

# STATES OF JERSEY



## TECHNOLOGY ACCELERATOR FUND (P.75/2022): COMMENTS

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Presented to the States on 21st April 2022  
by the Corporate Services Scrutiny Panel

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STATES GREFFE

## COMMENTS

1. In 2021 the Government of Jersey received an extraordinary dividend of £40 million as shareholders of JT Global following the sale of the Internet of Things (IOT) part of the business. The Government Plan 2022-25 indicated that £20 million of this dividend would be held in the consolidated fund in order to enable the establishment of a fund to assist with technology projects that seek to assist with the Island's objectives.<sup>1</sup>
2. The Panel, having not been briefed on the purpose of this fund, and concerned that Article 6 (2) of the Public Finances (Jersey) Law 2019 was not being adhered to, lodged an amendment to the Government Panel that required a proposition be lodged to create such a fund, explicitly seeking the Assembly's approval of the purpose and terms of that fund. At that time the Panel highlighted to the Assembly that the Government has had historical issues with the purposes, terms and winding up of funds, this amendment was adopted by the Assembly.<sup>2</sup>
3. [P.75/2022](#) Technology Accelerator Fund was subsequently lodged by the Council of Ministers on 10 March 2022.
4. The Panel was invited to attend a briefing on the Technology Accelerator Fund (the Fund) with the Economic and International Panel (EIA) delivered by Government Officers on 16 March 2022. **This was the first invitation for the involvement of scrutiny.**
5. Upon discussion of P.75/2022 following the briefing the Panel identified eight key areas of concern:

### Governance

- I. There are no specifics on the provision of minutes of the Oversight Group to the EIA Panel.
- II. A summary report is only required to be published in the Government of Jersey's Annual Report and Accounts.
- III. No specific performance metrics will be set until the strategic plan is established.
- IV. Whether the Public Finances (Jersey) Law 2019 requirements to establish a Fund cited under part 6 (2) – Establishment of Funds have been met.

### Funding

- V. Funding tranches are not specifically outlined.
- VI. Further transfers to the Fund from the Consolidated Fund or other Funds are possible.

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<sup>1</sup> [Government Plan 2022-25, page 175](#)

<sup>2</sup> <https://statesassembly.gov.je/Pages/Votes.aspx?VotingId=6461>

## Administration

- VII. Use of the Fund for administration and delivery is capped at £1 million over three years, however confirmation of whether this can be raised, and procedure following the three years is needed.
- VIII. There is no indication of the lifespan of the Fund.
6. The Economic and International Affairs Scrutiny Panel also indicated to the Panel that it had not been previously updated on the establishment of the Fund and was unaware that it had been invited to provide a scrutiny role as part of the Fund's terms of reference which is of significant concern to the Panel.<sup>3</sup>
7. Following these initial observations made by the Panel it was agreed that it would be in the public interest to carry out appropriate scrutiny and the proposition would require a full review. Noting the lodging period, and aware that further points of concerns were being raised to Panel members, the Panel agreed that it would be unable to carry out such a review in the time available. As such the Panel wrote to the Chief Minister requesting the withdrawal of the proposition on 6 April 2022 and given the timetable of debate requested a response to its letter by 7 April 2022.<sup>4</sup>
8. The Chief Minister provided verbal confirmation at a public hearing with the Panel on 12 April 2022 that the proposition would not be withdrawn.<sup>5</sup> It was also confirmed in the hearing that the fund is designed to 'support existing public policy objectives'. The Panel considers more time is needed to scrutinise the proposition particularly if the fund has been set up to finance pre-determined projects.
9. The Panel received a written reply from the Chief Minister on 14 April 2022 after standard office hours. This was also the start of the Easter bank holiday weekend and therefore was not subject to review by the Panel until 19 April 2022. The letter confirmed that the Council of Minister would not be withdrawing the proposition as it was not the right course of action and indicated that it had been approved in the Government Plan 2022-25 which 'facilitated extensive scrutiny of all aspects of the Government Plan'. The Panel would highlight that the Government Plan did not provide scrutiny on the terms of reference and winding up of the fund and therefore did not adhere to Article 6 (2) of the Public Finances (Jersey) Law 2019.<sup>6</sup>
10. The Panel notes that the Chief Minister's letter indicated that its concerns could be addressed through a late amendment which could be considered by the Assembly. However, until the Panel is sufficiently briefed, completed its call for evidence, received written submissions, conducted public hearings and compiled its report it is not in a position to reach decisions on amendments, and it is somewhat complexed by the forceful nature of the Chief Minister in this request.

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<sup>3</sup> [Letter - EIA Scrutiny Panel to EDTSC Minister re Technology Accelerator Fund - 8 April 2022](#)

<sup>4</sup> [Letter - to Chief Minister re Technology Accelerator Fund - 6 April 2022](#)

<sup>5</sup> [CSSP Quarterly Public Hearing Transcript - Chief Minister - 12 April 2022](#)

<sup>6</sup> [Letter - from Chief Minister re Technology Accelerator Fund - 14 April 2022](#)

11. The Panel also notes that the Chief Minister’s letter indicated that additional provisions would be provided including:

- Drafts of those parts of the Strategic Programme Plan that concern the financial governance and performance management arrangements for the Technology Accelerator Programme at an early stage
- Time for scrutiny members to conclude any reviews of these matters that they may wish to undertake, and
- respond fully to recommendations of the Panel, in their preparation of the Strategic Programme Plan.

The Panel concludes that the Strategic Programme Plan and scrutiny panel reviews should be forthcoming at the time of the proposition to ensure the Assembly holds relevant information to inform its decision making.

12. The Panel also holds concern that, as in the past, those items not specifically held in the terms of reference will not be adhered to, regardless of whether they are placed in the report accompanying the proposition. This has certainly been the case for the Panel in quarterly updates regarding the progress of projects of the Fiscal Stimulus Fund.<sup>7</sup>

13. The Chief Minister’s letter also indicates that the Government of Jersey is clear about the important economic opportunities presented by the Fund and the need to push forward in embracing the benefits of technology to support environment and social outcomes in Jersey. The Panel would point out that this may well be the case but should be subject to scrutiny to provide reassurance to the Assembly and Islanders.

14. As the Panel has previously highlighted it has raised a number of concerns in relation to the Council of Ministers handling of funds. In November 2021 the Panel brought a comments paper to the Assembly on the Proposition of the Ann Alice Rayner Fund.<sup>8</sup> The debate for this Proposition resulted in the Proposition being referred to the Minister for Treasury and Resources to answer questions in relation to the Governance and Structuring of the Fund. The Panel has also had to consistently challenge the outcomes of the Fiscal Stimulus Fund against its original aims in 2021, for example 1.1(b) of the Terms of Reference of that Fund stating:<sup>9</sup>

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*“the fund is designed to be time limited to provide support to the economy through projects that are expected to be delivered by 31 December 2021, with no ongoing funding requirement beyond then and targeted at local business and local employment on a timely, temporary and targeted basis.”*

Some projects receiving subsidy from the Fiscal Stimulus Fund have now been extended to June 2022.

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<sup>7</sup> <https://statesassembly.gov.je/assemblypropositions/2020/p.128-2020.pdf> -- page 6 – not received direct briefings?

<sup>8</sup> [Changes to the Objects and Purpose of the Ann Alice Rayner Fund \(P.92/2021\): comments](#)

<sup>9</sup> [P.123/2020](#)

15. It is regrettable that the Council of Ministers has chosen not to involve scrutiny in the creation of P.75.2022. Especially when the review of Ministerial Responsibility of the Jersey Innovation Fund highlighted that scrutiny recommendations on the Innovation Fund had foreshadowed the issues that came to pass, not involving scrutiny in the creation of the Fund is not understandable.<sup>10</sup>
16. The Public Accounts Committee also highlighted during its review of the establishment of the Jersey Innovation Fund that it was recognised there was some risk involved with Jersey Innovation Fund. However, it was concerned that the risk was not clearly quantified and put into a realistic perspective for the purpose of debating the issue.<sup>11</sup> The Panel are concerned that the risk profile of the Fund will remain unknown until implementation of the strategic plan.
17. The Panel would highlight that the review of Ministerial Responsibility of the Jersey Innovation Fund found that deficiencies in the operating Terms of Reference were collectively the responsibility of the Assembly, this Assembly will therefore be held responsible should the Terms of Reference prove deficient.<sup>12</sup> The Panel remains of the view that the Terms of Reference of the Fund needs scrutiny to ensure oversight of governance and objectives of the fund.
18. The Corporate Services Scrutiny Panel concludes it is not in a position to support this proposition and it would be neglecting its core scrutiny responsibilities if it were to support the proposition prior to a review. Indeed, the Panel are concerned that a lack of scrutiny on a £20 million investment sets a dangerous precedence for the Assembly.

### **Statement under Standing Order 37A**

These Comments were presented to the Greffier after 12.00 p.m. on 21st April 2022 due to the number of matters listed at the last meeting of the Assembly for which the Panel had to prepare.

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<sup>10</sup> [R.45/2017, P.59](#)

<sup>11</sup> [P.A.C. 3/2018](#)

<sup>12</sup> [Statement on review of the Jersey Innovation Fund](#)