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By email

2<sup>nd</sup> October 2024

Dear Chair,

### **Proposed Budget 2025-2028 Review**

Thank you for your letter of 13<sup>th</sup> September, in which you provide a number of questions relating to the Proposed Budget 2025-28. I have set out answers to each of these questions below:

1. *Please could you provide a more detailed breakdown of the following expenditure, as detailed in the statement of comprehensive net expenditure for Economic Development, Tourism, Sport and Culture:*

As per the lodged Government Plan, the Sustainable Economic Development head of expenditure has the following detailed breakdown:

- a. Staff Costs of £5,109,000 that consists of:
  - i. £935,000 within Economics & Future Economy, and 7 FTE;
  - ii. £415,000 within Future Economics, and 4 FTE;
  - iii. £2,394,000 within Local and Digital Economy, and 28 FTE;
  - iv. £606,000 within Management & Governance, and 4.5 FTE;
  - v. Whilst Cyber Security has £759,000 and 7 FTE
- b. Other Operating Expenses of £4,471,000 that consists of:
  - i. £115,000 within Economics & Future Economy for business admin & consultancy services;
  - ii. £119,000 within Future Economics, for business admin;
  - iii. £3,482,000 within Local and Digital Economy, that consists of £1,334,000 Culture Support for the ACH proposition, £520,000 for the Strategic Implementation fund growth (GP24), £300,000 for the Beach Lifeguards contract, £200,000 for the Living Wage implementation Growth (GP25) and the remaining £1,128,000 spread across the service area for Business Administration;
  - iv. £276,000 within Management & Governances, for business admin & consultancy services;
  - v. Whilst Cyber Security has £239,000 for business admin; and
  - vi. 240,000 in Intellectual Property
- c. Grants and subsidies payments of £27,436,000 that consist of:
  - i. £847,000 within Economics & Future Economy, that relates to the Jersey Competition Regulation Authority;
  - ii. £26,589,000 within Local & Digital Economy, that includes £9,000,000 for the ACH proposition that is split across Jersey Heritage Trust, Jersey Arts Centre, ArtHouse Jersey, Jersey Opera House Limited and Ballet D'Jerri, £1,929,000 to Jersey Sport, £6,822,000 that relates to the Agriculture & Fisheries support,

£2,266,000 in Digital Economy with grant payments to Digital Jersey Limited and Jersey Data Protection Authority, £1,566,000 within Growth & Trade to Jersey Business Limited, £5,006,000 within Retail & Visitor that relates to Visit Jersey Limited, Jersey Consumer Council and the Events Support Scheme

2. *Please could you provide a more detailed breakdown of the following expenditure, as detailed in the Service Level Analysis for Economic Development, Tourism, Sport and Culture:*
  - a. Local and Digital Economy of £32,465,000 that consists of £10,552,000 within the ACH 1% Proposition, £1,929,000 in Jersey Sport, £6,822,000 within the Agriculture & Fisheries proposition, £6,026,000 within Retail & Visitor, £2,386,000 within Digital Economy, £1,686,000 within Growth & Trade, £3,017,000 within the Local Economy Management area, £50,000 for HNW engagement and £27,000 in Maritime & Aviation (please note all staff sit within the Local Economy Management area and is subject to change)
  - b. Future Economy - no further breakdown
  - c. Economics - £680,000 in Economics, and £1,217,000 in Future Economics
  - d. Management and Governance - no further breakdown
  - e. Intellectual Property - no further breakdown
  - f. Cyber Security - no further breakdown

Additional details can be seen in part 1.

3. *Please could you provide a more detailed breakdown of the estimated £200k expenditure on the 'Minimum Income Standards' project in 2025? This should specifically outline areas of spending, organisations receiving any grants and any other information that may be relevant to the Panel's Review.*

It is anticipated that the money will 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 work is highly specialised and it is important that it is undertaken independently to ensure trust in the outcome. This is a sizable undertaking and meets the aspirations alongside the "living wage" policy to better understand the true basic cost of living in Jersey.

4. *The previous Government Plan 2024-27 identified £1.87m of value for money savings for the Economic Development, Tourism, Sport and Culture Department in 2024. Are you able to confirm if those savings are on track to be achieved, where savings were identified and how this will impact the approximately £1.050m of savings proposed in 2025?*

The 2024 Savings have been met recurrently as per the table below:

Scheme	RAG	Efficiency Target £'000	Achieved £'000
VFM – Economic Development, Tourism, sport and Culture	Green	140	1,870
	Green	578.5	578.5
	Green	50	50
	Green	50	50
	Green	233.5	233.5
	Green	200	200
	Green	188	188
	Green	216	216
	Green	214	214

5. *The Economic Development, Tourism, Sport and Culture Department has targeted approximately £1.050m of savings in 2025. Please could you provide a breakdown of where the savings will be achieved?*

GP_Ref	GP_Text	Proposed.2025
Savings	ALO reductions	(571)
Savings	Roles	(256)
I-DFE-GP24-001	Implementation of Digital, Visitor Economy and Elite Sport Strategies	(130)
I-DFE-GP24-002	Rural and Marine Economy	-
I-DFE-GP24-003	Jersey Business - Core Grant Funding	(30)
I-DFE-GP24-004	Intellectual Property Framework	(60)

6. *The Savings Proposals in the Proposed Budget 2025-2028 detail £256k under 'Roles' in 2025. However, the Service Level Analysis with the Annex to the Proposed Budget 2025-2028 states 'nil' in relation to 'FTE Role Reduction' in 2025. Please can you clarify the £256k under 'Roles' as detailed within the Savings Proposals of the Proposed Budget 2025-2028?*

a. *Please can you provide a breakdown of the total planned 'Role Reductions' within the Economic Development, Tourism, Sport and Culture Department in 2025?*

By the end of 2024 a number of fixed term contracts will end. In addition, where posts have become vacant during 2024, the department has prioritised work and not replaced all posts. No further reductions in headcount are expected in 2025.

b. *Please can you detail the nature of the roles affected by the 'Role Reductions' within the Savings Proposals in 2025?*

As per question 6a, all reoccurring annual role savings are due to be realised in January 2025. The post of Group Director Economy was vacant from 1 September 2024 and has been removed from the leadership structure. Three fixed term contracts also end during 2024 and will not be extended and the roles not advertised.

7. *The Panel note an additional £840k allocation of funding for the Oakfield and Fort Regent Decant, above that provided in Government Plan 2024-2027. Please can you provide a breakdown of the additional £840k allocated to this project?*

As described in the supporting Business Case, once complete the new sports hall will become a key facility for the Island's sporting community and will provide 'venue space' for some of the sporting activities presently undertaken at Fort Regent (i.e. netball, basketball, indoor cricket and martial arts).

The existing Oakfield Sports Centre (main hall) will be modified and will provide alternative facilities for gymnastics.

The existing Oakfield Sports Centre is presently used during the day by Hautlieu School and Highlands College for curriculum use, and both educational establishments will use the new sports hall when it opens.

The original design concept for the new sports hall was conducive for use by adults and adult sports clubs (i.e. a simple tensile fabric structure providing a simple unheated rain cover), it was not unfortunately conducive to the teaching of children where separate educational design guidance apply, and where minimum environmental room temperatures have to be considered.

Accordingly, the additional funding is therefore required to afford design enhancements to the external fabric of the building (i.e. around the main hall previously designed as a simple rainscreen) and to provide additional underfloor heating (within the main sports hall) to ensure that it meets the environmental temperature requirements for teaching children and flexibility for holding public events.

The outcome of the two-stage tender (which included the additional underfloor heating works) has realised a budget shortfall of £840,000.00.

8. Noting the potential implications upon sport provision. please can you, in conference with the Minister for Infrastructure, provide a breakdown of the £6.7m of estimated expenditure on the Oakfield and Fort Regent Decant in 2024?

Following completion of the tender process the final project cost has been estimated at £8,364,000.00 (below).

The proposed £6.7m budget allocation in 2025 is part of three tranches of funding (see below)

**Estimate**

**Costs:**

Tender received (31.05.2024)	£ 9,331,437.51
<b>Proposed Tender to be Accepted</b>	<b>£ 7,607,231.00</b>
Plus: Service Connections (Incl. JEC and JT)	£5,205.95
Professional Design Team Fees	£583,191.00
Other Sundry Costs	£168,372.05
(Incl. Recharges and Contingencies)	
<b>Estimated Total Project Cost</b>	<b>£8,364,000.00</b>

**Budget Available**

2023	£200,000.00 (Allocated)
2024	£1,500,000.00 (Allocated)
2025	£6,664,000.00 (Proposed Government Plan 2025-2027),

Total Revised Budget 8,364,000.00

9. The Government Plan 2024-2027 set out an estimated £4.15m of expenditure from the Technology Accelerator Fund in 2024. Please can you provide a breakdown of expenditure from the Technology Accelerator Fund to date in 2024?

a. Please can you provide an estimate for total expenditure from the Technology Accelerator Fund in 2024?

<b>£'000</b>	<b>2024 to date</b>	<b>Remainder of 2024</b>	<b>2024 total</b>
Scheme management fees	147,500	(15,400) <sup>1</sup>	132,100
External consultants	35,300	18,000	53,300
Less PY accrual	(42,400)	-	(42,400)
Programme delivery costs	-	125,000	125,000
Open Programme 1 Grants	-	(76,300) <sup>2</sup>	(76,300)
CareTech grants <sup>3</sup>	-	2,000,000	2,000,000

10. Please can you provide a breakdown of the estimated expenditure from the Technology Accelerator Fund in 2025?

<b>£'000</b>	<b>2025 Estimate</b>
Scheme management fees	300,000
External consultants	46,000
Programme delivery costs <sup>4</sup>	250,000
Programme 3 grants	500,000
Future programmes	1,840,000
<b>Total Impact Jersey expenditure</b>	<b>2,936,000</b>
<i>Transfer to Consolidated Fund</i>	<i>1,289,000</i>

<sup>1</sup> these are shown on a drawdown basis – ie amounts taken from the Fund in the relevant period. Unspent fees in 2023 were carried forward (by DJ) and therefore the claimed fees for 2024 have been reduced by this.

<sup>2</sup> Open Programme 1 funding was drawn down in 2023 and has been spent in 2024 – in total £423,700 was agreed in grants for this programme and the unspent amount from the total of £500,000 is due to be returned to the Fund in 2024.

<sup>3</sup> CareTech grants are due to be agreed by the end of 2024. The full amount may not be drawn down in 2024 but will be committed once grants are confirmed.

<sup>4</sup> Programme delivery costs are drawn down as required. Costs for 2025 are therefore estimated based on anticipated programmes but may be spread over several years in practice.

11. *Please can you confirm the balance of the Agricultural Loans Fund in 2024 and forecast for the years 2025 to 2028?*

The balance of the Agricultural Loans Fund at the start of 2024 was £574,000.

£3m is to be paid into the Fund by the end of 2024 with an additional £5m to follow in 2025, both made through transfers from the Consolidated Fund.

A further transfer of up to £2 million in 2025, contingent on funds being available in the Consolidated Fund as at 31 December 2024, in excess of estimates or from budgeted underspends identified in 2025.

Payments out of the fund will depend on applications received and approved for loans and any loans granted will accrue interest at 3% in line with [P.41/2024](#) which will be paid back into the Fund.

12. *If approval is given to transfer £5m from the Consolidated Fund to the Agricultural Loans Fund, please can you provide a breakdown of estimated expenditure from the £5m in 2025?*

Expenditure will be contingent on loans applications. The policy guidance governing the use of the fund during the lifetime of the Government Plan will be drafted by the current temporary Loans Board in Q4 2024 and approved by me as Minister.

13. *Please can you confirm the 2024 balances of the following funds set out within the ‘Other Special Funds’ section of the Proposed Budget 2025-2028, and there forecasted balances for 2025 to 2028:*

*a. Tourism Development Fund*

At the end of 2023 the Tourism Development Fund holds a balance of £17,000, there are no forecast changes to the balance which is held constant at the 2023 level throughout 2024 – 2028.

*b. Innovation Fund.*

At the end of 2023 the Innovation Fund holds a balance of £868,000, there are no forecast changes to the balance which is held constant at the 2023 level throughout 2024 – 2028.

14. *Please can you confirm whether the ‘Lottery and Other Income’ item within Table 52 ‘Other Special Funds’, is the balance of the CI Lottery (Jersey) Fund?*

The balance labelled ‘Lottery and Other Income’ in Table 52 covers a number of sources such as dormant bank accounts, amounts received under Criminal Offences Confiscation Orders and civil asset recovery actions.

Of this figure, approximately £10 million is attributable to the CI Lottery in any given year. This is generated by ticket sales and covers the costs of prizes, production, distribution and grants to charities.

15. Please can you provide a breakdown of the total expenditure of £11.554m on Arts, Heritage and Culture for 2025 to 2028?

Section 1 contains details on the ACH 1% funding and its respective split between the ALO funding and Cultural Support pot.

16. Can you please provide a comparison for the figures if the calculation remained at 1% of Government expenditure?

Please see below table:

<b>£'000</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>RPI</b>	11,477	11,672	11,905	12,167
<b>1% target</b>	12,009	12,089	12,403	12,726

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

Yours sincerely,



**Deputy Kirsten Morel**

Minister for Economic Development, Tourism, Sport and Culture

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