



Deputy Kirsten Morel
Minister for Sustainable Economic Development

BY EMAIL

15th January 2024

Dear Minister,

Arm's Length Organisations (ALOs)

Firstly, Happy New Year and I hope you enjoyed the festivities over the Christmas break. I'm writing regarding the Quarterly Hearing we held with you in October 2023 when we discussed the review of ALOs. You advised us that the review was no longer taking place and had metamorphosed into a focussed review of Jersey Sport.

The Panel has a number of questions about this as follows:

1. Regarding the review of ALOs, you advised us during the Quarterly Hearing that the review was no longer taking place and had metamorphosed into a focussed review of Jersey Sport. How can you be satisfied that ALOs are demonstrating value for money if a review is no longer a 2024 workstream?
 - a. Is there a risk of uncontrolled spending?
 - b. You let us know during the Hearing that you wanted to make sure that ALOs were structured in a way which means they deliver the best for their sectors of the economy and operating in a way which is efficient. What areas will you be addressing in this regard in 2024, if any?
 - c. What are your views on inefficiencies in ALOs at the moment?
2. In your opinion, are there any gaps in directional policy for ALOs? If yes, what are they?
3. The [2015 Review of the Jersey Regulatory and Competition Framework by Oxera](#) (page 48) raised questions regarding the legal and policy framework for the Jersey Competition Regulatory Authority, stating that 'government needs to be clear about its policy for promoting competition versus direct regulation of the outputs of the sector/regulated entity'.

It also noted that many stakeholders had commented that the government tends to adopt an approach that competition is desirable without ensuring competition is possible, feasible or will produce a good consumer outcome in certain markets due to economies of scale and the small size of the economy'

Have the risks of JCRA continuing to operate under its current legal and policy framework been assessed and, if so, how and using what analysis?

4. Will any work be undertaken this year to ensure that KPIs for ALOs demonstrably align with published economic policy and ministerial policy and the Common Strategic Policy and its performance measures and [the Island Outcome Indicators relevant to measurement of economic performance](#)?
5. Will the government be undertaking any work this year on the outstanding Comptroller and Auditor General's [recommendations](#) relating to ALOs?
 - a. If yes, please could you provide us with further information and a timeframe?
6. In cases where growth in funding has been approved to ALOs (such as to Jersey Business and Jersey Finance within the last Government Plan) to what extent do you consider this acceptable in the absence of this work?
7. Please advise what specific measures you are taking to ensure accountability of ALO management, adequate management of conflict of interests within these organisations and recourse and protection of users and employees against potential malpractice.

I would be grateful if you could provide a response to the above matters by 24th January 2024. As is normal practice in Scrutiny, we will publish this letter and any response we receive.

If you have any questions regarding this or our work in general, please do not hesitate to contact me.

Yours sincerely,



Deputy Moz Scott
Chair
Economic and International Affairs Scrutiny Panel