



Deputy Inna Gardiner
Chair Public Accounts Committee
Scrutiny Office
States Greffe
Morier House
JE1 1DD

10 December 2025

Dear Deputy Gardiner

Arm's Length Bodies, Grants and Subsidies Review

In response to your letter dated 2 December 2025, please find below responses to questions relating to I&E in relation to grants, subsidies and the commissioning of services.

The department administers the following payments for the provision of the following services:

Serco (Infrastructure directorate)
Biological Records Centre (Natural Environment directorate)
The Reserve (Natural Environment directorate)

Clarify if you have a set budget for grant allocation each year, and if so, how is this set and altered?

Infrastructure and Environment's largest payment concerns the SERCO contract for the running of the Aqua Splash Facility and it has a specific budget allocated every year, the department does not consider this to be a grant payment

Budget Plan Process

All budget lines, including those pertaining to grant related activity, are initially estimated for the following year during the preparation of the Budget Plan. Several budgeting methods may be used depending on the activity or context e.g. incremental budgeting or zero based budgeting, but grant related activity for Infrastructure and Environment is typically incremental in nature.

Budget Setting Process

Once the Budget Plan is approved by the Assembly, the Department will go through an internal budget setting process which may run up to the first quarter of the fiscal year. After this period, budgets are crystalised (cannot be changed), and any variations are managed through the forecast. This process is important because it allows for flexibility to cope with the time lag between lodging the Budget Plan and commencement of the fiscal year where new information concerning the activity may require adjustment so that meaningful budgets are set. New information may include but is not limited to:

- Amendments to the Budget Plan.
- Resource reprioritisation – internally or externally imposed (Ministerial or States decisions)
- Changes to inflation, utility tariffs, department income projections and general economic assumptions.
- Previous year's activity budget setting performance against outturn.

Once the budget setting process is completed, budgets will not be altered and projected outturn is managed through a forecast. The forecast should be the best estimate of outturn and compared to the budget monthly for expected variations and causal analysis. In cases where there are negative variations, e.g. spend expected to exceed budget, management decisions must be made to reprioritise other budgets and activities so that the Department remains within its cash limit. This analysis and decision process is facilitated initially through monthly meetings between Finance Business Partners and budget holders with this information being fed up to Senior Leadership teams who, with advice from Finance Business Partners, make informed decisions to reprioritise.

Natural Environment provides an annual grant for the provision of services to the Jersey Biodiversity Centre. Biological recording is the process of documenting the occurrence of species and habitats. As Jersey's local Biological Records Centre, it collates, stores, manages, and applies biological data for the island. Comparable facilities are operated by most British county councils or their equivalents.

The required budget is determined annually and disbursed in two six-monthly instalments under an agreed *Agreement for the Provision of Services*. This funding is allocated within the Natural Environment revenue budget and currently amounts to £31,500 per year.

Natural Environment provides an annual grant to The Reserve for the delivery of conservation grazing services. This initiative supports ecological grazing across both public and privately owned land in Jersey, enhancing biodiversity and maintaining valuable habitats. The Reserve owns and manages livestock specifically suited to conservation grazing, which Natural Environment seeks to utilise as part of its ecological land management strategy.

The required budget is set for five years according to the contract at £25,000 per annum.

However, there is the ability to fund any unforeseen and agreed expenses (such as fencing

needed) either by Natural Environment, The National Trust or the National Park depending on land ownership and management responsibilities.

Confirm what direction has been given by the Government of Jersey to those receiving grants or subsidies from your department to work collaboratively and deconflict actions with each other and the Government of Jersey?

The department has been working collaboratively with Serco's local and UK management teams to try to bring costs within a reasonable margin of budget.

The contracts for the provision of services by the Jersey Biological Records Centre and the Reserve details all direction, working collaboration and safeguards.

Identify what direction has been given by the Government of Jersey to those receiving grants or subsidies from your department to increase productivity and become more efficient?

The department gave notice of termination of the contract with Serco on 25 September 2025. This was due to discussions in regard to reducing costs, particularly in relation to off-Island management and administration, which failed to provide sufficient re-assurance that costs would not continue to escalate. As part of this process, benchmarking of costs compared to other pools run internally by the Sport division indicated that the department could run the service more cost effectively "in house".

The service provision contracts with the Jersey Biological Records Centre and the Reserve outline all efficiency measures. These are monitored and reviewed through quarterly board meetings of the Jersey Biological Records Centre and monthly meetings of the Reserve and the National Trust, both of which are attended by a Natural Environment Officer

How does the Department determine when to commission services and when to provide funding to organisations through grants from your department?

The decision to commission a service via a grant or a contract depends on the complexity and nature of the initiative:

Grants are typically used for initiatives requiring proportionate funding at a smaller scale, often supporting charities or organisations that contribute to wider island outcomes. Monitoring focuses on the initiative itself and allows for a more flexible understanding of the organisation. Contracts provide a more comprehensive governance framework and are commonplace in Infrastructure and currently the department is not commissioning any services. The nature of the department's business is such that the procurement of services is more suitable than commissioning services in accordance with the public finances manual. Many of our larger contracts are services that Government would struggle to provide "in-house" or involve goods or

materials moving off-Island for disposal / recycling / further processing and are therefore tendered commercial contracts, rather than delivered through grants. These services are subject to robust contract management, with providers required to report regularly on activity and outcomes.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Scate', is positioned above the typed name and title.

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