to embed Sustainable Wellbeing in core decision-making at all stages of the budgetary decisions. The Council of Ministers should also strengthen monitoring and reporting of Sustainable Wellbeing embedded in the Budget to assess the impact. This should include establishing a clear and measurable mechanism to identify how Sustainable Wellbeing is tied to the Budget's proposals with indicators that are specific, measurable and linked to the long-term outcomes. This should be actioned for all future Budgets.

**Recommendation 17 (Overarching):** The Council of Ministers should consider taking meaningful steps towards exploring, developing and implementing Gender Responsive Budgeting in Jersey to ensure that public resources are distributed equitably and that the needs of all Islanders, including vulnerable groups, are met. The Council of Ministers should report back to Scrutiny and the States Assembly on the trajectory for progressing this workstream by Q2 2025.

**Recommendation 29 (Overarching):** The Council of Ministers must provide to Scrutiny a list of the Revenue Growth bids that were presented, but not successful for either business case commissioning and/or inclusion within the Budget. This information should be provided to Scrutiny each year at the time of lodging of the Budget.

**Recommendation 33 (Overarching):** The capital plan and longer term financial planning projects undertaken by the Treasury and Exchequer, should be used as a tool to inform the next Budget to focus fiscal policy on the medium to long term, and to align with the advice of the Fiscal Policy Panel that advised that fiscal policy needs be focused on the medium term.

