

Economic Affairs Scrutiny Panel
States Greffe
States Assembly
Morier House
St Helier
JE1 1DD

18th November 2022

Dear Deputy Scott,

Ref: Economic Affairs Scrutiny Panel Government Plan Review 2023-2026

Thank you for your letter entitled 'Economic & International Affairs Scrutiny Panel -Review of the Government Plan 2023-2026' sent to us on 9th November 2022. Our comments and view on the points you itemized are include below.

- 1. We note that Jersey Business is due to receive additional funding of £700,000 year on year for the period 2023 – 2026 of the Government Plan. If all of the funding not be used in the first year, will this roll over into the following year?**

Jersey Business provides confidential advice and support to business across all industries at any stage of their business lifecycle. Business receiving our support are looking to grow as well as needing to evolve and become more efficient. Where businesses need to reduce in size or close altogether, we provide help to enable them to do so in a safe way.

We provide 1:1 support to over 100 business in many industries including retail, healthcare, hospitality, business services and the construction trades. Between January and October 2022 our programmes and services have been accessed by over 130 business leaders and we have responded to over 630 general business enquiries. Our website has received 56,552 visits from 41,190 users who downloaded 6,825 guides or templates.

In this current year Jersey Business received income from two Government Grants to cover fixed costs and client facing support as detailed below:

Original core grant	£860,000
Covid Recovery grant	£1,060,000
Total Grant Income	£1,920,000

In 2023 Jersey Business will receive a total Government grant of £1,560,00 to cover fixed costs and client facing support. This is a consolidation of the original core grant and an allocation from the 2023-2026 Government plan and will ensure the advice and support provided by Jersey Business before, during and since the Covid-19 pandemic can continue.

Original core grant	£860,000
2023-2026 grant allocation	£700,000
Total Grant Income	£1,560,000

As a result:

- The overall income that Jersey Business will receive from Government grants in 2023 will decrease by 19% in comparison to 2022.
- This grant income is a fixed allocation. The grant does not increase year-on-year, in fact it remains static for the duration of the 2023-2026 Government plan.

The total grant income of £1,560,000 that is allocated to Jersey Business for 2023-2026 will cover the fixed costs of the organisation. As a result:

- It is expected that all the grant income will be used in each of the years of the Government plan.
- In the unlikely event that the grant is not used in the relevant year it will be carried forward and used on client facing support activity.

2. How much of an increase is this to your base grant?

As detailed above, the grant allocation for 2023 is a decrease of 19% on the income received in 2022.

3. What engagement with Government did you have to arrive at this figure?

We have quarterly meetings with our colleagues in Government to keep them up-to-date with our activity and budgetary requirements.

In deciding where to focus our activity we review the Government Common Strategic Plan and the Ministerial Policies and take into account specific Government strategies such as the Carbon Neutral Roadmap.

We deliberately design our support to accelerate the delivery of these priorities into the business community and design our performance measures to capture the changes we are facilitating. In doing so we also take account of the prevailing economic conditions so that we can provide practical support to address the challenges that businesses are facing.

We bring this together in our annual business plan which includes a performance framework that details the support that we deliver across the business community and the return on that investment. This framework shows:

- The activity that we plan to deliver directly to businesses individually and through group programmes.
- The businesses and individuals who will benefit from this support.
- The impact that we expect this support to have on those businesses which we measure by getting qualitative and quantitative feedback directly from participants.

This business plan, and the budget required to support it, is agreed with our Minister & Government colleagues.

4. What is your role in the development of the Productivity Support Scheme to which the Plan of the Minister for Economic Development, Tourism, Sport and Culture refers? To what extent does the increased funding relate to it and support delivery of increased economic productivity?

The Productivity Support Scheme (PSS) is designed to improve the productivity of an organisation by investing in projects that increase efficiencies and grow revenue.

Our colleagues in the Department for Economic Development devised the scope and rules for the PSS which was launched as a pilot in 2021. We provided feedback on the pilot and many of our recommendations were adopted in the 2022 scheme. We have committed to provide similar input as we reach the end of this year.

We are involved in promoting the scheme and providing advice and support to applicants. These activities are undertaken by our marketing and advisory teams who:

- Ensure our website provides clear information about the criteria and rules for accessing the scheme.
- Contribute to the promotion of the scheme via our marketing and communications activity.
- Undertake an initial assessment of 'Expressions of Interest' to ensure potential applicants qualify and have project that could be supported by the scheme.
- Support the applicant business in making a formal application to ensure the project is clear and has a realistic project and cost plan.
- Gather the application and supporting paperwork required for the application and deliver this to the Department for Economic Development who make the final determination.
- Provide follow-up reports as required to ensure the applicant uses the funding appropriately and can claim additional drawdowns as necessary.

We do not:

- Make the final decision on which projects are supported through the scheme. That decision is made by a panel convened by the Department for Economic Development.
- Conclude the grant agreement with the applicant.
- Make the grant payments.

The support we provide to government and to businesses in developing and accessing the PSS, and any other government service or grant, is delivered by our own team and is therefore funded by our core grant.

5. In what other ways do you believe Government could assist businesses and support growth of economic productivity?

Growth in economic productivity requires investment in the levers that drive productivity. These levers include skills improvement; capital investment in plant and equipment; investment in technology, including back-office systems; innovation in new products and markets and removing the barriers to revenue growth including promoting exports.

Consequently, Government should ensure there is support and funding for programmes and initiatives that stimulate and magnify private sector investment into these areas. These initiatives should be designed to accelerate the operational changes needed to increase productivity and to give support to those organisations that are unable to undertake such projects independently.

In addition to our advisory team, Jersey Business has a business efficiency specialist and delivers a business improvement programme and productivity circle, all of which are focused on developing and delivering productivity improvements within the private and third sector. These improvements enable the organisation to become more efficient thus freeing up resources that they can use elsewhere in the business. In this way, we help organisations become more resilient and better able to adapt to changing economic conditions.

Like all our client facing activity, this specialist support is focused on organisations that need help to undertake improvements that will make a difference to how they operate in the future. They

might need this help because they have limited human or other resources or because they do not have the time, skills or confidence to assess how efficiently they operate and to then identify potential opportunities for change.

The PSS, Rural Initiative Scheme and Technology Accelerator are also initiatives that stimulate economic productivity. Both schemes are, or will be, designed to accelerate and maximise investment into innovation and change programmes at an organisational or Island level.

To deliver continuous improvement in economic productivity we must maintain these initiatives because they are designed to address the reasons why productivity is not increasing as we would like. They develop and support people who can identify and create the change that is needed within organisations across the economy.

Is Jersey Business involved in Government's future plan to include budget measures to promote innovation, including a policy roadmap on innovation for Jersey businesses? If so in what way?

Jersey Business is already involved in supporting innovation projects in Jersey, especially in diversifying the economy and introducing new ways of working. This work is delivered by our advisory and industry teams and is focused on start-up and growth businesses that will introduce new investment into key industries to improve overall sector productivity.

Will your future reports include value added to businesses that have worked with you?

Each team in Jersey Business is focused on delivering value to a specific client base:

- Our information service is a one-stop-shop to deliver a quick response to any question about setting up or running a business in Jersey.
- Our advisory team provides 1:1 support to a portfolio of growth companies that have the ability to become more efficient in the delivery of their products and services. Much of this work involves business and financial planning to ensure that these organisations are viable, sustainable and deliver valuable economic impact. It also supports businesses to access Government grants and support.
- Our industry team works on projects that have an industry wide impact across the retail, tourism and rural economy industries. Typically, these projects remove barriers or help develop opportunities that improve the productivity and sustainability of those industries.

The process undertaken by Jersey Business to develop the business plan takes into account the Government's long-term strategic objectives and the prevailing economic conditions. We are able to pivot how we work and the support we deliver, as evidenced during the Covid-19 pandemic, to help businesses address current challenges. By taking an economy wide view, we ensure that our support addresses market failure and does not distort or displace the market.

Our annual report details the value we have added to businesses and the Jersey economy. We know that we create this positive impact because we:

- Gather feedback from participants on all our programmes to understand the difference we make to their skills, knowledge and confidence.
- Measure the productivity improvement forecast for each project involved in the business improvement programme so we can demonstrate a return on investment.
- Undertake an independent annual survey to gather feedback from across the business community about the difference we make.

In our 2021 annual survey we scored:

- 8.5 out of 10 for meeting our client's needs
- 8.7 out of 10 for client satisfaction
- 8.8 out of 10 for being easy to contact
- Had a net promoter score of 64 (any score over 50 is considered to be exceptional)

As a result of this feedback, we are confident that our work:

- Increases the skills needed to lead growth and productivity initiatives.
- Delivers efficiencies and encourages business investment.
- Helps businesses to adapt their business models in response to prevailing economic conditions so that they can better manage their cost base and utilise their workforce.
- Enables businesses that are no longer viable to close safely.

Yours sincerely,



Graeme Smith
CEO