

By email

27<sup>th</sup> June 2023

Dear Chair,

### **Technology Accelerator Programme (Impact Jersey)**

Thank you for your letter of the 20<sup>th</sup> June in which you provide a number of questions following your briefing in relation to Impact Jersey. I have set out below answers to each of these in turn:

- 1. How will performance measurement and benchmarking regarding in the increased use or manufacture of technology as a 'solution' to specific problems be undertaken? For example how will a clear 'tech acceleration' objective with respect to Tech Accelerator Fund grants be demonstrated?*

Evaluation criteria are set out in each programme proposal which is approved by the Minister before a programme is commenced.

Each project must set out deliverables in a project plan and these will be agreed with successful grant applicants and included in the grant agreement.

The scheme aims to accelerate tech adoption which will be demonstrated by delivered outcomes for each project and programme.

The first open programme which aims to distribute grant funding of £500,000 across a variety of different projects, has defined within the selection criteria an assessment of the relative benefits that the project will deliver. The judging process is expected to assess the viability of such projects to achieve the benefits stated. Each project will be closely monitored for the achievement of such benefits once underway with payment of grant funding staged to control the risk of non or under delivery of proposed benefits.

- a. How will this be encompassed in or inform the Department for the Economy's Value for Money review?*

Grants from Impact Jersey will not form part of the Department's Value for Money programme given that the total allocation to the Fund is identified in a States decision and not subject to further revisions. This notwithstanding, I will be working closely with Digital Jersey to ensure that the £20m agreed by the Assembly in funding to Impact Jersey is spent as effectively as possible to ensure good value and maximum benefit.

- 2. What political oversight will you be providing to ensure any performance measurement is not over-reliant upon key indicators set by Digital Jersey itself when administering Impact Jersey or the success of any grant allocation by the Technology Accelerator Fund?*

The Government of Jersey Oversight Group for the Technology Accelerator Fund will review and put forward recommendations for the approval of programme proposals which Digital Jersey present. These proposals include the definition of the expected benefits and measurement criteria. The Minister for Economic Development, Sport, Tourism and Culture and myself will review and approve these proposals. On a quarterly basis, Digital Jersey will provide progress and performance reporting to the Oversight Group and to Ministers. In addition, where appropriate, each programme will be evaluated by an independent party and an evaluation report will be provided to both the Oversight Group and Ministers for discussion. The Oversight Group may

choose to propose amendments to programmes which could include changes to key indicators and evaluation criteria.

- 3. What understanding of the level of Angel, Venture Capital, etc. funding of Jersey Tech companies over the last 5 years is there, and how will Impact Jersey initiate or procure private investment in any project to be supported by Impact Jersey?*

In the initial programmes, Impact Jersey does not intend to seek private investment for projects supported by the scheme. However, Impact Jersey will take a learn, adapt and share approach to the development and design of programme proposals, including future funding mechanisms that will meet requirements of the specific programme objectives.

- 4. What is the generation rate of new tech companies in Jersey, do you consider this as suitable level and how will Impact Jersey influence this?*

Statistics Jersey does not publish a figure for 'new tech' company generation. The forthcoming Digital Economy Strategy will set out measures to encourage new digital businesses to establish themselves in Jersey. The Strategy will also include incentives for digital adoption by Island businesses. It is my stated ambition that Impact Jersey will empower innovators and technologists to solve Island challenges and grow Jersey's digital ecosystem and maturity.

- 5. Have you assessed the averaged value in the world of technology contributions to a country's economy (both in the area of 'digitalisation and in technology production) and can you comment on where Jersey is today and where it will be in 10 years in both areas?*

Quantifying the digital sector globally is difficult due to varying definitions between countries, however some reliable estimates are available. For example, the [UK Government estimates](#) for 2020, put the digital sector's contribution to the economy at £142.3 billion, representing 7.5% of total UK GVA.

Looking ahead, Jersey's Future Economy Programme sets the vision to become a consistently high-performing, environmentally-sustainable, and technologically-advanced small island economy. This will only be possible with significant productivity improvements and the adoption of new technologies.

The forthcoming Digital Economy Strategy will align closely with this by setting out an ambitious programme of deliverables to raise levels of productivity through digitalisation.

- 6. How can Jersey demonstrate that it has progressed in terms of overcoming the things that discourage tech companies with the potential to manufacture technology overseas from establishing their businesses here?*

The Government's forthcoming Digital Economy Strategy will set out steps to maximise Jersey's attractiveness to global digital businesses. This is not solely or even significantly related to the *manufacture* of technology on the Island, however, as opposed to using digital tools to create new products and services to compete in global markets. Digital Jersey work closely with Government to assist companies in the digital sector looking to relocate to Jersey with navigating the business licencing process. Additionally, the ongoing Ease of Doing business workstream is seeking to identify and reduce barriers to Jersey's competitiveness as a jurisdiction for companies to base themselves and grow and this will include businesses within the digital sector.

- 7. How will clear problem statements (using Eight Disciplines Methodology) be formed and clearly communicated and prioritised during its current programme and prior to the opening of further Impact Jersey programmes to ensure optimal application of funds?*

Ministerial priorities for Impact Jersey have been defined and are included in the Strategic Programme Plan. The Impact Jersey scheme includes a research and development function who are responsible for conducting research into the background to the priority areas and will work with subject matter experts in the various areas to understand the problems and their root causes. Their approach to this will use a variety of methods and tools to ensure a full understanding of the problem prior to the definition of the challenge programme proposal. The challenge programme proposal will look for projects to demonstrate how they will resolve aspects of the problem and again the assessment criteria will focus on those which can demonstrate a clear plan to realise benefits stated. However, it should be recognised that many of the problems identified as areas of priority are inter-dependent and as such there is unlikely to be a single technology solution to solve a problem fully.

8. *How have the fees payable to Digital Jersey with respect to its role in administering the Impact Jersey been set and assessed?*

It was agreed in the Proposition (P.75/2022) that an appropriate management fee for oversight of the scheme would be c.5% of the fund. Advice from experts in this field (Challenge Works) was that management fees could be expected to be in the region of 10 – 15% of the fund. Digital Jersey have worked with officers in the Treasury to define the forecast budget for the scheme and that of the first open programme. This has been reviewed by the Oversight Group and myself.

9. *How much work is it anticipated Digital Jersey may have to do to ensure a problem is not already solved in another jurisdiction in a more satisfactory way than contemplated by any solution proposed by an applicant?*

The research and development team within Impact Jersey are responsible for researching the solutions available and in use in other jurisdictions and their applicability to Jersey. The outcome of such research will form input to the programme proposal with evidence of the extent of the research undertaken for consideration by the Oversight Group and Ministers.

10. *How has the success of other funds structured in a similar way to Impact Jersey been measured and how does the scale of funding to achieve such success compare?*

Challenge Prizes operate within their own jurisdictional context and will have some similar elements for comparison. Impact Jersey operates within the Public Finance (Jersey) Law 2019 and has been designed within the Jersey context, with its own unique governance structure.

There are many indicators that can be examined to measure success. Examples of comparable indicators include:

- Quality and number of applications received,
- Testing and trial results meet required objectives
- Full adoption of technology solutions to address specific challenge objectives

Comparisons to larger jurisdictions are difficult to make as the research and development landscape is different and the challenges are not directly similar.

I hope the above provides clarity to the areas you have raised.

Yours sincerely,

**Deputy Alex Curtis**

Assistant Minister for Economic Development, Tourism, Sport, and Culture