Government Office
Union Street
St Helier
JE2 3DN

Deputy I Gardiner
Chair, Public Accounts Committee
States Greffe
By e-mail to i.gardiner@gov.je

12th December 2025

Dear Deputy Gardiner,

Review of Arm's Length Bodies, Grants, and Subsidies

Further to your letter from 2nd December 2025, I am now able to respond fully to the points you have raised.

1. **Provide the overarching scoring matrix used in calculation of arts and heritage grants, with completed examples from the Jersey International Air Display, CI Pride, and the Battle of Flowers for 2023 to 2025.**

   The scoring matrix supports the assessment of arts, music, and heritage grants, as well as smaller event grants, such as the Festival of Words. This matrix is supplied in confidence for the Public Accounts Committee and is not for publication (please see Appendix).

   The scoring matrix methodology was devised in February 2022 with representatives from PWC and the department. The methodology was developed from the vision statements in the Arts Strategy themes, and these were, in turn, paired with measurable indicators. In line with this, the grant agreements were written accordingly and approved by commercial services.

   For large-scale events like the Battle of Flowers or CI Pride, we do not solely rely on the scoring matrix for assessment. As events that seek higher level of funding and carrying greater complexity, a fully developed business case is required, as well as follow-on meetings with departmental officers to understand risks, outcomes and how private investment and sponsorship is being sought and budgeted to complement their grant request of government. Similarly, the Grant Agreement and related KPIs need more resource and consideration to make sure they align with both departmental strategies and wider Government priorities.

   As stated on the funding application page, the Government of Jersey can provide funding for projects and organisations that:

   1. support the objectives outlined in the Arts Strategy, Music Strategy and Heritage Strategy.
   2. support development of the creative sector.

3. enable arts practitioners and creative entrepreneurs to grow and develop their projects.

The Jersey International Air Display (JIAD) is not funded through any arts, culture, or heritage grant schemes. In 2023 and 2024 (and in previous years) funding was arranged through a Grant Agreement with Ports of Jersey Ltd with sums of £60,000 and £40,000 agreed, respectively.

In 2025, the Government directly entered into a Grant Agreement with JIAD comprising a core grant of £60,000 and contingency for an additional £40,000 if certain enhanced milestones were satisfied by the event organiser.

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

States Assembly decisions determine the budget (and formula where applicable) for the Better Business Support Package, Impact Jersey (P.75/2022), rural economy support (P.74/2023) and Arts, Culture & Heritage 1% (P.40/2019).

The arts, culture and heritage ("ACH") sector includes five significant grant recipients that do not meet the definition of arm's length bodies ("ALB") as set out by the Comptroller & Auditor General[1], namely:

- ArtHouse Jersey
- Jersey Arts Centre
- Jersey Heritage Trust & Jersey Archive
- Jersey Opera House
- Ballet de Jèrri

Grants to these organisations constitutes over 80% of the ACH formula funding that resides with my department. This funding supports those organisations to fulfil the objectives and aims of those government strategies set out in my answer to your first question. Together they provide a vital set of resources and infrastructure to the local ACH scene. The remaining budget is spent on projects with stakeholders in and outside of Government including cultural diplomacy, smaller arts grants, festivals, education, alongside administrative and delivery costs.

The Rural and Marine budget is similarly ringfenced within the Department for the Economy head of expenditure. Distribution of the budget is via the Rural Support Scheme (RSS), Rural Initiative Scheme (RIS) and Marine Support Scheme (MSS) which sees credits awarded for specific and appropriate activities. Full details are available here Rural and Marine Economy.

In addition to these grant schemes, money is granted to seven of the eight ALBs referenced in the Public Finance Manual where I am listed as the Accountable Officer. Each organisation in receipt of funding has a grant agreement that outlines the arrangements for grant payments and the amount of grant available in a budget year. The level of funding in any given year is determined by the Minister with reference to overall budget availability net of efficiencies; the priority they may afford to certain

[1] 'Oversight of Arm's Length Bodies' report published by Jersey Audit Office on 30th April 2024.

organisations or activities; and the business plan components that they are content to allocate funding towards.

A number of ALBs funded by the department are defined by the C&AG as ‘States Established Delivery Entities’ and are reminded that their primary role is to deliver an agreed and funded programme of work. Whilst there is often appetite amongst ALBs for higher levels of funding they are regularly reminded of funding pressures that arise from the democratic decisions of the Council of Ministers and the States Assembly in determining priorities to be funded by taxpayer resources.

3. **Identify, given the Public Finances Manual establishing that there should be consideration of either periodic or ad hoc structured reviews of any or all Arm’s Length Bodies, if you have undertaken or plan to undertake any periodic or ad-hoc reviews, further to ones previously outlined on Visit Jersey and Jersey Sport, and if not, why not?**

In my last hearing with the Public Accounts Committee a passage of discussion focussed on ‘must’ and ‘should’ that may, to the wider public, have seemed pedantic. When considering the expectations placed upon officials by the Public Finances Manual, ‘should’ is taken to mean that one should comply or explain.

Officials within the department undertake a comprehensive annual review process on each of the major grant recipients and objectively consider the merits of further financial commitment. This does, to my mind, satisfactorily fulfil the ‘should’ definition.

During my last letter to you in October 2025, I explained that, on the 25th September, external reviewers - appointed by the Chief Internal Auditor under framework agreement arrangements - formally signed off a review of the Jersey Data Protection Authority with all relevant stakeholders. This report was commissioned by the department for assurance purposes and so I wish to draw your attention to the existence of this report in the context of your current work and to direct you to the Chief Internal Auditor to secure a copy of that report in confidence should you wish to do so.

A) Is there any public comment you wish to make on the findings of the Visit Jersey and Jersey Sport reviews?

The review of Visit Jersey was an internal review focussed on the role of destination management organisations vs. that performed by Visit Jersey. Such work is outside the scope of availability under the Freedom of Information (Jersey) Law and so it follows that this is not an area that I would comment upon in public correspondence with the Panel.

I am delighted that all recommendations from the 2023 Sport Review have been completed by my officers, wider stakeholders and Jersey Sport. I welcome the constructive approach adopted by all involved and appreciate their work. In June 2025, Jersey Sport conducted a stakeholder survey to evaluate progress since the 2023 Sport Review survey:

- 94% of respondents in 2025 stated Jersey Sport’s role in relation to sport and physical activity was clear, compared to 32% in 2023.
- There was a 68% increase in respondents stating that Jersey Sport was delivering its functions well or very well from 2023 to 2025.

Jersey Sport has invested considerable effort to streamline and refocus delivery programmes to better meet the needs of the sporting community and island residents.

Several findings in the Sport Review highlighted lack of funding for sports clubs (see Appendix 1 within the report). Since 2024, new funding streams have been added to the grants previously open to clubs and associations. In addition, travel grant funding was increased and criteria widened following the States Assembly's adoption of Proposition P.82/2024. Through the Minister for Sustainable Economic Development, Jersey Sport will provide additional grant opportunities in 2026 via the Channel Islands Lottery proceeds. This is as a direct result of improvements made since the Sport Review.

Jersey Sport made quick progress addressing the concerns raised during the 2023 Sport Review and currently demonstrates good value for money. Through the introduction of outcome-focused KPIs, improved governance, and enhanced funding opportunities, the organisation has delivered measurable impacts across participation, health and wellbeing, social inclusion, and performance sport. Financial efficiencies and increased charitable fundraising have further strengthened its position, ensuring that the £2.3m Government grant is used effectively and transparently. The improvements in stakeholder confidence, programme reach, and strategic alignment highlight Jersey Sport's commitment to continuous improvement and accountability. Looking ahead, the planned expansion of grant opportunities and ongoing refinement of KPIs will provide even greater clarity on outcomes and reinforce Jersey Sport's role as a key driver of physical activity, community wellbeing, and sporting excellence in Jersey.

B) Did these reviews highlight any actions or further consideration for any other States established delivery entities or Arm's Length Body?

The review of Visit Jersey was an internal document and is qualified exempt from publication (Article 35 - Formulation and development of policies). The content was informative and helped to direct more recent discussion with the Visit Jersey board at their board strategy day earlier this month.

The 21 recommendations from the Sports Review were focused on sport delivery and facilities, thereby not requiring actions or further consider for any other States established delivery entities or Arm's Length Body.

Recommendation 18 referenced the quality of key performance indicators and value for money. Recommendation 19 directed Jersey Sport to publish their equality and inclusion policies. These recommendations could be useful for all Accountable Officers with responsibilities for Arm's Length Bodies to be mindful of in their annual reviews. The 2025 Best Practice Checklist by the Jersey Audit Office has 'equity' documentation as an example of best practice with regard to staff reporting in Annual Reporting.

4. **Provide confirmation as to whether any consideration on the size of the boards of any Arm's Length Bodies has been undertaken, and if so, what direction has been given?**

The size and composition of a board, as well as the determination of whether roles are remunerated or voluntary, are matters that are unique to each organisation. For example, the Financial Services Commission (Jersey) Law 1998 sets such matters out clearly in articles 3 and 4 of the enabling Law.

Officers within the department maintain a list of board membership for the States established delivery entities and States established independent bodies and office holders that we hold relationships with. This is used to facilitate timely discussion with the Minister and the entity / body / office holder regarding board governance, diversity, and membership.

For States established delivery entities, discussion takes place periodically with the relevant Minister on board composition, remuneration and effectiveness. The Minister can, through partnership meetings and ad-hoc interaction, provide feedback and raise any concerns they might hold. A similar process is followed for States established independent bodies and office holders with reference back to any legislative provisions that grant related powers to the Minister.

5. **Confirm what direction has been given by the Government of Jersey to Arm's Length Bodies or those receiving grants or subsidies within your remit to work collaboratively and deconflict actions with each other and government?**

While the term 'direction' may convey a more prescriptive tone than intended, we prefer to frame this as guidance or expectations regarding collaboration and the avoidance of conflicting actions between Arm's Length Bodies, grant recipients and government.

To the extent that there is any concern it would relate to duplication rather than a lack of collaboration of the existence of conflict. It is clear that a number of supporting functions are duplicated between these bodies and a common operating platform could be established without any material loss of identity, independence, or autonomy. This common platform could also manage the increasingly significant governance overlay that Accountable Officers enforce to ensure compliance with Public Finances Manual requirements and recommendations from the Comptroller & Auditor General and Scrutiny functions.

At the start of 2025, Government set up a year activity plan and invited all ALBs to add their key events and other activity to it. This shared access to a central register of events has enabled ALBs and Government to avoid significant clashes and to consider areas for collaboration. This is being repeated in 2026. In preparation for next year, Government has also briefed ALBs on the process that will be followed by Government during the election period to avoid favouring or promoting candidates, and to ensure that candidates have access to information if it is requested.

For the arts, culture, and heritage sectors, as an example, the main grant recipients meet quarterly with department officers to work collaboratively on their own strategic priorities. Moreover, they recognise and work on any conflicting actions, as well as any gaps in delivery. Working together in this way allows for more transparency in priorities and more effective cooperation between grant receivers.

A further example exists around financial technology ("fintech") businesses and effort to promote Jersey as a fintech jurisdiction. Through Ministers and officials Digital Jersey and Jersey Finance have been encouraged to join efforts and prevent duplication in development of inward investment opportunities, home-grown businesses, and the adoption of fintech (including regulatory and supervisory technologies) within island based financial and professional services firms.

6. **Identify what direction has been given by the Government of Jersey to Arm's Length Bodies within your remit to increase productivity and become more efficient?**

   States established delivery entities are asked to deliver an annual business plan for consideration and funding. Critically, they are encouraged to deliver the greatest value possible with whatever funding is agreed as the Minister balances a range of funding priorities within the head of expenditure. All ALBs are encouraged to embrace productivity enhancing actions and to identify efficiencies within their annual spend. Good examples exist in the work of Jersey Business and Jersey Finance, respectively.

7. **During our review hearing you highlighted a push for some Arm's Length Bodies to be more reliant on their fee model as opposed to the Government grant, can you provide more information on Government of Jersey direction given on this matter to all of those Arm's Length Bodies under your remit?**

   Of the eight Arm's Length Bodies for which I am the Accountable Officer, four have a significant fee/membership model namely, the Jersey Financial Services Commission; Jersey Data Protection Authority; Jersey Finance Limited; and Digital Jersey Limited.

   In 2024, the Jersey Financial Services Commission was funded through the fees raised through their powers within legislation. During that same year, the Jersey Data Protection Authority secured c.97% of funding from similar powers in law and through the work of the department, we have materially removed the early dependence on grants from government.

   Jersey Finance Limited secured c.£1.1m of income from membership fees and Digital Jersey similarly secured c.£458,000, such fees being entirely discretionary.
   It is not considered appropriate at this stage for Jersey Business and Jersey Sport to universally charge for their services although the latter does levy a charge to access some areas of community sport activity.

8. **Would establishing joint premises for Arm's Length Bodies of various types, including States established delivery entities and States established independent bodies and office holders, provide efficiencies?**

   I can, of course, only comment upon States established delivery entities and States established independent bodies and officer holders that are managed through the department. In principle, some savings are possible here and as the Jersey Financial Services Commission examines future premises requirements, they are giving active consideration to space for co-location of other regulatory bodies.

   Whilst it may intuitively feel that consolidation of States established delivery entities – and others – will save money on premises costs that is not a given. A number of these organisations occupy very modest office space settings, often away from the primary areas of footfall and some of the other factors that drive office rental cost such as ground floor presence.

Bringing ALBs together within a single workspace would demand a much larger space that is more likely to be found in a newer build. If space requirements were aggregated, then a much larger space would be required that is typically available within more modern high grade – and higher costs per square foot – settings than those currently occupied. Such rationalisation would require careful business case analysis to ensure the common location and common operating platform would, combined, deliver sufficient net benefit.

9. Would establishing joint boards for Arm's Length Bodies of various types provide efficiencies?

I hold much greater confidence of achieving identifiable savings, and more quickly, in this area rather than in consolidation of premises. The decision to progress this rests with portfolio Ministers and to the extent that legislative change is required for States established independent bodies and office holders, with the States Assembly.

To my mind there is a clear benefit in shifting away from the board director responsibilities that go with limited company (or similar) status to a corporation sole model supported, if needed, by an advisory board. This would more readily allow the application of accountable officer responsibilities to the officeholder removing the much wider legal and fiduciary responsibilities that apply individually and collectively to the board of a limited company.

Alternatively, a single operating company managing multiple ALB brands and activities would condense multiple legal entity boards into a single board. Shifting to an advisory board model also maximises the strategic contribution from experts within that field and avoids dilution of their time commitment with the governance responsibilities of a company director.

10. Would narrowing scope or objective of any Arm's Length Bodies of various types provide efficiencies?

As noted in the response above, consideration of whether to amend the scope of the functions of an ALB would be a matter for ministers and / or the States Assembly. Efficiency is the measurable ability to perform a task without wasting material, energy, effort, or money. Narrowing scope does not, of itself, generate efficiency even if it does mean a reduction in the cost of any one organisation. Therefore, narrowing the scope would not create efficiencies because the outputs would be themselves reduced. This does not mean that it is not a valid option, only that the savings would be delivered by reduced activity, not being more efficient.

In the tighter budget environment of recent years there has – and continues to be - a focus amongst ALBs towards prioritisation of effort against the most important elements of business plan delivery.

11. Would amalgamation of any Arm's Length Bodies into single entities provide efficiencies?

Please note the answers, above.

Amalgamating ALBs would, ipso facto, provide scope for efficiencies as organisations should be able to reduce back office and governance costs, providing such changes are objectively assessed in a business case, implemented effectively and in accordance with a clear strategy set by ministers.

12. Would joint procurement by any of the Arm's Length Bodies provide efficiencies?

I have already set out the potential for consolidation of supplier relationships, and this could be achieved through a number of actions, including a single buying organisation, extension of government commercial contract terms and the establishment of a common operating platform or legal entity. Financial savings may be modest and would in any event be proportionate to the scale of in-scope buying power with further non-cashable savings through, for example, less time spent on contract management.

As set out above, Questions 11-14 are theoretical options that could be considered to create efficiencies but will also have consequences or impacts that need to be considered in balance, both individually and cumulatively against each other. There may also be additional costs and delivery disruption to bring about such changes that would need to be offset against any potential efficiency savings.

13. During our review hearing we briefly discussed the social responsibility work undertaken by the Gambling Commission. Can you please outline any direction given by the Government of Jersey in regard to the work they undertake and how it compliments actions undertaken by Health and Care Jersey relating to problematic gambling?

The guiding principles governing the Gambling Commission regulation are stated under Article 4 of the Gambling Commission (Jersey) Law 2010, and one of these principles state that they must ensure gambling services should be conducted responsibly and with safeguards necessary to protect children and vulnerable people. The Commission has a substantial Social Responsibility Fund (£150,000 at the end of 2024) and the Commission need to consider the best way of using the Fund in a demonstrable way in keeping with its statutory duties.

Accounting for the Social Responsibility Fund is governed by Article 10 of the Gambling Commission (Jersey) Law 2010, and these funds are kept separate from the main Commission accounts. The Fund is used by way of research, education, information, prevention, treatment (including in-house in the UK), counselling or other measures to support vulnerable people from addiction and other forms of harm associated with gambling. Specifically, the Fund meets the costs of the www.gamblingtherapy.org/je website as well as published material distributed to public-facing licensees as well as radio and print media.

So, whilst the law 'directs' their work, I do not know the extent to which their annual work programme compliments the work of Health and Care Jersey.

14. **During our review hearing we discussed value for money, with an example of finance entities choosing to undertake Jersey Finance membership highlighted as demonstrating this as "They must see value in being part of that organisation and supporting the work programme." Do you have any separate examples of value for money for the taxpayer rather than the industry?**

    The activities of Jersey Finance Limited are focused on the well-being and future growth of Jersey's financial and professional services sector. This sector contributed £3.06bn of Gross Valued Added[2] (38% of total GVA) to the island economy in 2024, employs 13,900 residents[3] (25% of the total private sector workforce) and support an average wage of £1,320 per week[4], some 32% higher than the private sector average. The sector contributes c.80% of corporate income tax receipts and represents c.40% of Jersey's total tax revenue. The grant of c.£6.4m in 2024 represents a modest investment (c.0.3%) of the £1,884m total public expenditure to safeguard those significant fiscal benefits.

    A deadweight argument could be applied here i.e. that this sector would continue to deliver all or part of those fiscal benefits irrespective of Jersey Finance Limited. I consider that to be a political argument that could be equally applied to many other areas of public expenditure beyond ALBs.

    I would also highlight the ever mobile and increasingly location agnostic nature of financial and professional services activity. Government has to invest in the promotion of Jersey's proposition in international markets as others cannot be relied upon to do this on our behalf and loss of competitiveness and awareness that weakened the industry would harm fiscal receipts and lead to increased domestic taxation to compensate a gap one can reasonably expect to be more significant that £6.4m.

15. **Please provide an update as to your progress in meeting consideration requirements for approval of executive remuneration established within the Public Finances Manual?**

    In August 2025, the Public Finance Manual (PFM) was updated with regards to renumeration and states - *Responsible Accountable Officers should consider arrangements for approval of executive remuneration in the bodies listed in this section. This could include approval by the Accountable Officer and the relevant Minister.*

    Whilst the PFM does not state that either the relevant Minister or I must approve the renumeration, I am eager to bring more transparency and appropriate consistency into the process.

    In November 2025 I wrote to the Chair of each ALB for which I am the Accountable Officer to request clarity on their current approval processes for executive renumeration. I am collating their responses and will consider their comments with the relevant Minister early in the new year. The States Employment Board has also taken increased interest in such remuneration arrangements.

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[2] Jersey's Economy 2024, GDP & GVA published by Statistics Jersey, 3rd October 2025
[3] Labour Market June 2025 report published by Statistics Jersey, 31st October 2025
[4] Average Earnings Index June 2025 report published by Statistics Jersey, 22nd August 2025

16. Are you able to provide any more detail to the PAC around the changed notice period of funding alterations from six months to two weeks in some proposed partnership agreement with Arm's Length Bodies, what consultation has been undertaken and what impact will this have?

The Public Finance Manual states that there must be a written agreement governing the relationship with each Arm's Length Body for which Accountable Officers are accountable. A model grant agreement is provided by Commercial Services and is included in supporting documents online as part of the PFM. I understand that my officers were invited to support and comment on the work that Commercial Services were leading in this area, but I do not know whether external stakeholders, including ALBs, were consulted.

I am aware that this model grant agreement should be used as the basis for the written agreement with all Arm's Length Bodies receiving Government funding greater than £1 million annually unless an alternative Framework Agreement or similar exists. This model agreement is linked here Arm's Length Bodies Grant Agreement.pdf and the section that you reference is on page 9/10.

I share concern for the short notice period of what may be material changes to annual budget; indeed, this is the very same circumstance for Ministerial heads of expenditure with States Assembly debate of budgets in December annually. Should a Ministerial head of expenditure be reduced in that States Assembly debate and approval of the budget then those reductions must be met through onward savings in one or more of headcount, grants, or discretionary projects. The very recent example of P-70-2025-Amd-(35).pdf debated earlier this month would have required an immediate cut of grants from 1st January 2026 as part of a programme of action.

Accountable Officers must not exceed the approved sum for the head(s) of expenditure they are responsible for. The effect of Article 15(1) of the Public Finances Law is that only the amount approved by the States Assembly can be spent. Any expenditure more than the approved amount is effectively unlawful and so this change in partnership agreements offers a level of protection to all Accountable Officers in such situations. Accordingly, whilst it is not anticipated that, except in necessity situations, any Grant shall be delayed, reduced, withdrawn, withheld, or suspended, it is understood by ALBs that it may be required.

Yours sincerely

Richard Corrigan
Chief Officer

Supplied in confidence and not for publication.

Scoring matrix used to assess arts, music, and heritage grants.

[redacted]