

Senator Philip Ozouf

Senator Ian Gorst
Chief Minister of Jersey

20th January 2017

Dear Ian

The Comptroller & Auditor General's report into the Jersey Innovation Fund (JIF) has shocked and rightly angered islanders. I share that dismay despite trying having done my best to sort it out.

JIF was appropriate in its original concept: set up at a time when many start-up businesses could not obtain credit, the States supported our policy of stimulating growth and diversifying the economy.

A Scrutiny Panel reviewed the proposals from Economic Development and proposed a series of amendments to the Operational Terms of Reference, all of which were accepted and were included in the proposition which before the States. The Treasury, upon advice from COM allocated £5 million to the Fund and acted as rapporteur. The Assembly properly gave overwhelming support and the Jersey Innovation Fund, was established under the supervision of ED officials and which should have been overseen by an Independent Board.

It was explained at the outset that some start-ups would fail and some would succeed. It is, however, unacceptable that money should have been lost due to poor governance or maladministration. It is understandable that taxpayers feel let down.

Whilst the C&AG has been undertaking her review, it would have been inappropriate for me to disclose publicly the corrective actions I began to make from January 2016 after JIF had been fully delegated to me as you ACM, albeit with our former Director of Financial Services being unwilling to take Accounting Officer concomitantly with me trying to take proper responsibility for the Fund. As you know many steps have already been taken to deal with the governance and administrative failings and the fund was shut some months ago. Many of the C&AG's recommendations mirrored our own conclusions and should be implemented in full.

You have said that an independent review will be undertaken into matters relating to JIF. The lack of alignment between political and executive responsibility for JIF, the difficulties encountered in appropriately vesting political responsibility for JIF in 2015 and the extent of information withheld from me are important issues that need further examination. A review is vital in order to examine political accountability and to establish the facts from which, I am sure, lessons can be learned.

I express the hope that the review can be concluded and published in the earliest possible course. The public has the right to know who did what and when. I will make myself fully available to the review and will be judged on my actions.

Being unable to make a proper ministerial statement on which I could be questioned by members due to the unilateral ruling by Bailiff which forced me to make a personal statement on which I could not answer questions resulted in me being unable to explain that I intended to resign after having spoken to you and allow an orderly handover of the numerous responsibilities I discharge in your name. This also needs a review.

As I said in what became a Personal Statement to the States, media coverage over the last few days and comments of certain current and former members of the Assembly risk over-shadowing the much-Independence and objectivity for these important reviews, which I welcome. I have no wish to be an unhelpful media distraction during the review period and therefore, with great sadness, I confirm I believe it is in the best interests of government and the Island that I offer to step-aside. With huge regret that means

resigning as your Assistant Chief Minister. I assume this must also mean my relinquishing political oversight for Competition, Digital, Innovation and Financial Services. I wish it could be different especially in this most exciting and important time for Digital and Financial Services, quite apart from BREXIT.

I have very much enjoyed working for and alongside you as Chief Minister of Jersey. Having served as a President and Minister for 16 years, I am hugely proud of what has been achieved.

In November 2014, you kindly asked me to take the political lead for the vital and hugely important newly merged Competition, Digital, Financial Services and Innovation portfolios with the overall objective of what we discussed at the time *"to boost States' income per capita"*.

Despite the challenges we have faced internally and externally to make this happen, history may record that during this period, despite the egregiously bad and avoidable situation with JIF, with our colleagues including Alan M we have made huge progress: we have a well thought through Innovation Action Plan, today more people are now employed in financial services than pre-crisis in 2007 and there is more to come, Jersey's reputation as an International Business Centre is now much more widely recognised and relations with the UK and other countries have never been stronger.

The Island's first Digital Policy Framework is now ready for launch together with the first Cyber Security Plan. Without any additional resources huge progress has been made on making Competition work and I'm confident there will be tangible benefits to businesses and consumers from all this work in the months to come. Additionally, despite concerns to the contrary, the original estimates of income made in 2014 will also now be met, if not exceeded in 2016's outturn because in no small part due to these successes.

It would not have been possible to achieve much of this without your continuing confidence, guidance and leadership. Making difficult but necessary decisions, always acting in the long-term interests of Jersey – rather than simply seeking short-term popularity – and taking responsibility for our actions is the only way to act and it is the example that you set.

You will continue to have my support in making Jersey a better, fairer and more successful place.

Until the review is complete, after a necessary short-break in a week or to, until the reviews are complete, I promise to dedicate myself to constructive service from the back-benches and will attempt to seek resolution to some of the intractable issues affecting our democracy and island which my time as a minister has not permitted me to focus on.

Thank-you again for the opportunity of serving Jersey - the island that I love - both as a government minister and Assistant Chief Minister to you. Whatever the future holds - and I realise as hard as it is I can hold no expectation - it will always have been the greatest honour of my life to date, to have been able to be given the opportunity of working, serving and getting what I hope will in time be regarded as at least some good things done.

Yours ever,

A handwritten signature in black ink, appearing to read "Philip". The signature is written in a cursive, slightly slanted style.