

Ministerial Offices | Government of Jersey | Union Street
Jersey | St Helier | JE2 3DN

By email

6th May 2025

Dear Chair,

Transition to Living Wage and BBSP

Thank you for your letter of 16th April, in which you ask a number of questions regarding the Better Business Support Package (BBSP). I have set out answers to each of your questions below in turn:

- 1. Will the transition to living wage result in any job losses or business failures and what is the impact of this on the economy and will this impact differ based on business size or sector of operation?*

The confidential slides from the Private Briefing on 28 March set out the modelled impact on employment. This shows that the transition to a living wage is expected to have a small negative effect on employment, but against a background of a strong labour market with lots of vacancies. It is more relevant to discuss change of employment rather than simply job losses as much of the change in employment is expected to materialise through reduced vacancies/reduced use of seasonal workers and not necessarily through job losses. Economic impact analysis does not assess the effect of the transition to a living wage at the level of individual firms and thus makes no assessment of whether it may result in any business failures, and this would be very specific to any business, their model and trading conditions. Further information can be found in the confidential economic analysis attached.

- 2. Have impacts been forecasted at a point in time or forecast over 12, 24, 36 or 60 months?*

The economic impact assessment focused on the impact of the transition to a living wage in 2025 and 2026. Beyond that any analysis would be impacted by future policy decisions and much less relevant.

- 3. What change will be seen to the cost of housing, goods and services as a direct consequence of introducing a living wage to the islands economy?*

The confidential slides from the Private Briefing on 28 March summarise the modelled effect on inflation from the transition to a living wage. The inflationary impact of this transition, compared to an increase in the minimum wage in line with Average Earnings, is estimated at 0.4% in 2025 and 1% in 2026. Minimum wages, which occur most years, always add inflationary pressure into the system through cost push pressures.

4. *What impact will this having on job opportunities and housing availability for people living in the Island now and over the next 5 years?*

The increase in minimum wage is not expected to have a significant impact on job opportunities or housing availability and it will only be one of many factors that businesses leaders and potential employees consider in their financial decision making.

5. *Has the cost of rent been factored into the calculations to avoid people entering into “in work” poverty?*

The Government has committed to implementing a decision made by the States Assembly in 2021 to raise the minimum wage to two-thirds of the median wage. The current focus of the project to transition towards a living wage and to raise the minimum wage to two-thirds of the median wage by April 2026. This calculation does not include rental costs.

6. *The Panel agrees that it is reasonable to expect that publication takes place to aid in transparency of these grants and would ask that steps are taken to ensure this information is published in an appropriate way. Could you confirm if consent of those applying to the BBSP for information to be shared has been included within terms of their application, and if not, why not. Furthermore, could you please outline if any concerns regarding publication have specifically been raised by applicants?*

Having considered feedback from members of the States Assembly, I have directed that the Terms and Conditions for organisations receiving grants from Jersey Business should be updated to allow for publication of the recipient names and amounts for all grants over a set threshold (this includes cumulative grants where multiple lower amounts are received). This threshold will be agreed between Government and Jersey Business officials to ensure it allows for a proportionate amount of transparency without unduly burdening smaller grant recipients or the process. It is expected that these changes will be made in the coming weeks, and the relevant information will be part of a publication later in the year. There have been confidentiality concerns raised by multiple potential applicants and any impact on applications will be carefully monitored over 2025. It is my hope that this does not deter businesses from coming forward with applications, but there is a risk that might occur.

7. *The Panel would also be grateful if you would highlight any support that is offered to businesses that have been operating for a shorter period of time, noting that the Skills, Productivity and Visitor Economy Development grants are only available to those operating for 6 or 18 months depending on the level of grants applied for.*

The Better Business Grants are specifically for employers to improve their productivity and skills. A proportionate line for eligibility is therefore needed to ensure the grant funding is only accessed by suitable organisations. Jersey Business and other Arms-Length Bodies already offer a range of support for start-up organisations that do not meet the criteria for these grants. In addition, Jersey Business are supporting prospective applications in preparation for when the organisation meets the eligibility criteria.

8. *Similarly, the Panel would be grateful if you could identify any support that will be offered to businesses that have recently recruited employees or had been planning to recruit prior to the announcement of the criteria, noting the 3-month employment requirement.*

As above, there is no specific funding via the Better Business Grant for organisations that do not meet the eligibility criteria, but pre-application support is available in advance for those recently taking on employees and who will become eligible once the 3-month requirement is met.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kirsten Morel', with a stylized flourish at the end.

Deputy Kirsten Morel
Minister for Sustainable Economic Development