

STATES OF JERSEY



PROPOSED GOVERNMENT PLAN 2023- 2026 (P.97/2022): TWELFTH AMENDMENT (P.97/2022 AMD.(12)) – COMMENTS

JERSEY BUSINESS

**Presented to the States on 7th December 2022
by the Council of Ministers**

STATES GREFFE

COMMENTS

Summary

The Council of Ministers urges Members to reject Amendment 12 which would significantly reduce funding to Jersey Business, our Island's business support agency, and limit its provision of expert advice and support for businesses.

As the significant economic impacts of the COVID-19 pandemic became clear, Jersey Business was provided with additional resourcing (as part of a wider package of business support measures) to expand its advice and support offering. Jersey Business' free-to-access professional advice assisted in improving resilience and helping businesses of all sizes to navigate the difficult economic context over the last few years. Given the success and sustained demand for its expanded programme and noting the current economic climate, the Government Plan 2023-2026 proposes to increase Jersey Business' core grant by £700,000 to continue financing this work.

Amendment 12 would withdraw this resource, leading to a reduced offering by Jersey Business in the support it is able to provide to local companies. Given the current economic challenges in addition to a potentially worsening economic outlook, the Council of Ministers does not consider this an appropriate time to withdraw funding from the Island's business support agency and for this reason, is asking States Members to reject the amendment.

Comments

In 2020, during the initial period of the Covid-19 pandemic it was recognised that both fiscal intervention and advisory support would be critical in minimising the short, medium and long-term impact on businesses and livelihoods. Most businesses had never faced the sort of challenges seen during the pandemic and many were forced to critically review their operations, business model and resilience.

As part of the 'Respond' actions taken within the Government's 'Respond, Recover, Renew' Covid plan, the team at Jersey Business took a leading role in supporting local businesses. The government provided funding in 2020, 2021 and 2022 to expand this support. Jersey Business has used this expanded resource to help local businesses protect their cashflow and shape their business planning to either adapt their business model; downsize; mothball or close responsibly. Additionally, Jersey Business has taken a leading role in helping to address the legacy economic issues, such as low productivity, workplace skills and financial resilience, which will be essential to drive the Island's economic growth potential.

The £700,000 for Jersey Business within the *Revenue Growth Expenditure* section of this year's Government Plan therefore represents a continuation of this funding to enable Jersey Business to continue to deliver its vital support services to local companies, helping them to become more productive and resilient.

The team at Jersey Business has practical experience of owning and managing a business, so it is perfectly placed to help any business leader who might be facing challenges of any sort. Jersey Business also has an industry team that includes for example, a Head of Retail who is involved in addressing some of the long-term challenges and opportunities that retailers have.

Because Jersey Business works with so many businesses, its staff are very aware of the challenges and opportunities facing small businesses in Jersey and they proactively develop services and comprehensive guides to guide businesses through emerging issues.

With the lingering global economic impacts of the pandemic now being compounded by other factors such as rising interest rates and staffing shortages, there is an ongoing and sustained demand for Jersey Business' services. As the arms-length organisation responsible for providing direct support to local companies, Jersey Business continues to play a vital role in helping the Jersey economy to recover whilst ensuring a resilient and futureproof business community.

For these reasons the Council of Ministers ask that States Members reject this Amendment.

Financial and manpower implications

As noted above, the £700,000 proposed in the Government Plan reflects the success and sustained demand for Jersey Business' expanded programme and, noting the current economic climate, seeks to continue financing this important work.

This Amendment's proposed reduction of £700,000 would therefore represent a significant and immediate drop in the funding available to Jersey Business, when compared to 2022. Such a sharp reduction would necessitate an urgent review of the services provided by Jersey Business and its ability to maintain current staffing levels.

As Deputy Scott's amendment notes, this would affect the composition of Jersey Business including its ability to maintain staff.

The impact of such a significant reduction in Jersey Business' resourcing and by extension its provision of services and support for the wider economy is harder to anticipate - particularly within the context of the current difficult economic climate.