Government of JERSEY

Regulatory Principles Framework: Proportionate Regulation for Jersey

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Small Island: Smarter Regulation

This framework provides overarching practical guidance for civil servants, policy makers, and regulators deciding whether regulation is needed, what form it should take, and how it should be reviewed. It is designed for Jersey as a small island jurisdiction. It aims to change the culture around regulating, providing best practice on what regulation should look and feel like.

Regulation should help people by being responsive, proportionate, and efficient. It should not feel excessive, slow, outdated, oppressive, or overly technical. It must protect public safety and uphold the wider public interest, while supporting Jersey's long-term economic success, including sustainable growth and integrity in financial services and other business sectors. It should avoid unnecessary burdens on small businesses, community organisations, and individuals. Regulatory regimes should be administered efficiently, using the most effective, risk-based, and proportionate methods.

Regulation should be proportionate to Jersey's small-island context, not copied from complex models used in larger jurisdictions. Requirements should be fair, simple, and low-burden in low-risk areas, with stronger controls only where risks justify them. This keeps regulation manageable for government, regulators, consumers, and businesses, while supporting growth in Jersey's economy.

1. Purpose

Regulation should only be used where there is a clear need for government intervention and where the expected benefits justify the costs. Good regulation should be proportionate, evidence- and risk-based, transparent, and easy to comply with.

Development of regulatory policy should form part of a learning cycle: identification, analysis, design, intervention, and monitoring. The framework encourages officials to analyse risks and evidence, intervene proportionately, monitor delivery, and review whether intended outcomes are being achieved.

This framework helps officials to:

- identify whether a problem requires regulation;
- consider non-regulatory and less burdensome alternatives;
- select the most proportionate regulatory model;
- assess the likely impacts on businesses, consumers, public bodies, and the public;
- engage with stakeholders in the design of interventions and regulation;
- design enforcement and governance arrangements that are efficient and risk-based; and
- review regulation after implementation to check whether it remains necessary, up-to-date, and effective.

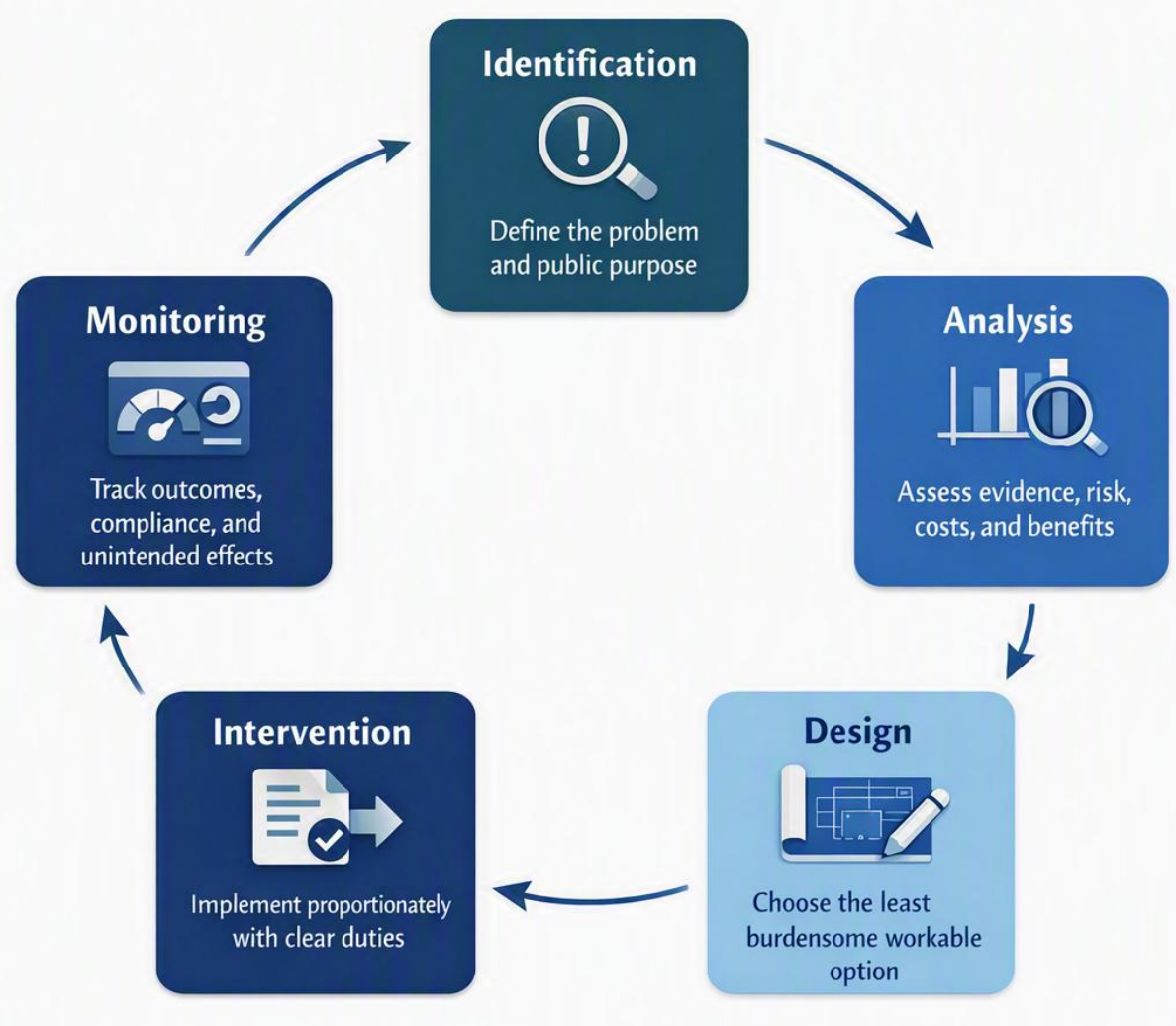


Figure 1: Regulatory development learning cycle

2. Core tests before regulating

Before developing a regulatory proposal, officials should apply six tests. These tests should be used early, before a preferred option has been fixed.

Test 1: Nature of the problem?

Regulation should be considered only where there is clear evidence of harm, risk, market failure, public concern, or failure in existing arrangements. The fact that other jurisdictions regulate in a particular way is not, by itself, sufficient. Officials should explain why action is needed in Jersey, considering the local market, economic profile, administrative resources, and community expectations. Regulatory intervention should address public health and safety, irreversible harms, and high-risk issues.

Test 2: Is regulatory intervention necessary?

Officials should first consider whether the objective could be achieved without new regulation. All the policy levers should be considered first, before regulation or legislation is employed. Options may include keeping the issue under a watching brief, improving public information, a communication campaign, issuing guidance, using

voluntary codes, improving enforcement of existing rules, supporting industry standards, convening sector leaders, using incentives, or improving public access to data. Regulation and legislation should not be used where a lighter-touch approach is likely to achieve a similar outcome.



Figure 2: Six Policy Levers

Officials should engage early with affected businesses and stakeholders, in accordance with the Government of Jersey Engagement Framework, before options are fixed, to understand practical impacts, costs, and constraints. Engagement should be meaningful, targeted, and publicised in a timely manner. This helps ensure proposals are workable and proportionate.

Regulating low-risk areas involving innovation or enterprise must be avoided. Where risks are limited and a sector is still developing, premature regulation may unnecessarily constrain economic dynamism and emerging industries.

Test 3: Is the proposal proportionate?

The scale of intervention should match the scale of the problem. Officials should avoid imposing costs, reporting duties, licensing and permissions requirements, inspections, or approval processes unless they are clearly justified. These interventions should be reserved for higher-risk activities, such as health care or where there are safety risks or risks of irreversible harm. Particular care should be taken where regulation affects small and micro-businesses, specialist sectors, essential services, voluntary bodies, or a small number of firms.

Test 4: Are the benefits likely to outweigh the costs?

Policy makers should be able to explain the expected benefits of regulating and the likely costs of compliance, administration, enforcement, and oversight. Benefits may be harder to financially quantify, but may include public safety, consumer protection, market confidence, environmental protection, fair competition, better service standards, and reduced risk of serious harm. Costs include financial costs, time, complexity, uncertainty, reduced flexibility, opportunity costs, and pressure on limited local skills.

Officials should consider Jersey's island context and the resilience of vital services and vulnerable supply chains. Uncertain, overly specific regulation that does not reflect international practice may prompt providers, especially larger internationally mobile business models, to exit or avoid Jersey's small market.

Test 5: Can the regulation be implemented and enforced effectively?

Regulation should be introduced only where there is a credible plan for implementation, clear and simple guidance, compliance, monitoring, and enforcement. Officials should identify who will enforce the rules, the skills, resources, decision-making arrangements, funding, and fees required, and how regulated parties will understand their obligations. Governance should also cover review, complaints, and oversight.

Officials should ensure the regime can be administered efficiently, achieving the greatest impact with the least burden. Regulation must be delivered by an existing regulator or government department, with no new regulatory bodies created. Ministers should provide strategic direction and governance oversight while regulators retain operational independence and protection from undue influence.

Test 6: Are international or industry standards required?

Officials should assess whether international obligations, treaty commitments, trade requirements, market access conditions, or recognised industry standards make regulation necessary or advisable. Where external alignment is needed, proposals should identify the relevant standards, explain their importance for Jersey, and state whether they should be adopted in full, adapted locally, or met through an equivalent approach. In key areas, UK legislation may be extended where international standards apply and UK compliance would give Jersey greater certainty, particularly for international trade, border control, defence, or treaty obligations.

3. Choosing the right regulatory approach

Where action is needed, officials should choose the least burdensome option likely to work, considering the risk, required behaviour change, sector maturity, Jersey's implementation and enforcement capacity, and relevant international standards.

Risk-Proportionate Approach to Regulatory Intervention		
No intervention	**No new intervention** Use where the problem is small, temporary, uncertain, or already improving.	Monitor the position and keep evidence under review.
Light touch	**Information, publicity campaign, or guidance** Use where harms arise from lack of awareness or uncertainty.	Guidance should be simple, practical, and easy to find.
Sector-led	**Voluntary or industry-led standards** Use where the sector has the capability and incentive to comply.	Check whether there is credible monitoring and public accountability.

Incentivise	**Behavioural, incentive, or market-based tools** Use where behaviour can be changed through information, choice architecture, prices, grants, recognition, procurement, or access to data.	Test behavioural assumptions and ensure incentives are fair, affordable, and targeted.
Managed risk	**Process-based regulation** Use where regulated entities are best placed to identify and manage complex or ongoing risks.	Require clear risk management processes without prescribing every control.
Shared control	**Self-regulation and co-regulation** Use where duty holders can manage risks effectively or where government sets objectives and industry helps design or deliver standards.	Rely on technical expertise in the relevant sector and use public sector oversight.
Regulatory control	**Outcome-based regulation** Use where the desired result is clear but there are different ways to comply.	Avoid unnecessary prescription, or detailed process, and support innovation.
Higher intervention	**Licensing, permitting, or rule-based regulation** Use where significant risks must be managed before activity begins, minimum standards are essential, or consistency is required.	Use only when less intrusive tools are insufficient. Keep rules clear, targeted, and proportionate.

4. Designing proportionate regulation

Regulation should be designed around those who must comply with it and those who use regulated services. Officials should make compliance straightforward, reduce uncertainty and duplication, simplify processes before digitising them, and give the public confidence that risks are managed effectively.

- Use plain language and set clear objectives and requirements, avoiding unnecessary legal or technical complexity.
- Prefer outcomes over detailed processes to support flexibility and innovation.
- Avoid prescribing detailed processes unless risks are high, such as in aviation or energy.
- Keep forms simple, clear, easy to complete, and digital.
- Minimise approvals, reporting, inspections, and information requests.
- Prioritise one-stop, joined-up, tell-us-once principles, or common reporting routes where citizens or businesses otherwise deal with several parts of government.
- Consider simplified processes, templates, phased implementation, exemptions, or longer transition periods for small and micro-businesses.
- Co-ordinate with other delivery bodies to avoid overlap and inconsistent standards.

- Use digital tools, shared data, and common reporting channels where this reduces burden and remains accessible to users.
- Ensure the regulator has effective governance arrangements, clear duties, transparent decision-making, appropriate independence, integrity safeguards, and effective accountability.
- Ensure legislation is clear, workable, and proportionate, with well-defined powers, duties, safeguards, appeal routes, and review mechanisms that support effective implementation and enforcement.

In a small island, officials should use existing regulators, departments, shared functions, contracted expertise, peer review, inspection by invitation, or off-Island collaboration. No new regulatory bodies should be established.

5. Evaluating Impact

Every proposal for ministerial consideration should include an impact assessment, integrated into policy development and proportionate to the measure's likely significance and effects. Although such assessments already form part of the development of any policy, it is good practice to evidence this thinking. It is therefore advised that officers include a brief impact statement setting out intended outcomes and expected costs to government, businesses, and individuals. A template has been included in annex 2 of this framework, and can accompany any government propositions, as well as substantive changes to Orders and rules, to enhance decision-making.

Evaluation should begin early in the policy process, test real options before decisions are fixed, and improve decision-making rather than create unnecessary paperwork. A light-touch assessment may be sufficient for low-impact or technical measures. A fuller evaluation and consultation process is needed where the proposal is likely to create material costs to businesses, affect competition, change enforcement powers, create new licences or approvals, or affect a large number of businesses, individuals, or community organisations.

The policy-making process and impact evaluation should normally consider:
- the problem being addressed and the evidence for it;
- the policy objective and intended outcomes;
- the options considered, including non-regulatory approaches;
- consultation with those being regulated and those impacted by their activities;
- the preferred option and why it is proportionate;
- the expected benefits, costs, risks, and unintended consequences;
- the impact on small businesses, consumers, public bodies, community organisations, competition, innovation, and the environment;
- the implementation, compliance support, and enforcement plan;
- the consultation or engagement undertaken; and
- the proposed monitoring and review plan.

Accompanying reports, financial statements, and impact statements should show how these factors have been considered during policy development and decision-making.

6. Enforcement and regulatory delivery

Proportionate: Regulatory activity should balance the need to prevent harm against the costs imposed on regulated parties. Enforcement should be proportionate, risk-based, transparent, consistent, and accountable. Regulators should support compliance through outreach, education, and guidance, using evidence and compliance history to target activity. Stronger sanctions should be reserved for serious harm, repeated non-compliance, or urgent public interest cases.

Supporting growth: Regulators should have regard to the impact of their activities on economic growth, to give businesses confidence to invest, innovate, and expand. This should be a question of leading and shaping cultures and attitudes. They should avoid unnecessary information requests, overly prescriptive requirements where less burdensome measures would achieve the intended outcome, and disproportionate enforcement action. Regulatory delivery should adopt a service-minded and risk-based approach that protects the public interest as a priority while also supporting sustainable enterprise. Outreach, clear online guidance, and engagement should be used to address unnecessary overcompliance or risk-aversion and build confidence, capability, and a proportionate learning culture among regulated parties.

Using technology: Regulators should use technology, shared data, and real-time reporting to monitor risk more effectively and target activity where harm is most likely. Digital tools should also support faster, more consistent decision-making, reduce duplication, and improve efficiency for regulators, businesses, and the public.

Approach to guidance: Guidance should clarify expectations and support compliance. It should be practical, outcome-focused, and model good practice. Guidance must not impose obligations. Regulators should allow alternative compliant approaches where statutory requirements are met.

Accountable: Those delivering regulation should be accountable, supported by clear enforcement policies, a regulators' code, and published performance measures. Regulators and departments should publish and meet licence and authorisation timetables. Governance and accountability arrangements should be transparent, with clear appeal routes. Regulators should engage early, use sandboxes or other innovation-friendly approaches where risks are low, and work with businesses to support outcome-based compliance.

Quality of regulation: High-quality regulation depends on regulators having the technical knowledge, sector expertise, and practical skills needed to make evidence-based and proportionate decisions. Regulators should maintain high standards of professionalism, integrity, fairness, and consistency, supported by appropriate training, effective governance, and continuous professional development. Their practices should follow relevant recognised professional, regulatory, industry, and international frameworks, adapted where necessary to Jersey's circumstances.

7. Review and removal

Regulation should not be treated as permanent. Significant measures should be monitored regularly and updated where needed to remain current and effective.

Officials should also consider light-touch post-implementation reviews, and wider sectoral stock reviews where there is evidence of duplication, unnecessary burden, weak outcomes, or changing circumstances.

Any review processes should consider whether regulation has:

- achieved its original purpose;
- remained necessary and proportionate;
- created unexpected costs or burdens;
- is understood by those who must comply;
- is being enforced consistently and effectively;
- could be simplified, merged with other requirements, or removed; and
- continues to support Jersey's economic, environmental, and public interest objectives.

Annex 1: Decision checklist for officials and policy makers

Regulation should be recommended only where the evidence shows that it is needed, the chosen approach is proportionate, and the expected public benefits clearly justify the costs and obligations imposed.

Before recommending regulation, officials should be confident in their answers to the following questions:

Identification

- What problem, harm, risk, market failure, unfairness, or public interest concern is being addressed?
- Is the problem clearly evidenced in Jersey and aligned with policy objectives, funding, and wider government priorities?
- What outcome should government achieve, and why is intervention justified?

Analysis

- What data, analysis, stakeholder evidence, operational experience, or evaluation findings support the case for action?
- Has there been early effective engagement with stakeholders?
- Have costs, benefits, risks, unintended consequences, and impacts on businesses, consumers, public bodies, competition, innovation, and the environment been assessed?
- Has the existing regulatory landscape been reviewed to avoid duplication, gaps, overlap, or inconsistent standards?
- Where is harm most likely, most serious, or hardest to reverse?
- Have international obligations, treaty commitments, trade requirements, market access conditions, and industry standards been considered and adapted for Jersey where appropriate?

Design

- Could the objective be achieved through information, guidance, voluntary standards, behavioural tools, incentives, improved enforcement, industry-led action, or better access to data?
- Has the least burdensome option likely to achieve the intended outcome been selected?
- Are the proposed duties, processes, approvals, reporting requirements, fees, inspections, enforcement powers, and review arrangements proportionate to the risk and public interest?
- Can requirements be simplified or targeted to reduce unnecessary burden on small businesses, micro-businesses, community organisations, and individuals?
- Are the rules clear, practical, and easy for citizens, businesses, delivery staff, and regulators to understand?
- How can existing regulators, departments, shared services, or off-Island partnerships deliver the regime without creating new delivery bodies?

- Are responsibilities, governance, powers, funding, performance measures, appeals, complaints, review mechanisms, accountability, and scrutiny arrangements clear?
- Are sanctions credible, proportionate, and targeted at serious harm, deliberate misconduct, repeated non-compliance, or urgent public interest cases?
- Has an impact assessment been used to shape the regulatory design, minimise burdens on businesses and the public, and target proportionate, risk-based interventions at the core policy objectives and highest-risk areas?

Intervention

- Is there a credible roll-out plan, with clear ownership, milestones, resourcing, systems, funding, governance, and operational readiness?
- Are communications, guidance, templates, training, and compliance support in place so businesses and affected users understand what they must do, by when, and how?
- Have appropriate lead-in periods, transitional arrangements, exemptions, mitigations, or phased requirements been considered to support practical compliance?
- Is there a clear and proportionate route from commencement to enforcement, including any grace periods, advisory visits, or escalation triggers?
- Will government, regulators, and delivery partners be ready on day one with the necessary forms, digital systems, staffing, decision routes, data-sharing arrangements, and user support?

Monitoring

- Is there a light-touch watching brief, with clear ownership, a review date, proportionate success measures, and enough baseline information to judge whether the regulation is effective?
- What simple signals will be monitored, such as complaints, compliance issues, enforcement activity, business feedback, costs, service impacts, or evidence of unintended consequences?
- Are there clear trigger points for further action, such as rising harm, repeated non-compliance, disproportionate burden, market change, stakeholder concern, or evidence that the regulation is no longer needed?

Annex 2: Regulatory Cover Sheet Template

For use with all papers advocating new regulatory requirements or amendments to existing regulatory requirements, including introduction of new legislation, guidance, or any changes in policy or enforcement.

Proportionate regulation in Jersey should be targeted, evidence-based, and practical, recognising the limits and opportunities of a small island economy. The aim is to protect public safety and the public interest while avoiding unnecessary complexity, cost, or delay for government, businesses, citizens, and community organisations.

Regulatory Summary Cover Sheet
1. Issue and proposal *Describe the risk or public interest issue and briefly summarise the proposed regulatory response.*
2. Outcomes and objectives *Explain the intended outcomes, policy objectives, and how success will be measured.*
3. Consultation and engagement *Summarise who has been consulted, evidence gathered, and how feedback shaped the proposal.*
4. Impact assessment and proportionality *Summarise the impact assessment process: benefits, costs to government, businesses, and citizens (including secondary or administrative costs), and why the proposal is proportionate.*
5. Deliverability: Orders, rules, and guidance *Identify the proposed legal or policy tools, including primary legislation, Orders, rules, or guidance, and confirm they are clear, no more burdensome than necessary, and practically deliverable.*

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Annex 3: Framework for Proportionate Regulatory Methods

HIGHER RISK
Greater potential impact on people, environment, economy and public confidence

LOWER RISK
Lower potential impact

RISK LEVEL	TYPICAL EXAMPLES (ACROSS SECTORS)	KEY RISK QUESTIONS	REGULATORY METHODS (SMART & PROPORTIONATE)
6 LEVEL 6: CRITICAL Very high risk	• Public safety • Health care • Aviation safety • Fire safety • Dangerous substances • Critical infrastructure • Energy suppliers	Could failure result in loss of life, severe environmental damage, or systemic harm? Is there a need to prevent critical failures through intensive regulatory oversight?	**High assurance, direct control** • Licensing schemes • Intensive inspections and audits • Strict technical standards • Enforcement powers including revocation and suspension
5 LEVEL 5: LOW RISK APPETITE High risk	• Care services • Water quality • Safety in high-risk industries • High-risk environmental harm	Could failure result in serious harm to people, assets, animals, or public confidence? Does the activity require regular oversight to ensure continued compliance?	**Active oversight** • Licensing or permits • Fit and proper tests • Regular inspections • Compliance monitoring and assurance
4 LEVEL 4: CAUTIOUS RISK APPETITE Medium-high risk	• Financial services conduct • Construction activities • Large event management • Food safety • Gambling operators • Commercial passenger transport	Could failures cause material harm to consumers, markets, animals, or the environment? Is evidence of competence or compliance required before operating?	**Assurance before and during operation** • Permits and consents • Accreditation or certification • Reporting requirements • Risk-based inspections
3 LEVEL 3: MANAGED RISK APPETITE Managed risk	• Consumer protection • Medium-risk business activities • New technologies requiring assessment • Major data controllers • Import/export activities • Moderate environmental impacts • Telecommunications providers • Animal welfare • Professional licensing	Could risks become significant if left unchecked? Should the regulator review activities before or shortly after they commence?	**Standard oversight with monitoring** • Notifications with assessment • Registrations • Codes of practice • Targeted monitoring and reviews
2 LEVEL 2: MODERATE RISK APPETITE Moderate risk	• Business registration • Market monitoring • Tourism and hospitality operations • Competition and markets	Does government need awareness of who is operating in the sector? Would light-touch oversight help identify emerging issues?	**Light-touch oversight and guidance** • Notifications • Public disclosure requirements • Guidance and advisory measures • Industry engagement
1 LEVEL 1: HIGH RISK TOLERANCE Low risk	• Innovation and experimentation • Start-ups and new business models • Low-risk services • Voluntary standards schemes • Limited potential for public harm	Is the risk minimal and largely borne by informed participants? Can market forces, consumer choice, or industry standards manage the risk?	**Enable and empower** • Guidance and advisory measures • Self-regulation • Voluntary accreditation schemes • Regulatory sandboxes / innovation pathways