Deputy Moz Scott
Chair
Economic & International Affairs Scrutiny Panel
By email

16 November 2023

Dear Chair,

Thank you for your letter of the 3 November 2023 in which, as part of your evidence gathering for the review of the proposed Government Plan 2024-2027, you provide a number of questions relating to the Jersey Overseas Offices and Intellectual Property Framework. I have provided the answers to each of these in turn:

I-MER-GP24-001 Overseas Offices

1. What particular value to the taxpayer do you expect the growth bid to deliver?

The Government of Jersey's overseas offices provide a critical platform for the delivery of External Relations' engagement in key partner jurisdictions.

The Common Policy for External Relations was originally published in 2012, updated in 2015 and again in 2022 following the very helpful In-Committee debate. This was published alongside the Common Strategy Policy which was subsequently debated and approved by the Assembly.

The External Relations Team is Head Quartered in the main [temporary] government building in Broad Street.

In addition, staff are based in:

- The Government of Jersey London Office (JLO) (established in 2013).
- The Channel Islands Brussels Office (CIBO) (established in 2010).
- The Bureau des Isles Anglo-Normandes (BIAN) (established in the 1990's as the Bureau de Jersey in became a Channel Island Office in June 2014).

JLO leased by wholly owned limited companies under UK Law, CIBO and BIAN are established as charitable foundations. Staff are employed under contracts by these companies in these respective jurisdictions. In time, it is hoped that the UK will agree to Jersey's representative offices begin accorded the same rights at British Overseas Territory offices which negate the need for companies and allow staff to be employed under Jersey contracts.

The London office is exclusively 'grant funded' by the Government of Jersey. The offices in offices in Caen and Brussels are granted by both Jersey and Guernsey Governments under Joint Funding Agreements.

The total funding has in cash terms remained largely the same.

The panel will be aware the demands on External Relations have grown. There are a number of reasons for this:

- The increased globalised nature of the Island's Trade-in-Services sector, commonly referred to as the Finance Industry has led to greater range of areas to support the sector grow.

- The June 2016 Brexit Referendum has resulted in significant additional work for External Relations The post-Brexit environment has resulted in an increase of work and reliance on the overseas offices to conduct on the ground, in person engagement, to support GoJ Ministerial and officer inbound visits, and to effectively horizon scan and lobby on a range of issues affecting the Island.

- The need for Jersey to enhance its visibility, access and connectivity in areas not only limited to financial and economic considerations is also important.

In summary, the available funding for External Relations and its overseas offices has in recent years come under significant pressure due to increased expectations and requirements in respect of delivery.

Operational costs for the overseas offices – which comprise of rent and salaries have also increased.

External Relations has therefore needed to put in a growth bid for expenditure that other Jersey Government departments get automatically.

The growth bid is therefore not for an expansion rather to ensure business as usual.

The bid has been carefully internally scrutinised and is made to ensure delivery can continue with the existing staff complement, office space, and in line with respective business plans and to address cost of living and other operational pressures.

The growth bid will ensure continuation of the objectives and priorities of the Government of Jersey, through effective engagement with the UK Government, Parliament, the diplomatic community and wider UK and European partners.

In addition, there has been an ongoing need for a Jersey-based part-time role to support the Government's wide programme of European engagement, with a particular focus on France. The part-time EU role will ensure the French office is able to support on-island French and wider EU engagement across not just External Relations, but also other departments, as well as assisting with logistical arrangements for the frequent inbound European visits programme, and in supporting our Honorary Consul community.

2. What Key Performance Indicators will you be tracking to evidence the benefit of the

proposed additional revenue expenditure, in addition to the funding allocated in the previous

Government Plans?

The additional funding will ensure the offices can continue to operate in line with Ministerial objectives as set out in the Ministerial Delivery plan and the Common Policy on External Relations. Cost of living and inflationary pressures have affected all the overseas platforms, and failure to apportion adequate funding to cover these pressures would have affected their ability to operate effectively.

The overseas offices produce annual business plans that link into the Departmental Ministerial Delivery Plan. Each office has a number of KPIs to assist in the monitoring and tracking of performance and delivery, and these are discussed and reviewed at quarterly board meetings. Each office also contributes to the KPIs for the department as a whole and produces an end of year report that provides further detail on delivery.

3. What alternative means of funding, funding levels, and corresponding outcomes, were

identified in application for the additional revenue expenditure?

The funding will ensure the offices continue to run on a like-for-like basis with previous years, given inflationary pressures and consequent price rises in areas such as rent, rates, utilities, security etc.

While the offices are integral parts of the External Relations department, their overseas presence mean they are established as wholly-owned entities and are therefore grant-funded by the department. This means they do not receive inflationary uplifts, or funding towards e.g. pay awards, that GoJ departments do as a matter of course. Over previous years, other funding options were utilised, including meeting these pressures through the existing grants, or indeed External Relations' core budget via e.g. vacancy management. However, this is not sustainable over the long-term and additional funding has therefore been sought for 2023 onwards.

Similarly, funding for the part-time post to support European engagement has been sought to support the increased need to build broad-based EU relationships, with a particular focus on France. It should be noted that the small platform in France serves both Jersey and Guernsey interests, and given the importance of the Jersey-French relationship and the significant uptick in engagement post Brexit, this on-island post is required to ensure positive outcomes can continue to be delivered for the Island.

4. What quantitative analysis has been undertaken to determine the potential economic impact

of the proposed additional revenue expenditure and, if any, can this please be forwarded?

Quantitative breakdown includes pay awards for staff in the overseas offices to ensure retention of key staff and knowledge. Funding for rent increase allows for the overseas offices to remain open, inflationary pressures uplift allows for the lights to remain on and an increase in security costs protects confidential Jersey data and adds security to the office buildings to prevent theft and damage of equipment.

I-DFE-GP24-004 Intellectual Property Framework

5. What particular value to the taxpayer do you expect the growth bid to deliver?

The growth bid is primarily intended to establish a modern and new system of primary trade mark registration in Jersey. Modernising Jersey's trade marks regime will enable the Island to be included in and benefit from international trade mark agreements, instil confidence in rightsholders and promote Jersey as an attractive jurisdiction for IP holding, management and administration activities.

It should be noted that, in order to modernise Jersey's IP framework and infrastructure, new legislation will be required, and any changes proposed will therefore be subject to States Assembly approval.

6. What alternative means of funding, funding levels, and corresponding outcomes, were identified in application for the additional revenue expenditure?

As regards setting up a primary system of registration for trade marks in Jersey, it is important to distinguish between one-off establishment costs, which require public investment, and annually recurring operating costs. The IP registry will generate income, but initially, based on current filing figures, this will likely be modest. However, over time, revenue is expected rise and contribute more substantially to the operation of the new IP registry.

A quantitative assessment has been undertaken to produce estimates of the potential costs and revenues from a new primary IP registry for trade marks in Jersey, based mainly on available evidence from experiences in other jurisdictions.

7. How have the cost estimates for the proposed revenue expenditure been assessed and reviewed regarding best value for money?

See question 6 above. Furthermore, a tender process for the new IP registry, in accordance with the Government's "Procurement Best Practice" is planned to ensure best value for money.

8. What are the opportunities to promote and protect innovation on the Island anticipated by the growth bid?

The global economy has evolved significantly in recent years where innovation and intangible assets, such as IP, have increased in prominence as drivers of economic growth.[1] For innovative businesses, IP protection will be a major consideration to decide whether to do business in a particular jurisdiction, as it assures that their creations will be protected. A modern and progressive IP regime, supporting innovative activity, is therefore seen as a prerequisite to instil confidence in investors that their rights will be protected in Jersey and promote Jersey as a conducive place for businesses to protect and manage IP.

Longer term, potential opportunities to develop Jersey as a hub for the management of IP assets[2] and attract and grow innovative businesses (for example in the e-commerce area) all require investment in the Island's IP legislation and infrastructure.

9. What quantitative analysis has been undertaken to determine the potential economic impact of the proposed additional revenue expenditure and, if any has taken place, can this please be forwarded to the Panel?

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[1] Intangible assets are now responsible for 90% of all business value (Ocean Tomo Study of Intangible Asset Market Value, 2020).

[2] Previous studies have cited this as an opportunity for Jersey to exploit new business in adjacent markets to the existing finance and legal sector (Jersey Innovation Review, see: Jersey Innovation Review (gov.je)).

As outlined, in order to prepare the growth bid, the Department has undertaken a quantitative analysis of the potential costs and revenues from a new primary IP registry for trade marks in Jersey.

Kind regards,

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Minister for External Relations

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