STATES OF JERSEY

PROPOSED BUDGET (GOVERNMENT PLAN) 2026-2029 (P.70/2025): COMMENTS

Presented to the States on 4th December 2025
by the Economic and International Affairs Scrutiny Panel

STATES GREFFE

COMMENTS

Background

It was agreed by the Scrutiny Liaison Committee that each scrutiny panel would focus on aspects of the Budget specific to its remit and that overarching themes would be scrutinised by the Corporate Services Scrutiny Panel. Additionally, the Common Strategic Policy Review Panel (formed of the Chairs of each Scrutiny Panel) conducted a review examining the progress of the Common Strategic Policy 2024-2026 and evaluated how the Proposed Budget 2026–2029 supports its implementation.

The Panel's Terms of Reference for the Review were agreed as follows:

1. *To review components of the Proposed Budget 2026-2029 Proposition [P.70/2025] which are relevant to the Economics and International Affairs Panel to determine the following:*

    a) *The impact of the Budget proposals on departmental budgets, savings and staffing levels.*
    b) *Whether the revenue expenditure growth, capital and other projects are appropriate and likely to have a positive impact on Islanders and Island life.*
    c) *How the proposed revenue expenditure growth, capital and other projects align with the Common Strategic Policy to deliver on the priorities, and in line with the Departments' Business Plans.*
    d) *Whether the resources allocated to revenue expenditure growth and capital and other projects are sufficient, ensure value for money and demonstrate the best use of public funds.*

2. *To assess the impact of the Budget proposals relevant to the Economic and International Affairs Panel including but not limited to the technology Accelerator Fund, Agricultural Loans Fund, Dormant Bank Accounts Fund, Tourism Development Fund, CI Lottery (Jersey) Fund and the Jersey Innovation Fund.*

The Panel received the following letters from Ministers in response to questions:

- Minister for International Development – 7th November 2025
- Minister for External Relations – 30th October 2025, 27th November 2025
- Minister for Sustainable Economic Development – 30th October 2025, 20th November 2025

The Panel identified approximately 14 external stakeholders and wrote to them as part of the Review. The Panel received responses and submissions from the following:

- Jersey Farmers Union
- Jersey Heritage
- Ports of Jersey
- Jersey Business
- Jersey Opera House
- Visit Jersey

The Panel also held two public hearings with Ministers as part of its Budget Review:

- The Minister for Sustainable Economic Development on 20th October 2024.
- The Minister for External Relations on 10th November 2025.

The purpose of this report is not to provide an exhaustive commentary of all the evidence examined but to instead consider the main themes, findings and concerns which have arisen, and to make 'SMART' recommendations to Ministers outlining where the Panel believes improvements could be made.

Departmental Savings proposals

For context, the Panel has been told by Ministers that the proposed Budget largely reflected a continuation of current operations for each of their departments. The Minister for Sustainable Economic Development described the Budget from a Local Economy Department perspective as being a *"status quo budget"*[1]. Similarly, the Minister for External Relations highlighted that his department's rolling work programme would be continuing in 2026 and the Minister for International Development confirmed that the work programmed for 2026 by Jersey Overseas Aid (JOA) would remain broadly consistent with the existing strategy.

Within the proposed budget, External Relations has targeted approximately £79,000 of savings in 2026 and Financial Services has targeted approximately £101,000. The Minister for External Relations informed the Panel that the targeted savings in 2025 of £79,000 was achieved through a £27,000 reduction in a grant payment to the Brussels office and £52,000 savings from role reductions and vacancy management. The Panel was informed by the Minister that whilst his department's budget in 2025 was restricted and Jersey Finance Limited (JFL) had a reduction in its grant, the department had been able to *"carry out the functions that are expected of us either through the common external relations policy or the competitiveness work that we have been doing on financial services"*[2].

The Minister informed the Panel that, whilst the grant to JFL in 2025 when compared with the grant in 2024, he had mitigated the impact by reallocating underspent funds to support JFL's operations:

> **The Minister for External Relations:**
> *"The grant to Jersey Finance in 2025 was £5,887,000. There was quite a substantial reduction this year compared to 2024. As you know, they have managed within that envelope. One of the things that I was keen, however, to do was to ensure that if we had any underspends, which we had at the end of 2024, to make sure that they broadly had the same budget in 2025 even though they had made the savings, so we topped it up with an underspend. What that meant was they continue on really with their work in the U.S. (United States). Even though they had that headline cut, we managed our budget to allow them to keep the underlying work active."*[3]

[1] Public Budget Hearing - Minister for Sustainable Economic Development - 20 October 2025
[2] Public Budget Hearing - Minister for External Relations - 10 November 2025
[3] Public Budget Hearing - Minister for External Relations - 10 November 2025

The Panel considered this a significant decision that required further questioning and issued a follow-up letter seeking clarification on whether the underspend originated from the External Relations budget or the Financial Services budget. The Panel was informed by the Minister that it originated from the Financial Services budget. [4]

The Panel queries whether mitigating a reduction in grant funding should fall under a single Minister's discretion or, for governance purposes, require approval from the Council of Ministers. The Panel is concerned by the risk this poses for the perception of grant allocations by other organisations in receipt of grants that might then request and expect the same support in mitigating grant reductions:

> **Deputy M. Tadier:**
> *"…is there a risk that we are treating financial services or J.F.L. differently to other A.L.O. (arm's length organisations) who may not have such a guaranteed, if it is guaranteed, source of income from such underspends?*
>
> **The Minister for External Relations:**
> *"I think each Minister is allocated their budget and they decide how they are going to allocate their budget. For me, promotional work, which we outsource to Jersey Finance Limited for Jersey and its wider economy, is critically important. So I will ask my officers to manage the budget in such a way, or I did, that we had the underspend so we could contribute to the corporate savings target, through a reduction in budget, but I could cushion them against that from an underspend in the previous year. I very much prioritise making sure that Jersey is appropriately promoted and that we are competitive. Other Ministers prioritise their budgets in the way that they see fit as well."*[5]

The Panel is concerned that, whilst Ministers understandably have a certain level of discretion in prioritising their department budgets, there is a risk that other arm's length bodies or grant recipients perceive the decision to protect JFL's funding as preferential treatment. This raises questions about whether such financial adjustments should be subject to broader governance oversight rather than a single Ministerial decision.

Technology Accelerator Fund and Arm's Length Bodies funding

The Technology Accelerator Fund ('Fund'), led by the Minister for Sustainable Economic Development, was established in 2022 following a £20 million transfer from the Consolidated Fund. The Fund's purpose, delivered through the Impact Jersey Programme is stated as being to "*assist in solving the Island's strategic challenges by enhancing the digital economy, incubating, supporting, and accelerating high value technological initiatives and closing known gaps in Jersey's innovation eco-system*".[6]

The Budget outlines that the Fund has an opening balance of approximately £11.4million and proposed expenditure of approximately £2.3million in 2026:

[4] Letter - Minister for External Relations re: Quarterly Follow-up Questions - 27 November 2025
[5] Public Budget Hearing - Minister for External Relations - 10 November 2025
[6] Proposed Budget 2026-29 – P.93

Technology Accelerator Fund				
£'000	2026 Estimate	2027 Estimate	2028 Estimate	2029 Estimate
Opening Balance	**11,382**	**5,649**	**2,518**	**818**
Programme expenditure	(2,346)	(1,744)	(1,700)	(818)
Transfer to Consolidated Fund	(3,387)	(1,387)	-	-
Closing Balance	**5,649**	**2,518**	**818**	**-**

Table 46: Technology Accelerator Fund

The Panel questioned the Minister for Sustainable Economic Development on the future phases of the fund: *"A review in 2026 will assess the next phases of the programme and what further transfers to the Technology Fund are needed for future phases of the programme"*[7]. The Minister informed the Panel of the purpose of Digital Jersey's review as being:

> *"for Government to assess the whole programme against its initial objectives (as outlined in P.75/2022 and the Strategic Programme Plan), to examine progress, overall impact and value for money invested and form a view on the likely success and impact of further phases of the initiative."*[8]

The Panel is concerned about the uncertainty that surrounds the plans for and the future investment of Jersey's digital landscape. This stems from the reduction in the budget of the Technology Accelerator Fund in future years and the fact that key Arm's Length Bodies (ALO's), such as Digital Jersey, have yet to receive confirmation of their funding allocations for 2026. It was informed that the proposed grants that will be paid to ALO's remains under consideration as the ALO's are in the process of finalising business plans which the Minister for Sustainable Economic Development stated would then *"inform the Department's internal budgeting process for 2026 and the allocations of grants"*[9]. The Panel deem that it is essential that the Island prepare for a future digital environment, taking into account the transformative impact of Artificial Intelligence (AI) development on society, business, and governance. The Panel welcome the creation of an AI Council by Digital Jersey[10] and urge the government to support this as much as possible.

Furthermore, the Panel notes the impact felt by organisations receiving grants that have not been kept in line with inflation. This results in some ALO's are not only having their funding reduced but in real terms the reductions impacts are much greater due to inflation and the high cost of living. In a Public Hearing as part of the Public Accounts Committee's review into ALO's, Digital Jersey stated the following with regards to its funding:

Chief Executive Officer, Digital Jersey

[7] Proposed Budget 2026-29 – P.93
[8] Letter - Minister for Sustainable Economic Development re Proposed Budget 2026-29 -20 November 2025
[9] Letter - Minister for Sustainable Economic Development re Proposed Budget 2026-29 -20 November 2025
[10] Transcript-Arm's-Length-Bodies,-Grants-and-Subsidies-Review-–-CEO-Digital-Jersey.pdf

"I think we said before, if we look over the last couple of years, we have had our funding cut in real terms by about … inflation has been about 25 per cent and our funding in that period has only raised about 5 per cent."[11]

Visit Jersey's submission echoed the impact inflation has on its grants and the absence of adjustments to account for it:

"It is important to note that Visit Jersey's core grant was reduced by -4% in 2025 compared with 2024, at a time when the real-term value of the grant had already been significantly reduced due to inflation. At inception, Visit Jersey's core grant was £5m per annum; today, according to the Statistics Jersey inflation calculator, the adjusted core grant would be £7.46m. The £4.72m core grant Visit Jersey received in 2025 represents a reduction of -49% in real terms. The real term value of the grant continues to be eroded by inflationary pressures (fig 2). and increased media and production costs (fig 3)…. An increasing core grant that keeps pace with inflation would be ideal to focus on long-term planning and visitor growth and spend, thereby adding value to Jersey's overall economy. Temporary grants like BBSP help tactically, but they do not enable long-term strategic planning and delivery."[12]

The Panel is concerned by the core grant that is currently scheduled for 2026 for Visit Jersey given their comments and given the importance of Visit Jersey in supporting and achieving the ambitions of the Visitor Economy Strategy:

"However, even with these measures, the current core grant limits our ability to generate the scale of demand required to fulfil the ambitions of the Visitor Economy Strategy (December 2023), including to support the growth of air and sea connectivity, increase shoulder-season travel, and drive higher productivity across the tourism sector"[13].

The Minister for Sustainable Economic Development acknowledged that a reduction in grant payments could potentially impact Digital Jersey's capacity to deliver. The Panel questioned the Minister on the role of delivery partners such as Digital Jersey and whether the Minister's department was investing sufficiently in Digital Jersey. The Minister recognised the need for delivery partners but highlighted his thought process around whether the structures the Government had in place were still appropriate:

Minister for Sustainable Economic Development:
"You do need delivery partners, but it is worth having a look at the structure we have across all of them, Jersey Finance, Visit Jersey, Digital Jersey, Jersey Business, Jersey Heritage and others. Do we have the right structure for those? Most of them have been around for 10 years, is it time to have a look and see if there could be any other structures?"[14]

He highlighted that he was not of the opinion that a Government organisation had to be the entity to provide training and directed towards the Better Business Support Scheme as an alternative means:

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[11] Transcript-Arm's-Length-Bodies,-Grants-and-Subsidies-Review-–-CEO-Digital-Jersey.pdf
[12] Submission- Visit Jersey - Proposed Budget 2026-29 - 25 November 2025
[13] Submission- Visit Jersey - Proposed Budget 2026-29 - 25 November 2025
[14] Public Budget Hearing - Minister for Sustainable Economic Development - 20 October 2025

Minister for Sustainable Economic Development:
"Through the Better Business Support Scheme we have £1.5 million of grant money available to businesses, so if you are a business today and you want to send one of your staff or 10 of your staff on training around A.I there is a grant that you can access today to help pay for that"[15].

Furthermore, the Minister stated that as ALO's had not had increased funding over the last few years to match wage increases in the same way as the public sector, this could be seen as being a *"gentle constraint which would, for many of them, enable them to look at commercial opportunities and other ways of raising money for themselves"*.[16] It was explained that organisations such as Digital Jersey or Jersey Sport have trustees, in comparison to wholly Government owned organisations (e.g. Visit Jersey) for whom more limited commercial opportunities are available to source alternative funding streams. Jersey Opera House highlighted that although the charity is grateful for the Government funding, it faces challenges in planning effectively while the exact amount to be received remains uncertain:

"From a practical perspective, the immediate challenges for Jersey Opera House relate to us confirming the level of grant that will be received by us in 2026 (as this is yet to be confirmed). We continue to discuss the level of grant that can be provided, equally aware that there are significant budget pressures across the arts, culture and heritage sector."[17]

Similarly, Jersey Heritage stated that due to rising costs and inflationary pressures any future cuts in real terms would change the way Jersey Heritage could operate:

"Trustees consider that there is now little room for manoeuvre in the current budget, and any future cuts in real terms (including not indexing the current 2025 grant with RPI) will materially change the operation of JHT". [18]

The Panel remains concerned that grant allocations have not been allocated, and that previous allocations have failed to account for inflation. It would highlight the importance of incorporating inflationary considerations to help maintain the intended level of support for organisations and provide greater financial sustainability.

Budgeting process for Arm's Length Organisations

The Panel highlighted in its Comments on the Proposed Budget (Government Plan) 2025-2028 (P.51/2024) in November 2024 that the one-year budgeting process for those in receipt of grants creates difficulties for these organisations in being able to forward plan and budget appropriately. It made the following recommendation:

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[15] Public Budget Hearing - Minister for Sustainable Economic Development - 20 October 2025

[16] Public Budget Hearing - Minister for Sustainable Economic Development - 20 October 2025

[17] Submission-Jersey Opera House- Proposed Budget 2026-29 Review -24 November 2025
[18] Submission -Jersey Heritage- Proposed Budget 2026-29- 17 November 2025

Recommendation 9: The Minister for External Relations and the Minister Sustainable Economic Development should undertake a formal consultation on the current budgeting process for Arm's Length Organisations, that includes the timeframe for agreement and payment of grants to Arm's Length Organisations, by no later than 30th December 2024.

This concern remains and was highlighted by Jersey Opera House in its submission:

> *"In addition, we would greatly support a move towards longer funding agreements that cover multiple years to enable organisations to make longer term plans and remove the need to negotiate these arrangements on an annual basis. This is particularly important for arts charities such as Jersey Opera House given programming decisions need to be made 9-18 months in advance and would create significant efficiencies too."*[19]

The Panel notes that the Corporate Services Panel in a Public hearing questioned the Minister for Treasury and Resources on her preference for a 3-year budget cycle over a single-year cycle. The Minister advised that a return to a three-year Government Plan cycle was under consideration. **The Panel strongly encourages the current Government to undertake the groundwork for this transition, as adopting a three-year cycle would enhance financial preparedness and enable organisations to engage in more effective long-term planning.**

Better Business Support Package

The proposed 2026-2029 budget continues the Better Business Support Package (BBSP) providing a further £10 million in 2026, whilst the transition towards a living wage is implemented. The Panel was informed by the Minister for Sustainable Economic Development that while the priority of the BBSP remains the same, there are *"live discussions around appropriate or minor changes to specific grant schemes (such as improvement to the Jersey Business application portal) which will be decided in the coming weeks"*.[20]

The Minister informed the Panel that the BBSP had been successful and that the main grant element of Productivity Grants was oversubscribed. Jersey Business, in its submission to the Panel, said that businesses had shown a strong commitment to the funding investing well beyond the intended match-funded scheme:

> *"In fact, the Productivity, Visitor Economy, and Skills grants achieved an impressive leverage ratio of 2.44:1—meaning for every £100 of government support, businesses contributed £244 of their own funds. This demonstrates confidence in the programme and a willingness to co-invest for greater impact."*[21]

It also emphasised the impact in the local economy that the investment from the BBSP could have:

[19] Submission-Jersey Opera House- Proposed Budget 2026-29 Review -24 November 2025
[20] Letter - Minister for Sustainable Economic Development re Proposed Budget 2026-29 -30 October 2025
[21] Submission-Jersey Business - Proposed Budget 2026-29 Review - 17 November 2025

"62% of project investment had been spent locally. This level of local spending triggers a powerful multiplier effect: funds circulate through local suppliers, generating income for businesses, sustaining jobs and stimulating further local expenditure – ultimately boosting economic output far beyond the original investment."[22]

Whilst there was a large uptake of the Productivity Grants, the Panel was informed that the Skills grants received low uptake and so the decision was taking to move £500,000 from the Skills grant to the Productivity grants. The reason for the low uptake of skills grants remained unclear:

The Minister for Sustainable Economic Development:
"I genuinely do not know. It is probably a lesser known part of the package. I must say, Jersey Business did a good job of advertising it and then managing it as well. The actual grant application and payment system was smooth and good. Maybe there is a role for us or Jersey Business to 19 promote the Skills side a bit more, help people understand that it is for anyone in their organisation not just young people, it could be anyone of any age. Also try to make employees understand that this money is there for them, so they can approach their bosses and say: "Look, this money is available, I would like to do this course. Shall we see if we can use that money from Government to do that course?" I will ask Jersey Business to see if they have any other insights and whether they think promoting it more may help a bit more."

Jersey Hospitality Association (JHA) confirmed the critical nature of the funding that is continued in the proposed budget:

"We welcome the continuation of the Better Business Support package and the proposed £10 million allocation in 2026. This funding is critical as the industry transitions to a living wage. We believe these resources should be targeted toward skills development, productivity improvements and business resilience to ensure hospitality businesses can absorb wage increases while maintaining service quality and employment levels."

It also emphasised the need for resources to be targeted towards skills development, which raises questions as to why the Skills Grant experienced such low uptake.

The Panel acknowledges the intended positive impact of continued funding for the Better Business Support Package on Island businesses, especially whilst the transition towards a living wage is implemented. Jersey Business referred to it as a *"catalyst for change"*[23] encouraging businesses to take a broader view as to how they can enhance productivity and seize emerging opportunities.

However, the Panel questions whether the current grant methodology- where in 2025 oversubscription to Productivity Grants and undersubscription of Skills grants led the Minister to reallocate funds – remains appropriate. **The Panel recommends that work be undertaken to understand the cause of low uptake of the Skills grant and assess**

[22] Submission-Jersey Business - Proposed Budget 2026-29 Review - 17 November 2025
[23] Submission-Jersey Business - Proposed Budget 2026-29 Review - 17 November 2025

whether those funds should be redirected if industry demand is indicating they are unnecessary.

Agricultural Loans Fund

The proposed budget includes a provision for transferring up to £5 million from the Consolidated Fund to the Agricultural Loans Fund in 2026, subject to a decision of the Minister for Treasury and Resources and the availability of funds in the Consolidated Fund. The Panel received a submission from the Jersey Farmers Union urging that the remaining £5million be transferred into the Agricultural Loans Fund in 2026:

> *"We are aware that nearly £4.5M of the £10.0M loans fund approved by the States Assembly in P74/2023 has already been committed to during 2025. It is therefore imperative that the remaining £5.0M be transferred into the Agricultural Loans Fund in 2026, as our expectation is that there will be demand from the industry to utilise this funding, as approved by the vote in November 2023."*[24]

The Panel recognises the importance of adequate funding to Agricultural Loans. Not only is it essential to support rural industries and local produce consumption but supporting these industries contributes to the Island's supply chain resilience. Furthermore, the Minister for Sustainable Economic Development illustrated how Government support assists the sector address fundamental challenges, such as its small scale and competing against heavily subsidised sectors from other jurisdictions:

> **The Minister for Sustainable Economic Development:**
> *"We have quality in Jersey, but we have no scale. You are competing against entirely subsidised European and U.K. (United Kingdom) industries. Our industry back in 2018 had £800,000 of support from Government. That is it; effectively no support from Government. It could not continue on those lines with no scale and it is competing against massively subsidised sectors. The £8 million that we give, we get superb value for money out of. Not only do we get a countryside which looks superb, but we export. Our milk is now going to South Korea and Hong Kong. Our potatoes are now going into Europe and as far away as Dubai. We are getting Jersey produce out there in all sorts of different ways, as a quality product."*[25]

The Panel was also informed by the Minister that the funding to the Rural and Marine Industries are vital and that the fishing and agriculture sector are amongst his top priorities:

> **Minister for Sustainable Economic Development:**
> *"…the next 6 or 7 months, fishing sector and agriculture sector are slap bang in the middle of my priorities or top of my priorities, because we need to get direction. We will need outside views. We will have to beat the consultants ban to get somebody in to help us, because we do not have the expertise in-house to be able to do that work. We need to sit down with the industry and with experts and work out the best way to get a direction for that industry."*[26]

[24] Submission- Proposed Budget 2026-29 Review - Jersey Farmers Union - 31 October 2025
[25] Public Budget Hearing - Minister for Sustainable Economic Development - 20 October 2025
[26] Public Budget Hearing - Minister for Sustainable Economic Development - 20 October 2025

As highlighted by the Jersey Farmers Union submission, the key for the agricultural community is that the £5million be transferred to the Agricultural Loan for 2026. **The Minister for Sustainable Economic Development and the Council of Ministers must actively engage with the Rural and Marine Industries to ensure that these sectors receive the necessary funding and support to safeguard local industry and contribute to strengthening the Island's supply chain resilience.**

Arts, Culture and Heritage Funding

Following approval of funding for arts, culture and heritage (P.69/2024), the Council of Ministers amended the proposed Budget 2025– 2028 and undertook to review spending across Government to ensure that total related expenditure is captured when considering the 1% of revenue expenditure funding target.

The Panel notes that in the proposed Budget 2026-29 further areas of Government spending have now been included within the umbrella calculation of Arts, Culture and Heritage. These include Jersey Music Service, Public Libraries and Community Compass Scheme. Within the proposed budget, the 1% calculation is noted as having been adjusted due to these additions:

> *"After these budgets have been taken into account the total spending on arts, culture and heritage equates to 1.2% of overall Government spending, in excess of the 1% target. Budgets for arts, culture and heritage funding will increase in future years, with inflation allocations for pay and non-pay"*[27].

The details of the funding are then detailed within the [Proposed Annex – Budget 2026-2029] reflecting the 1.2% of overall Government spending that will be allocated to Arts, Culture and Heritage:

Table 4 – Arts, Heritage, and Culture Revenue Expenditure

Arts, Heritage and Culture (AHC) Revenue Expenditure				
£'000	2026 Estimate	2027 Estimate	2028 Estimate	2029 Estimate
Departmental Net Revenue Expenditure	**1,275,540**	**1,313,443**	**1,365,790**	**1,422,335**
AHC Target 1%	12,755	13,134	12,618	12,950
Budget allocation	14,977	15,198	15,441	15,441
% allocation	*1.2%*	*1.2%*	*1.1%*	*1.1%*

However, the Panel is concerned by the inclusion of funding for items of work that do not fall obviously within the banner. Whilst it understands that there is *"no universal definition of what constitutes arts, culture and heritage spending"*[28], the Panel considers it essential for the Government to establish a clear definition for Jersey. To establish a clear definition would help safeguard against the incremental addition of new items to this funding source over time. The proposed Budget states the following with regards to what is included, suggesting that partial work of defining Arts, Culture and Heritage has been completed:

[27] Proposed Budget 2026-29 – P.47
[28] Proposed Budget 2026-29 – P.47

"Government expenditure has been reviewed against arts spending for Arts Council England, heritage spending as classified by UNESCO Institute for Statistics and cultural spending as defined under the UN Classifications of Functions of Government Statistics."[29]

The Panel is of the opinion that whilst worthy of funding the Jersey Music Service, Public Libraries and Community Compass Scheme should not be receiving funding from the Arts, Culture and Heritage allocation as these constitute expenditure that would be more appropriately provided through the Children, Young People, Education and Skills budget. The allocation of funding to items of work that do not fall under the remit of Arts, Culture and Heritage risks reducing the resources available to support initiatives within these core areas. Jersey Heritage highlighted its concern around the additions of areas of expenditure not previously counted:

"..It seems to me that in fact music teaching is clearly classified in the UN Classifications of Functions of Government Statistics and the International Standard Classification of Education to which it refers, as 'Education' not 'Cultural Services'. Community Compass is a sports as well as culture programme which has included grants for squash outreach, accessible swimming, have-a-go rowing and futsal, for example which might not easily be classified as culture rather than sports.."[30]

Furthermore, Jersey Heritage noted that there are areas of Government spending that are not currently included in the proposed calculation that would seem appropriate, with the example cited being the National Park. The lack of inclusion of this for Jersey Heritage highlights inconsistencies and subjectivity in the inclusion and exclusion of items of work: *"degree of subjectivity is required and so it is important that any definition and associated calculation is clearly endorsed by the Assembly"*.[31]

The Minister for Sustainable Economic Development conveyed to the Panel his limited support for departments' requests for additional funding to be taken from the Arts, Culture and Heritage funding following overspends as these raised concerns of a "*spiral of spending*":

The Minister for Sustainable Economic Development:
"…another department overspends so we have to give more money to Arts, Culture and Heritage. I do not think it is the right thing to do, but it is good for the sector; there is no question."

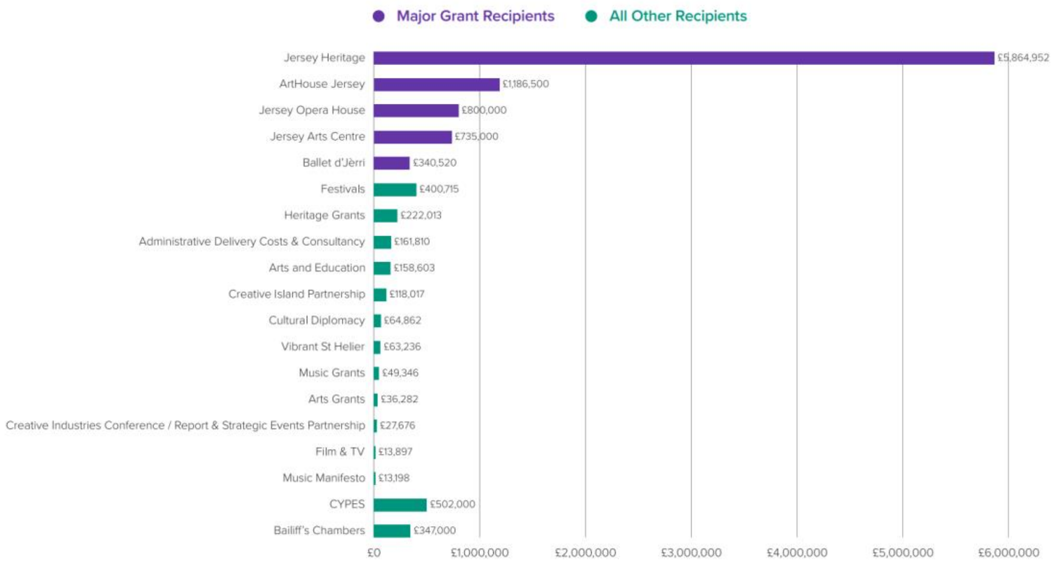
The Panel questioned the Minister further as to whether he was in agreement with the inclusion of the Jersey Music Service, Public Libraries and Community Compass Scheme within the allocation of the Arts, Culture and Heritage funding and the Minister echoed the Panel's concerns:

Deputy M. Tadier:
Are you happy with the inclusion of new expenditure such as the Community Compass, Public Libraries, Jersey Music Service being lumped in now with what was the one per cent for Arts?

[29] Proposed Budget 2026-29 – P.47
[30] Submission -Jersey Heritage- Proposed Budget 2026-29- 17 November 2025
[31] Submission -Jersey Heritage- Proposed Budget 2026-29- 17 November 2025

The Minister for Sustainable Economic Development:
I will be frank, not entirely, no. At the moment it is fine. The money that we have, the £12 million that we have, is not being touched. My concern is that in the future, the inclusion of those will be used as a reason to reduce that £12 million. That is my concern. It is not a concern I have as Minister today for today, it is a concern for the future.

Further to the Panel's previous comments, as allocation plans have not been finalised it remains unknown how allocations from the Arts, Culture and Heritage funding will be distributed. However, the Minister for Sustainable Economic Development indicated that grant allocations are unlikely to change significantly and will largely align with the figures outlined in the Arts, Culture and Heritage Delivery Update 2024 [R.146/2025] published in September 2025:



Source: Arts, Culture and Heritage Delivery Update 2024 [R.146/2025] P.10

The Panel remains concerned on the rationale for the budgeting process for the allocation of Arts, Culture and Heritage funding and why the Jersey Music Service, Public Libraries, and the Community Compass Scheme have been added to receive this funding. As highlighted in Jersey Heritage's submission the definition as to what is considered Arts, Culture and Heritage remains unclear and should be defined.

Pillar Two receipts

The Panel notes that 2026 will be the first year that Jersey will receive income from the relevant groups following the introduction of Pillar Two. Within the proposed budget it is stated that a portion of the expected receipts from Pillar Two will be reinvested in promoting the competitiveness of Jersey's financial and professional services sector. The Minister for External Relations informed the Panel that in calculating the expected receipts from Pillar Two they had been very cautious and calculated a base case of just over £50 million. The sum that will ultimately be received by Jersey remains unknown but the Panel was informed that money is allocated from the base case to finance the borrowing on the hospital and a *"smaller, in effect largely halved, allocation to* *competitiveness work"*[32]. Within the Budget it is noted that whilst there is potential for more than the base case of £50million to be received, there is also *"significant uncertainty as to the scale of the extra receipts and how long the Island can expect to receive such high levels of income"*[33].

The Panel considers it important, given global uncertainty and economic fragility, that the cautious approach outlined by the Minister for External Relations regarding the calculation of expected Pillar Two receipts continues. This will help avoid overestimating revenues and, consequently, underfunding initiatives such as the competitiveness programme. **The Panel will maintain scrutiny of Pillar Two receipts and seek regular updates, as these funds are integral to delivering the competitiveness programme committed to by the Minister for External Relations.**

Jersey Overseas Aid funding

The Budget proposes maintaining the JOA budget at 0.3% of Gross Value Added (GVA). This will equate to approximately £22million and the Minister for International Development provided the Panel within a letter with the breakdown of expenditure as detailed in the Service Level Analysis for JOA in relation to 'Grants to Overseas Aid Commission' for 2026:

Grants to Overseas Aid Commission		
Grants and subsidies payments	20,809,000	
Other operating expenses	363,000	Office and Operational expenses including IT, Travel, Training, Insurance, Editorial Services
Staff costs	672,000	9.2 FTE including Pension, Social Security

Source: Letter – Minister for International Development – 7th November 2025

Whilst JOA receives a budget allocation from proposed Budget, individual project selection and approval is managed independently by the JOA. **The Panel will continue, through its scrutiny of the Minister for International Development monitor JOA's project outcomes.**

Conclusion

The Panel's Review highlights challenges regarding the governance and sustainability of grant allocation and funding practices within the proposed Budget 2026-2029. The Panel also raises concern around the impact of inflation on the level of grants received and the lack of adjustment reflecting this. The absence of finalised grant allocations for Arm's Length Bodies underscores weaknesses in oversight and predictability for those organisations awaiting grant payment. The Panel emphasizes that submissions from Arm's Length Bodies highlight an urgent need for longer-term grant funding to enable more effective financial planning for their organisations.

[32] Public Budget Hearing - Minister for External Relations - 10 November 2025
[33] Proposed Budget 2026-29 – P.25

Specifically, the Panel seriously questions the inclusion of non-core activities within Arts, Culture and Heritage funding, which raises concerns of scope creep, which could dilute resources intended for the Island's cultural development.

While the continuation of initiatives such as the Better Business Support Package demonstrates a commitment to economic resilience, inconsistent uptake of certain grants suggests a need for better targeting and evaluation of program effectiveness. Through its scrutiny of the Agricultural Loans element, the Panel deems there to be sector-specific vulnerabilities, particularly in the Rural and Marine sector require tailored support to address competitive disadvantages.

Additionally, the Panel would highlight the constraints imposed by annual budgeting cycles that can create challenges for those organisations in receipt of grants, limiting their ability to plan strategically and where possible secure alternative funding. However, the Panel accepts that consideration is being given to returning to a three-year Government Plan cycle which could strengthen income management for organisations receiving grants. To ensure the concerns highlighted by the Panel are addressed, the Panel will continue through its questioning of Ministers at Quarterly Hearings and when necessary, through the requesting of additional evidence to assess progress. This approach will enable the Panel to continue to evaluate whether actions taken by the relevant Ministers effectively mitigate the risks highlighted, including inflationary pressures, scope creep in funding allocations, and sector-specific vulnerabilities.