

# PRODUCTIVITY SUPPORT SCHEME

## SCHEME GUIDANCE NOTES

### Introduction

A Productivity Support Scheme (PSS) was first proposed in the Government Plan 2020-2023, under GP20 CSP3-2-06, and was targeted to be implemented from 2021, as follows:

***“It is envisaged that the scheme will provide discretionary grants or other forms of funding to organisations whose business plans / proposals demonstrate potential for material productivity gains and which are aimed at addressing at least one of the five key drivers of productivity growth: investment, infrastructure, innovation and enterprise, skills, competition.”***

Since that Government Plan was published, the Covid-19 pandemic has had a significant impact on Jersey’s economy, the effects of which will continue for some time. The pandemic has shone a light on business resilience in Jersey and has accelerated many of the challenges that businesses in Jersey face around productive growth.

The PSS now has an even more vital role to play as part of Jersey’s Respond, Recover and Renew Strategy and is one of a range of projects being funded to support economic recovery as outlined in the revised 2021-2024 Government Plan.

*Productivity is defined as value added (i.e. total salaries and profits) per full-time equivalent employee – the term used is generally Gross Value Added (GVA) per Full Time Equivalent (FTE)*

### Principles of the Scheme

The primary aim of this pilot scheme is to enable firms in Jersey to make productivity gains that would not otherwise be likely to be achieved without support and in doing so, work towards achieving the Common Strategic Policy of a sustainable, vibrant and inclusive economy.

The pilot scheme will launch on the 4 June 2021 and the final date for applications is 15 September 2021.

The pilot scheme will match fund projects for between 5 and 10 businesses (on a 50/50 basis) that can demonstrate they will have a positive impact on value areas such as cost base, revenue, efficiency or investment and that will ultimately lead to an increase in productivity of at least 5% over a pre-agreed period (of no more than 3 years). Priority for funding will be given to applications which can demonstrate the greatest level of productivity gain. Projects must be led by a team within the applying organisation.

Projects are likely to fall within one of the following categories:

- Technology applications
- Process Improvement (eg equipment)
- Infrastructure

- People performance (excluding skills development)
- Introduction of new products/services
- Introduction of new markets

Sustainable wellbeing is a new way of measuring the progress of a society. In the past, countries have focused on measuring Gross Domestic Product (GDP) and Gross Value Added (GVA) to monitor how well their country is performing.

Sustainable wellbeing is a more holistic concept and uses different tools to measure how well society is doing across the key areas that are contributing to human wellbeing.

The Performance Framework is where we measure the progress that Jersey makes towards achieving sustainable wellbeing.

It includes different aspects of sustainable wellbeing, such as:

- Community wellbeing - the quality of people's lives
- Environmental wellbeing – the quality of the natural world around us
- Economic wellbeing – how well the economy is performing

Government will use the Performance Framework to inform its decisions therefore it will welcome projects which are able to demonstrate support for Jersey's Performance Framework outcomes.

### **Scope of the Scheme**

In Jersey, small and medium sized enterprises (SMEs) make up the largest proportion of firms by number, with 94% of private sector undertakings in Jersey having less than 20 employees (as at June 2020).

This scheme is targeted at SME firms as they are likely to offer the greatest potential for lasting productivity gains.

### **Support provided by the Scheme**

The pilot scheme is looking to match fund projects for between 5 and 10 businesses (on a 50/50 basis) that can demonstrate they will have a positive impact on value areas such as cost base, revenue, efficiency or investment and that will ultimately lead to an increase in productivity of at least 5% over a pre-agreed period. They must be led by a team within the applying organisation.

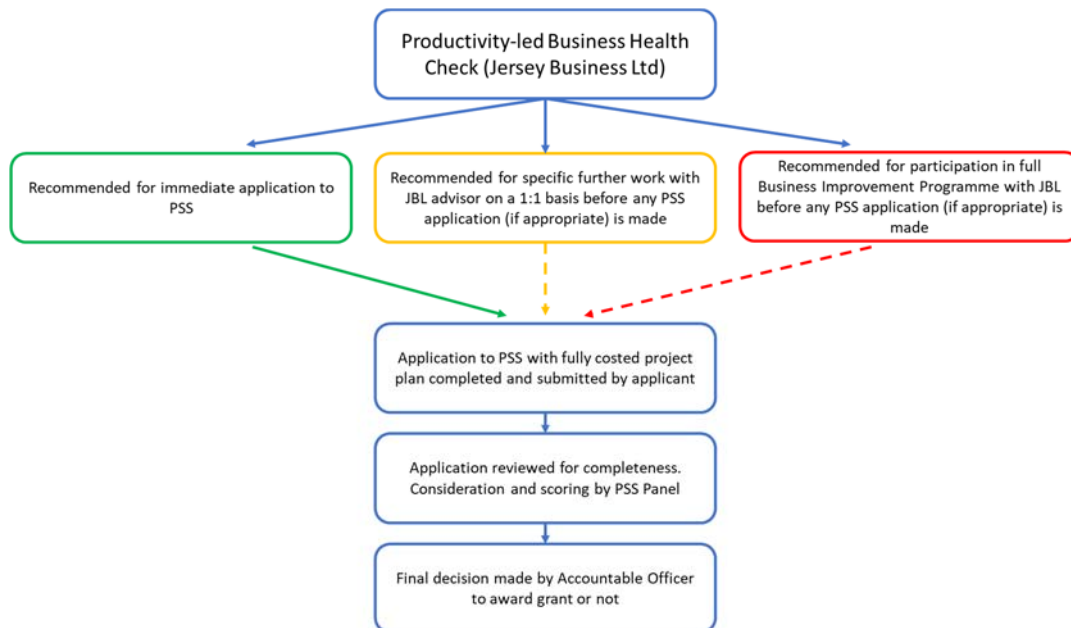
Match-funding is available for projects with estimated total costs over £5000 and under £60,000 (match funding will be a minimum of £2500 and a maximum of £30,000)

Projects which fall outside of these parameters will be considered on an exceptional basis subject to a recommendation from Jersey Business Ltd.

Grant funding for productivity improvements forms part of a wider package of support available for businesses through Jersey Business Ltd, including 1:1 business advisory and mentoring work and a Business Improvement Programme.

## Scheme qualifying criteria

Entry to the PSS (for eligible businesses) will be through Jersey Business Ltd as the gateway to the scheme. Potential applicants must complete a productivity-led business health check before being eligible to make an application to the scheme. The process for entry is outlined in the following diagram;



To qualify for the scheme, businesses will need to satisfy the following key criteria;

- The Applicant company must have been operating for at least 18 months
- The Applicant company must be registered and controlled in Jersey
- The Applicant company must hold a business licence under the Control of Housing and Work (Jersey) Law 2012
- The Applicant company must employ more than 1 and fewer than 20 FTEs (applications for larger firms may be considered by exception)
- Where an applicant company has been in receipt of government funding for productivity support in the previous 3 years, they must demonstrate that the project being proposed for new PSS funding support is materially different from any other productivity improvement project(s) undertaken and will not duplicate all, or any part of, previous government-funded projects.
- Applicant companies must not already be in the process of applying for government funding for productivity support through a separate scheme (with the exception of specific Covid-related assistance)

The following entities / projects are excluded from the scheme;

- agriculture and marine economy companies already in receipt of Rural Initiative Scheme grant funding in 2021 / or across 2021 as part of an existing longer-term project
- upskilling and skills development projects (support available through Skills Jersey)
- Government departments, States-owned entities, arms-length organisations, charities and not for profit organisations (support available through fiscal stimulus funding)
- redundancy costs
- projects entirely managed and provided by external consultants

### **Additional conditions**

The following conditions also apply to the scheme:

- Successful applicants will receive an initial payment of 25% of the estimated project costs (as outlined in the Offer Letter).
- The second half of the grant will only be paid on receipt of supporting invoices for expenditure on the whole project, to a maximum of 25% of the estimated project costs.
- If the final project costs are below the original estimated costs, the second half of the grant will be adjusted down accordingly so that the full grant in total is no more than 50% of the actual project costs
- If the project costs overrun, they must be met by the grantee, the grant will only be paid to a maximum of 50% of the estimated project costs
- Signed accounts for the financial period(s) covered by the project (when available) must be provided on request
- Applicants must make legally binding declarations as part of the application process to access the Scheme:
  - For corporate applicants an extract of a minute of a board meeting of the company evidencing that the company has considered and agreed to the rules of Scheme and has duly delegated authority to a director or other individual to make the declarations required under the Scheme on behalf of the company will be required
  - For non-incorporated businesses a personal declaration by the registered business owner that they have considered the rules of the Scheme, agreeing to procure that the business will comply with the rules of the Scheme will be required. The business owner will make the additional declarations required under the rules of Scheme
  - Failure to comply with the rules of the Scheme will result in all monies paid under the Scheme becoming immediately repayable and any further access to the Scheme will be denied
- The applicant business must declare that it is a going concern and not in immediate danger of insolvency, winding up or ceasing to trade on a permanent basis
- In order to support businesses via this Productivity Support Scheme the processing of personal data received in connection with an application to the Scheme will be processed in accordance with Schedule 2, Part 1, Paragraph 4 of the Data Protection (Jersey) Law 2018, which permits the processing of personal data by public authorities, when performing public functions.

- The applicant business agrees to be audited to verify eligibility and compliance with the rules of Scheme, and to open its financial data to government auditors and officials connected with the scheme for that purpose
- Successful applicants will be required to provide quarterly milestone reports and to monitor the project over the initial 12-month period and submit a report through Jersey Business Ltd to the department after 12 months from the date of the agreement, detailing and evidencing the productivity improvements achieved (to date) or forecast to be achieved within the pre-agreed timescales, together with an explanation of any variances to those anticipated on the application form. The firm should also describe any other benefits from the supported project, and any lessons learned that can help Government in supporting any future applicants to this or other support schemes.