

By email

28th November 2023

Dear Chair,

Thank you for your letter of 2nd November, in which you provide a number of questions which you were unable to ask during the recent quarterly hearing.

Sport Strategy

1. How is the independent review of sport policy and strategy progressing?

This review has progressed well with a larger than anticipated level of engagement from stakeholders and the public. The recommendations are now being finalised and the report will be published next month alongside an action plan of short-term measures. Medium and long-term deliverables will follow in 2024.

2. When can publication of the report be expected?

Please see answer to question 1.

3. What are the key points raised in the stakeholder interviews?

It is clear from the responses to the review that there is a strong passion for sport in Jersey but that there are concerns about how effectively sport is supported by Government and by Jersey Sport. My Assistant Minister, Deputy Stephenson and I will be looking to address the recommendations of the report and work constructively with the sporting community to improve the quality of support provided to sporting organisations, athletes and the wider public.

4. The review was delayed to allow for additional interviews to take place, which were not initially anticipated. What type of stakeholders have been included?

The review included an online survey which was open to the public and allowed for all interested stakeholders to participate. The consultation received over 130 responses from clubs and sporting organisations, schools, governing bodies, athletes and individuals. In addition, Government recommended the reviewer make himself available for further face-to-face interviews which were undertaken by the reviewer at the request of the sports community and as a means of addressing areas not covered by the online survey. A list of interviewees will be published with the report,

5. In your letter of 12th June, you indicated that the Economy Department was due to publish a report on the health and social value of sport in the following weeks. Can you update the Panel on this report?

The Department has been working closely with the public health team to corroborate the findings of the report and it is anticipated that this report will be published alongside the forthcoming review of sport and physical activity referenced above.

*6. Will you be producing an updated Sports Strategy following the review?
a. If so, what are the main points that will be updated and included?*

This is yet to be determined however any updated strategy would need to be drafted in association with the Island's sporting community and it would be premature to pre-empt the main points that it would contain.

7. The Panel understands that there is development of further skateparks in the Island such as an indoor skatepark; can you highlight the Government's involvement in any of these?

This question is best asked of the Minister for Infrastructure who holds responsibility for this area.

8. Will Government be providing funding to private developments of these?

Please see answer to question 7.

Jersey Reds

9. Was the Government of Jersey, and you as Minister, aware that Jersey Reds were in debt of circa £3 million?

Jersey Reds was a privately held business. At the time of agreeing the first emergency grant at the end of June we were aware of a significant element of the liabilities that the trading company had accrued (e.g. GST, ITIS and Social Security contributions owed to Government and external bank loans). This first payment was provided with the welfare of players, coaches and their families in mind and provided time for an independent review of the Jersey Reds financial model. This was initiated, at Government's request, by Santander International. That review was focussed on the day-to-day operational income and expenditure of Jersey Reds with a view to ensuring they could remain solvent and continue trading.

10. If so, what was the rationale for issuance of a letter of instruction by yourself for Government to give the two additional sums of money it did and if not, why was Government able to offer this money knowing the financial status of the Jersey Reds?

Letters of instruction are an instrument to provide assurance to Accountable Officers in the discharging of their roles. The Public Finances Law 2019 places a personal responsibility on the Accountable Officer for a number of matters, including the economy, efficiency and effectiveness of all income and expenditure for their area(s) of responsibility. The Public Finances Manual is narrowly framed and elected Ministers are able to take a broader view of the economic and social merits of an intervention than officials are entitled to in their role as Accountable Officers.

I and other Ministers decided that these payments were necessary as it would have been unreasonable to enforce the closure of such a socially valued business without first considering the financial viability of the Club. The short-term funding provided time for a contemporary review of the Club's finances and consideration of its viability in the medium to long term. Following the conclusion of this analysis, the Council of Ministers decided not to proceed with further payments.

11. What methodology was used to provide this funding and how was it considered realistic to expect this much financing to be found?

In both instances Government funding was provided with a Letter of Comfort from the Minister for Treasury and Resources to provide assurance to the Accountable Officer that if sufficient resources were not available within the existing Departmental budget then additional funding would be provided.

Retail Strategy

12. We understand you are taking actions to update the retail strategy; could you outline the progress made on this?

A sector officer for retail is in post and will be leading on this work during 2024. This work will follow a similar format to the Visitor Economy Strategy and will begin in earnest following publication of that strategy later this year.

13. When is it anticipated that an updated strategy will be published? a) What are your key priorities in this area?

This strategy will be published during 2024, with further detail available in the forthcoming 2024 Delivery Plan.

14. What resources have you directed be used in development of this Strategy, e.g. officer time?

As noted above, a full time sector officer for retail has been appointed to support the sector including via the development of a new strategy.

15. How much impact can the Government have on market forces and how will this be achieved?

The impact the Government can have on market forces will become clear with the scoping work being done for the retail strategy in the final quarter of this year and in the future industry consultations. It will also help us understand how we can influence and what levers may be helpful.

16. The Panel understand that the Interim Retail Strategy of 2021 was not largely accepted by industry. Can you please outline the background to this?

I have not heard feedback that suggests the Interim Retail Strategy was “not largely accepted by industry”, however, I do accept that there has been concern regarding its brevity but of course, the document is designed to be an interim strategy.

I believe that myself and officers have developed a strong partnership with industry throughout all of the strategies we have developed and I anticipate a similarly collaborative process to guide the Retail Strategy.

17. Has the envisaged data improvement identified in Workstream 2 of the Interim Strategy occurred and, if so, what has it uncovered?

Some data improvement has been identified and actioned, such as the installation of two additional footfall cameras for the High Street. This will give us more visibility of footfall at either end of the High Street as well as in the centre. We have also identified the need for a digital solution to our Visitor GST refund stream which will give us visibility on spend and greater potential for wider data around Visitor value. We also have an automation workshop with Industry in November, which will address the solutions for data collection as well as other productivity drivers for retail.

18. What were the findings of Strategic Workforce Planning Group regarding commissioned evaluation of future workforce requirements of sector? (page 25 of Interim Retail Strategy)

The Future Economy Programme has identified the potential number of islanders that might be needed for the whole economy by 2040 in a range of scenarios. This has included assumptions that each industry’s requirement, including retail, will be broadly similar to its proportion of the current workforce in 2023. Clearly, if improvements can be made to productivity through automation and training, then those workforce requirements will be fewer and profits should be higher.

In the shorter term, the recruitment and retention of staff has been a key priority for the Population and Skills Ministerial Group. There have been several reforms introduced which have benefited

retail workers, as a key sector of the Island's wider workforce. These have included: increases to the minimum wage, expanding the availability of accommodation through a new tax-free rent a room scheme, revised Residential space standards that should allow for lower-cost shared accommodation for workers and new legislation that allowed unmarried partners to access the local labour market in roles such as retail.

a. How does this fit in with Government's message to solve work shortages with technology?

As noted in the Strategy for Sustainable Economic Development, technology absorption within business in Jersey is far behind our international comparators. I am particularly keen to encourage this sector to harness the opportunities of automation and artificial intelligence, which have the potential to provide greater productivity increases. In this respect, the introduction of the Impact Jersey fund will hopefully act as a catalyst for innovation, alongside the support of Jersey Business to encourage adoption.

19. Have any other elements of the Interim Strategy been progressed?

There were four workstreams proposed by the Interim Strategy: Better Connection with Government, Improving Data, Expansion of Business Support, and the Interim Island Plan Review. All have been addressed and some are flowing into the development of a new Retail Strategy for Jersey in 2024. In addition to the first two workstreams, which have been discussed above, Jersey Business has been expanding its business support to retail, hosting a minimum of four retail-specific events a year. In parallel, Jersey Business offers wrap-around support network for productivity, coaching and inward investment opportunities. Following the Island Plan review, officers have been working on building relationships with colleagues across-government to better inform the ecosystem to the needs of retailers in Jersey. This includes the Retail and Visitor Economy Sector now included as a consultee for planning applications. We are also working with Planning Policy officers to provide accurate data and evidence for retail evolution to inform future Island Plans and amendments.

Data Adequacy

20. The Ministerial Delivery Plan outlines a key action of maintaining Jersey's Data Adequacy status in Europe and the UK: can you outline what this entails?

Officers within the Digital Economy Team, Local Economy have worked with Law Officers and key island stakeholders to answer questions raised during the ongoing adequacy reviews led by the European Commission, Home Office (UK) and DCMS (UK). An adequate assessment of Jersey's data protection, including for law enforcement, ensures Jersey has the right levels of data protection in place.

21. Why does this fall under your remit?

An adequate assessment of Jersey's level of data protection, including for law enforcement, with both the EU and UK will allow businesses and law enforcement agencies to continue to share data and information across international borders as the necessary safeguards are in place. Any restrictions in data flows would act as a barrier to trade and hamper collaborative cross-border crime prevention. As well as ensuring favourable conditions for trade, as Minister for Sustainable Economic Development I'm responsible for the underpinning legislation, Jersey's Data Protection (Jersey) Law 2018.

Guernsey and Collaborative Working

22. The Ministerial Delivery Plan indicates that quarterly meetings with Guernsey counterparts would be established; can you confirm these are taking place?

That is correct, there have been over a dozen such meetings since July 2023 on a range of topics.

23. What are key elements being discussed?

Topics have covered a number of areas of shared interest for which I have responsibility within my portfolio.

24. What role do you as Minister have in these meetings?

The meetings referenced above refer solely to discussions on matters within my portfolio, further meetings have been held with the Chief Minister and others on more general areas and opportunities for collaboration.

25. What interaction does the Minister for External Relations, or wider Council of Ministers, have in the meetings?

Please see answer to question 24.

26. What benefits have been realised from these meetings so far?

Building stronger relationships with our sister Island is important at both the political and public service level given the many shared challenges and opportunities facing our Bailiwicks. Progress on specific cross-island workstreams remains at an early stage and commercially sensitive.

Sustainability Framework

27. The Panel understands that you are beginning to scope a Sustainability Framework, can you update us on the purpose and progress of this action?

Economic sustainability is an integral part of any growth to ensure that it is viable and maintained in the long-term. For these reasons the work to scope a Sustainability Framework has been rolled into the wider Future Economy Programme and associated Strategy for Sustainable Economic Development.

28. When is it anticipated that a Sustainability Framework will be produced?

The Strategy for Sustainable Economic Development was published on the 17th October.

29. What are the potential outcomes of the Sustainability Framework?

The Future Economy Programme has a number of short, medium and long term actions which are set out in the accompanying Delivery Framework. More broadly sustainability is incorporated across the work of the Department for the Economy to ensure that our Island's economy grows in a resilient and sustainable way.

Productivity Support Scheme

30. The Productivity Support Scheme is currently open for applications, what has been the uptake of the Scheme so far this year?

There has been an increase in uptake this year in terms of feasible applications. It is expected that the budget will be largely spend this year, with somewhere between 5 and 10 successful applications.

31. The Panel understands that productivity generated by the Scheme is measured through Gross Value Added (GVA) per Full Time Equivalent (FTE); how is this used to demonstrate return on investment (ROI)?

Productivity is measured by GVA per FTE, it would therefore be expected that this would be the measure used to assessed for applications. RoI would not be a usual calculation used in a macro economic context. This would usually determine a return of profit to any investment made. The scheme has a greater level of outcomes sought than simply profit for a company and over a number of years.

32. Have you identified any financial element of Return On Investment from previous years to evidence success of the Scheme?

Previous years have led to very few successful applications.

33. What is its “definition of success” of the grants?

The primary purpose of this scheme is to support individual business innovation, efficiency and productivity improvements, ensuring healthier and more sustainable businesses which are fit to meet the challenges of the future. The objective is to stimulate and kick-start the changes required in individual businesses to help them to become more innovative, efficient and productive.

The scheme match funds projects that can sufficiently meet the 5 assessment areas:

- Project Plan and Management - clear project plan, management and allocation of business resources to complete the project alongside a comprehensive risk assessment.
- Project Justification - clear explanation of why the business and this project needs Government funding. This should be considered against the counter-factual and any relevant examples from similar projects.
- Project Measurables - a positive impact on value areas such as input cost base, output and revenue, or process efficiency.
- GVA per FTE - projects will ultimately lead to an increase in productivity of at least 5% over a pre-agreed period (of no more than 3 years).
- Wages - applications will assess all current wages and committed increases to wages as a result of the project. This should be considered against any seasonal employment trends, the minimum wage and the Living Wage.

Each project has its own set of KPIs which cover standard requirements and also project-specific measurables as outlined in each application. The ‘success’ of any project and the grant that supports it will always relate to evidencing increased GVA/FTE and demonstrating positive impacts on input/output/revenue/process efficiency however each individual project will also be able to identify other positive spill-over benefits as a result of the support.

34. What were the main findings of the review of the 2022 Scheme and what changes were implemented in this year’s Scheme?

The main change implemented was a greater level of awareness raising and linking to other work that Jersey Business is implementing in productivity promotion schemes. This has led to a significant upturn in eligible applications.

35. Is it anticipated that this Scheme will continue in the future?

As with all government schemes it is important to review the effectiveness of the fund against the main objective of improving productivity. As such, an informal review will be carried out (as it was in 2023) to ascertain the best approach for the future.

36. Are any further reviews or changes anticipated?

Please see answer to question 6.

37. Based on the table below from Statistics Jersey, what would the effect on the Island’s credit rating and solvency be if the trend in falling GVA per FTE since the millennium continues over (i) the next 5 years and the (ii) next 10 years, assuming the new healthcare facilities are fully funded within that timeframe?

This fall in productivity is the key theme within the recently published documents relating to the Future Economy Programme. As the Executive Summary to the Strategy for Sustainable Economic Development notes:

‘With trends of demographic shifts and declining productivity, doing nothing is too risky. The long-term productivity trend has already fed through into living standards, with real earnings stagnating and many people struggling. This will only get worse with the added pressure from our demographic shifts. If we do not proactively address these challenges, in 15 years’ time we will be facing a significant reduction in living standards, with strained public finances and fewer policy choices to address the impacts’.

Barriers to Business

38. How is the Barriers to Business project progressing?

Jersey Business conducted a wide ranging consultation with businesses over the Summer with more than 400 individual responses. The consultation included industry specific and cross industry focus groups (with more than 120 businesses participating), a questionnaire, 1:1 meetings, deep dive sessions and an independently commissioned and anonymised survey by 4Insight.

The results from this piece of work are now with Government to assess before publication later this month.

39. What oversight as Minister are you undertaking to the work being undertaken by Jersey Business?

Jersey Business have been engaging closely with Government throughout the project and have met with me to discuss its initial findings.

40. The Panel understands a survey has been conducted as part of the work by Jersey Business; have you reviewed the findings of this?

I have considered the initial findings and will be reviewing the final report this month.

41. What are the key points highlighted from the survey?

The initial results highlighted the biggest perceived challenges to businesses operating in Jersey as:

1. Staff recruitment and/or retention.
2. Lack of vision or understanding of industry by Government.
3. Administration around government procedures.
4. Complying with legislation and Government regulation

42. When do you envisage actions will have been identified and undertaken to reduce barriers to doing business in the Island, as based on this workstream?

Initial actions have already been identified based on known barriers and these are included within the Delivery Framework for the Future Economy Programme. The actions arising from the Barriers to Business report specifically will be addressed in coordination with other government departments and this work has begun. It is anticipated that further barriers will be identified as work and engagement with industry continues.

43. Will other Ministers and departments be involved in forming or undertaking these actions?

Yes.

44. What are the Top 5 barriers to business that you believe need to be addressed and how will this be achieved?

- a. *What do you regard as likely to be the most impactful change towards achieving increased productivity sought in terms of “red tape” removal?*

The key points highlighted in answer to question 41 have been identified by businesses as the most significant barriers to them. Barriers will be addressed in close collaboration with other Ministers and departments and I and my officers will be taking forward these discussions in the coming months.

The actions emanating from the Barriers to Business report will be considered and published by Ministers in due course, at this stage it would be premature to anticipate which of the actions will be most impactful as in practice reducing barriers will be undertaken in a coordinated and mutually reinforcing way.

ALO's

45. *Why did the last Ministerial Delivery plan suggest a review of the accountability and funding structure for Arms' Length Organisations (ALOs) would be delivered by the end of this year when this was not achievable?*

Delivery Plans set out a range of ambitious targets to drive focus across the government's varying workstreams. In this particular case the scope of the work has metamorphosed and will now be completed in a slightly different way to that outlined within the 2023 Delivery Plan. Work in this area is cross departmental and it has been necessary to coordinate with both Treasury and Cabinet Office.

46. *Why was Jersey Sport out of all ALOs selected as the first ALO to have a deep dive review? Which is expected to be next?*

This priority was identified by my Assistant Minister with responsibility for Sport, Deputy Lucy Stephenson. It should be noted that the review's scope is on the delivery of sport policy by both Government and Jersey Sport and was commissioned to understand how Government could act to improve the delivery of sport policy.

47. *Please can you identify how these (Governance) checklists require demonstration of how any grant requests meet your policy objective of increasing economic productivity through the work of the relevant ALOs?*

The purpose of Governance Checklists is to verify that the Arm's Length Organisation is supporting the Ministerial and strategic priorities in the most effective, efficient and economic manner, ensuring the imposition of robust controls over governance including probity and regularity in the use of public funds. The annual Business Plans and Annual Reports (including KPIs) are the relevant documents to set direction and appraise delivery against policy objectives.

Heritage and Antiquities Law

48. *In your letter of the 1st September 2023, you outline that development of the Heritage and Antiquities Law is being undertaken; can you update the Panel as to its purpose of the law?*

The draft Heritage (Jersey) Law 202- is being developed to secure Jersey's archaeological heritage through reporting, recording and preserving objects of archaeological and historical significance to the Island.

49. *Your Delivery Plan indicated that a consultation would take place by this month; is this being carried out?*

Work is ongoing with the development of both the enabling and subordinate legislation. While consultation could take place now, only on the enabling legislation (the 'what'), there would be more questions than answers. Therefore, it is felt more prudent to develop the subordinate legislation (the 'how' the law will work in practice) and the Code of Practice before going out to consultation. The aim is to go out to consultation in early 2024.

50. Your letter highlights the delay of lodging any proposition to Q1/2024 to allow for inclusion of subordinate legislation. What will be included in this subordinate legislation?

The main piece of subordinate legislation that stakeholders will want to understand will be how rewards will be calculated (Draft Heritage (Valuation of Reward) (Jersey)) Regulations 202-.

Construction

51. We corresponded earlier in the year regarding the construction industry; can you update us on this work?

This report has been shared with the Panel and is to be published in due course.

52. What were the key findings of the indicated report?

Please see answer to question 51.

53. Will you be requesting a Market Study in this area be carried out by the Jersey Competition Regulatory Authority?

It is my understanding that a construction sector review is on the JCRA's shortlist of possible future market studies. I have expressed my support for a construction sector market study in a recent meeting with the JCRA Chair. Department Officers are due to meet with their JCRA counterparts to discuss possible next steps in more detail.

54. Have you had any representations from industry regarding the activities of the States of Jersey Development Company regarding unfair competition or inequitable government support in the context of the construction industry as a whole?

I'm not aware of any approaches in relation to the above although it should be noted that competition is regulated via the JCRA and the States of Jersey Development Company is overseen by the Minister for Treasury and Resources.

Mail Plane

55. We discussed the cessation of the Mail Plane in our last hearing, in which you indicated that there would be potential economic impact upon the online retail sector. Has this impact now been realised and have any other areas of the Island's economy been impacted also?

I am aware of reports of disruption in different sectors. At this stage it is unclear whether disruption will be sustained and whether it has been primarily caused by the cessation of the mail plane or by teething problems associated with the recent move by Royal Mail to a new Super Hub. I will continue to actively engage with Jersey Post and the responsible Ministers to understand the steps that are being taken to mitigate delays and the impact they have had.

56. There have been media reports of Islanders waiting up to 8 days for mail to be received; do you accept that swift and reliable mail delivery supports businesses and what actions is the Government of Jersey undertaking to confirm the situation and decrease the time in the provision and delivery of mail?

Please see answer to question 55.

57. Why has Government left it to the private sector to provide a mail plane, given its ownership of Jersey Post, and will consideration be given to the use of this service to speed the delivery of mail?

The mail plane was provided by Royal Mail. Jersey Post have been actively exploring alternative options and for further information I would direct you to Jersey Post or the responsible Minister.

Business Tendency Survey

58. Can you confirm if regular tracking questions have yet been agreed with Statistics Jersey for inclusion in their Business Tendency Survey, including those concerning exports? If so, what are these additional questions please?

Statistics Jersey continues to run the quarterly Business Tendency Survey which provides an important set of indicators of the Jersey Economy. Earlier this year, following discussions with my department, Statistics Jersey introduced two additional questions into this survey focusing on the ongoing cost of living crisis and the high level of inflation we are currently experiencing. These questions asked businesses to report on their future expectations for product prices and input costs. These have each been reported on in the last two rounds of the survey: [R BTS September 2023 20231018 SJ.pdf \(gov.je\)](#)

Separately, Statistics Jersey has now completed the running of its new Annual Business Survey which included new questions about the Island's imports and exports. The results have been published as experimental statistics by Statistics Jersey and are available here: [R ABS Supplementary data 2022 20231004 SJ.pdf \(gov.je\)](#). Statistics Jersey has advised that it is planning to repeat these questions in future years.

I hope the above provides clarity to the areas you have raised.

Yours sincerely,



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