

# STATES OF JERSEY



## **COVID-19 RESPONSE: MARCH – OCTOBER 2020 (S.R.13/2020) – RESPONSE OF THE MINISTER FOR ECONOMIC DEVELOPMENT, TOURISM, SPORT AND CULTURE**

---

**Presented to the States on 27th January 2021  
by the Minister for Economic Development, Tourism, Sport and Culture**

---

**STATES GREFFE**

**COVID-19 RESPONSE: MARCH – OCTOBER 2020 (S.R.13/2020) –  
RESPONSE OF THE MINISTER FOR ECONOMIC DEVELOPMENT,  
TOURISM, SPORT AND CULTURE**

<b>Ministerial Response to:</b>	S.R.13/2020
<b>Review title:</b>	Covid-19 Response: March – October 2020
<b>Scrutiny Panel:</b>	Economic and International Affairs Scrutiny Panel

## INTRODUCTION

Since March 2020, very significant sums have been committed to the financial support schemes to safeguard islanders’ livelihoods and jobs. The aim throughout has been to help businesses survive the most challenging periods so that Jersey’s economy is in the strongest possible position to recover. Retaining employers – and islanders’ jobs as a direct result – is not only beneficial for the island’s economy, it is also of great value to the wellbeing of the workforce and the community generally.

Creation of the support schemes took place at extremely short notice, requiring intense focus by a small team of officers over a prolonged period in 2020. Measures were under constant review as the circumstances around Covid-19 evolved. In response, new schemes were set up and existing measures were flexed to provide improved support. The Ministerial team would like to thank officers from across Government who have played a role in the economic Covid response.

## FINDINGS

	<b>Findings</b>	<b>Comments</b>
1	The Government of Jersey tried to seek representation of Jersey’s business community by establishing in March a Coronavirus Business Liaison Group and Economic Taskforce and later in May an Economic Council. The Economic Council replaced both the Liaison Group and Taskforce which had both been formed in the initial phases of the pandemic.	This is correct. Discussions about the Island’s economic recovery were also informed by the aspirations expressed in the States In Committee debate on 2nd June 2020. The 16-strong Council is chaired by Senator Farnham and includes community and business representatives from a wide range of sectors who are participating on a voluntary basis to receive, generate and consider ideas for reviving the Island’s economy. More details about the early stages of the Economic Council and members are here: <a href="https://www.gov.je/news/2020/pages/EconomicCouncil.aspx">https://www.gov.je/news/2020/pages/EconomicCouncil.aspx</a>
2	Concerns were expressed about the number of subgroups that were intended to be established under the Economic	The Council is a diverse group of high-calibre, experienced islanders, whose objective is to deliver blue-sky thinking and new ideas. The vision of the independent members was published in the New Perspectives report, which focussed on five key themes. The Council was an advisory body rather

	<b>Findings</b>	<b>Comments</b>
	Council. Other concerns focused on the need for cohesion and the lack of a clear aim for the Council. Some attendees felt that the Council did not have enough “teeth” in making and influencing economic decisions.	than an operational organisation. The Economic Council was subsequently established as a single group that then itself chose how it would best operate in terms of sub-groups.
3	A Channel Islands Pandemic Influenza Preparedness Strategy was published in 2013. A joint exercise with Guernsey was undertaken in November 2019 in order to update the Strategy and to test arrangements for joint working between the two Islands. To date, a revised version of the Strategy has not been published and both Islands took very different paths in the management of the COVID-19 pandemic.	This is correct. The scale of the Covid-19 pandemic was unprecedented and the progress of this new virus was difficult to predict, particularly in the early stages. No precise template existed for the conditions that were experienced. The Government’s response to the economic impact of the pandemic was immediate and reactive: the first iteration of the co-funded payroll support scheme was mobilised within weeks and the deferral of GST and Social Security payments was announced in short order.
4	The Government of Jersey could have been more prepared to deal with and respond to the COVID-19 pandemic, given the likelihood that it would arrive in the Island. The Emergencies Council met on 12th March, a day after the World Health Organisation characterised the outbreak as a pandemic. A key lesson learnt from the H1N1 influenza pandemic in 2009 was the timing of the response in an agile yet coordinated way.	Governments across the world were adapting their responses to their own particular circumstances and the timing of the arrival of the virus in their jurisdiction. The Government of Jersey acted swiftly to prepare for the pandemic and was working through February on its preparedness.
5	In response to the COVID-19 situation, the States Assembly enacted emergency legislation to ensure various actions and public finances were	This is correct, although the medium and long term impacts of the pandemic are yet to become clear.

	<b>Findings</b>	<b>Comments</b>
	utilised to assist in the preparation, response and recovery of COVID-19 in Jersey. This resulted in decisions being made which impacted lives, the economy, international affairs and public finances in the short, medium and long term.	
6	The Government's Suppress, Contain and Shield Strategy has been successful, evidenced by the number of COVID-19 cases declining throughout lockdown period. It is unclear at this stage whether further lockdowns will be imposed during the winter period, however, the Government has published a COVID-19 Winter Strategy which includes a number of actions in order to reduce the number of COVID-19 cases.	This is correct.
7	In the Response phase of the Government's "Response, Recover and Renew" strategy, a £150 million support package was implemented in order to boost the economy. The Fiscal Policy Panel advised that this support has played an important role in keeping money in businesses and households.	This is correct.
8	Some businesses expressed concerns about the timing and limiting nature of the guidelines issued under Level 2 of the Safe Exit Framework. Some felt that they did not have enough time to prepare for the various measures issued under the guidance. This	Officers and Ministers have been in contact with a large number of businesses and individuals throughout the pandemic response, including through representative bodies such as the Jersey Hospitality Association, Chamber of Commerce and Jersey Business. Additional groups were also formed to coordinate retail response, for example, as well as meetings with estate agents, hoteliers and others. It is acknowledged that communication has been a key element in receiving feedback and adapting the support schemes as the pandemic progressed. Where public health measures

	<b>Findings</b>	<b>Comments</b>
	reflects that there was a fundamental lack of engagement with some business sectors resulting in stress and confusion amongst the business community.	have had to be introduced at short notice to protect the public, every effort has been made to communicate quickly and effectively with stakeholders in the business community. Processes have been evolved as the situation has developed.
9	Jersey's borders reopened on the 3rd July under the Safer Travel Period. The Government had originally expected that there would be 1 or 2 cases per month as a result of the borders reopening, however, 4 cases were detected in the first 10 days (1 subsequently proving to be a false-positive).	This is correct.
10	The Co-Funded Payroll Scheme was implemented to support businesses in phases 1, 2 and 3. The purpose of the scheme was to provide a package of financial support to businesses for the payment of wages. The funding identified for the implementation for phase 3 (£11.3 million) is subject to approval by the States Assembly in December 2020 which has created financial concern amongst the business community.	This is now resolved. The Government Plan was approved on 18 December 2020 which effectively confirmed the funding.
11	Some businesses expressed concerns over the timing, technical nature or list of criteria of the support packages implemented by the Government, whilst others were supportive of the proposals put in place.	This is acknowledged. It has been incumbent on officers and Ministers to ensure that appropriate eligibility criteria have been in place for the financial support schemes to ensure that governance and safeguards are in place where significant sums of public money are being distributed. Ministers have listened to businesses and adapted criteria where necessary to improve the targeting or effectiveness of the support schemes.
12	The financial impact of the pandemic has been a major concern for some businesses. Businesses	This is correct. The Island's tourism and hospitality sectors have been particularly severely impacted by the business closures put in place to limit the spread of the virus and

	<b>Findings</b>	<b>Comments</b>
	most affected by the pandemic are those which were required to close during the stay at home measures.	protect islanders.
13	Business activity improved in September compared to June where an increase in business activity was reported by only 10% of businesses. With the number of COVID-19 cases rising in Jersey, the Government may choose to implement restrictions which will have an impact on businesses. This impact may be seen in the next Business Tendency Survey which is due to be published in December 2020.	The latest Business Tendency Survey is available on gov.je.
14	The COVID-19 pandemic has had a significant impact on the travel and tourism sectors due to flights grounded, hotels closing, and travel restrictions put in place in almost all countries around the world. Commercial travel to Jersey ceased in late March. For the first three months of 2020 (Jan – March) the total number of tourism visits decreased by 35%.	This is correct. Severe travel disruption has been experienced around the globe as a result of the Covid-19 pandemic. Jersey has also suffered a major impact. However, strong links with airlines have meant that commercial flights resumed over the summer with Blue Islands, EasyJet and British Airways. An agreement remains in place for Blue Islands to provide lifeline travel links for repatriation, medical flights and other essential travel when necessary.
15	In order to try and reduce the spread of COVID-19, the Government of Jersey implemented strict measures on social contact. These meant that bars, restaurants, some shops, hotels, gyms and other leisure facilities were required to close, which had a significant impact on those businesses' finances.	This is correct.

	<b>Findings</b>	<b>Comments</b>
16	At the beginning of the pandemic, the construction industry was able to continue operating. The advice for the industry changed at fast pace, and a permit scheme was introduced in order for specific sites to reopen. The Panel found that permits had already been granted to 30 sites considered essential, even though there was no legal foundation for the scheme at the time.	This is noted.
17	The Panel received positive feedback from the Construction Council on the establishment of a Construction Industry Response Team, which had enabled collaborative engagement between industry and Government, particularly during the response phase of the pandemic. However, the Construction Council also commented that the Construction Industry Response Team lost momentum particularly as the industry resumed normal levels of business activity.	This is noted.
18	Under the Public Health Policy for the stay at home measures, the finance industry was deemed essential, which meant that the sector could remain active. This facilitated more home and remote working in order to operate safely. Should Jersey move back into the stay at home measures implemented earlier in the year, it is likely that most business	This is agreed. The finance sector has been able to benefit from the Island's fibre network, which has facilitated the move to more home working in the office-based workforce in particular. There is evidence that the pandemic has expedited the move to more flexible work practices that are increasingly technologically enabled. The technology and knowledge required for remote meetings has been advanced more quickly.

	<b>Findings</b>	<b>Comments</b>
	within the finance industry would be well equipped to continue their business activities.	
19	Although the fishing and agriculture sector was able to continue operating under the Public Health Policy, the fishing industry was the most impacted. This was mostly due to the closure of hotels and restaurants in Jersey and in European markets which had reduced the demand for fish. In response, the Government introduced a Fisheries Support Scheme which provided grants linked to the size of fishing vessels, however concerns were raised on the timing and scope of the scheme by the Jersey Fishermen's Association.	This is noted. The local fishing fleet have adapted to some extent by expanding the local market and promoting their produce to more consumers on island.
20	The number of those Actively Seeking Work in Jersey rose substantially during April to July which is mostly likely due to the implementation of the Level 4 stay at home measures. More females than males are looking for work which may be due to the fact that a higher proportion of women than men work in the sectors hit hardest by the pandemic such as hospitality, travel, education and retail.	This is correct.
21	In September, 44% of adults employed in hotels, restaurants and bars reported a decrease in pay. This is likely due to the implementation of the Level 4 stay at home measures which required	The restrictions put in place to protect islanders through the Covid-19 global pandemic had a devastating impact on the island's hospitality sector. The Government responded quickly to implement a Co-Funded Payroll Scheme (CFPS) that provided an 80% subsidy of employee earnings up to a monthly limit of £2,000. At its peak, close to 70% of employees in hotels, restaurants and bars were supported by the Government through the CFPS. In managing the impact



	<b>Findings</b>	<b>Comments</b>
	hotels, restaurants and bars to close.	of the pandemic, many businesses within the hospitality sector may have had to negotiate a temporary reduction in hours worked or pay.
22	The number of people claiming income support was 690 higher in August 2020 compared with August 2019. This shows that COVID-19 has had a negative impact on household incomes in Jersey.	This is acknowledged.
23	The measures introduced in response to COVID-19 have changed Jersey's workforce. Working from home became the "new normal", particularly when Level 4 of the stay at home measures were introduced. Statistics show that over half (54%) of employed adults were working from home at least some of the time.	This is acknowledged.
24	The impact of COVID-19 on global trade could affect Jersey over the next few months, particularly as the transition period for Brexit ends in December 2020. The Government of Jersey has given its assurances that contingency plans are in place and have been since preparations for Brexit commenced.	Jersey has not been significantly impacted by supply chain issues. The contingency plans were in place for all Brexit outcomes but we now have a free trade agreement, which was approved by the States on 27 December 20-20, subject to the 90-day confirmatory period.
25	The COVID-19 pandemic has caused significant disruption to Jersey's economy and its public finances. The Income Forecasting Group has reduced its spring forecast for total States income in 2020 by £106 million (12.1%). Although the duration and extent of the	The Fiscal Policy Panel October 2020 report stated that the world economic output is forecast to fall sharply this year, with Jersey's major trading partners all in recession and facing an uncertain recovery. Jersey's economy grew for the sixth consecutive year in 2019, with GVA rising by 2.1% in real-terms, largely due to strong profit growth in the financial services sector. However, the economic effects of the Covid-19 global pandemic mean that a recession is likely.

	<b>Findings</b>	<b>Comments</b>
	outbreak is uncertain, it is anticipated that recovering economically from the pandemic will take some time.	
26	On 17th November, the States Assembly supported the approval of £50 million to establish and finance a Fiscal Stimulus Fund. The fund will be used to support the economy including projects to generate business activity and support local employment. Although the proposition mentions that the effect on inflation will be taken into account, projects relating to some sectors which have not been hit as hard by the pandemic, such as construction, will inevitably feed into inflation.	The Fiscal Stimulus Fund is designed to deliver timely, targeted and temporary fiscal stimulus with projects completed with 2021. There is a cap of £5m on the size of any individual project, this should help limit the demands on large-scale contractors who have not been hit as hard by the pandemic and focus stimulus on a larger number of smaller, on-island contractors. The Fiscal Policy Panel recommends that Projects considered for funding under both the Economic Recovery funding and the Fiscal Stimulus Fund should be assessed against their ability to have a permanent positive impact on the productivity of the economy overall. Such impacts could include an improved physical asset such as repair and maintenance of buildings or an investment in ‘human’ capital through skills and training projects.

## RECOMMENDATIONS

	<b>Recommendations</b>	<b>To</b>	<b>Accept / Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
1	The Government of Jersey should produce a report on its response and management of the COVID-19 pandemic. This should feed into any updated version of the Influenza Preparedness Strategy and include a number of key lessons learnt. This should be completed by Q3 2021.	CoM	Accept	The C&AG has undertaken an extensive independent review of the Government’s response to the COVID-19 pandemic. It would be premature, therefore, to produce a full report on our response and management of the pandemic without first having sight of the C&AG’s findings and recommendations.  Notwithstanding this “lessons learnt” of the Government’s handling of the first wave of the pandemic (March -July) and how improvements can be made going forward is part of the continuous learning led by Emergencies Council. As such, a ‘lessons learnt’ exercise	Following the publication of the C&AG findings a and discussion by the Council of Ministers and Emergencies Council, the Government will issue a detailed response to the review together with an action of

	<b>Recommendations</b>	<b>To</b>	<b>Accept / Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
				on the response and management of the pandemic is crucial and is already under way from an Emergency Planning perspective.	plan outlining how the recommendations will be taken forward. This should be completed by Q3 2021.
2	As the winter period sets in, and COVID-19 cases continue to rise, the Government may need to reintroduce some restrictive measures for businesses in order to manage the spread of the virus. The Government must improve on its engagement with the business community and allow sufficient time for discussion and stakeholder input on any decisions which affect business activity.	CoM	Accept	The hospitality circuit breaker was introduced on 4 December and extended on 24 December to include the closure of nonessential retail. The Government remains vigilant and responsive to the prevailing conditions in respect of the spread of the virus. Financial support schemes have been – and continue to be – adapted in consultation with business representatives, particularly from the hospitality and tourism sectors.	Under way
3	In terms of contingency planning for any further business support packages in the future, the Government of Jersey should use Standard Industrial Classification (SIC) to classify business establishments by type of economic activity. This would help to ensure that any future business support measures are inclusive and justifiable.	CoM	Reject	SIC codes have been used where possible eg. In the development of the CFPS. However, in other instances definitions have been more broadly based. The Visitor Attractions and Events Support Scheme, for instance, was designed for hospitality and events businesses where eligibility was not defined by SIC codes. While noting the importance of governance and safeguards, Ministers have requested flexibility in order to introduce support measures in a more responsive and targeted way.	
4	The Minister for Economic Development, Tourism, Sport and Culture is due to undertake an assessment of the income generated	MED TSC	Reject	This is a role that Statistics Jersey is taking on and they have recently stated publishing experimental quarterly data that includes revenue by sector and includes income generated with the hotel, bar and	

	<b>Recommendations</b>	<b>To</b>	<b>Accept / Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
	within tourism during the summer months. The Minister should submit this assessment to the Panel before Q1 2021.			restaurant sector.	
5	As work continues on the response phase of the pandemic and key initiatives are implemented as part of the recovery work, the Government of Jersey should establish and/or maintain response/recovery teams with industry representatives. These teams would bridge any gaps between industry and Government and would establish collaborative engagement and an evidence-based approach.	CoM	Accept	There is a high level of formal and informal engagement with sectors of the economy and their representative groups. Jersey Business continues to support small and medium sized enterprises and feed back into Government. Recruitment has taken place to key posts in the Economy Department that will enable enhanced collaboration and engagement in the key economic sectors going forward. The role of the independent members of the Economic Council will be reviewed as part of the recovery work.	Under way
6	The Minister for Economic Development, Tourism, Sport and Culture should facilitate the collection of economic data relating to the inequalities emerging as a consequence of the pandemic. This data should be used to inform policy making in relation to the recovery work, and also more widely in relation to the Economic Framework. The Panel should be provided with an update on this work before Q3 2021.	MED TSC	Accept	The consequences of Covid-19 pandemic and the impact of public health measures have been very uneven across sectors of the economy and the people employed within them. The Government's response has focused on supporting incomes and employment through the crisis eg. CFPS and the data from policy to support the economy will help inform policies to mitigate inequalities in relation to the recovery. The Economic Framework will help inform policy decisions to promote the recovery and the strategic priorities including employment and inequality.	Ongoing
7	Although remote working will have environmental benefits, the Minister for Economic Development, Tourism, Sport and Culture should ensure that	MED TSC	Accept	Remote working could reduce demand for commercial property in St Helier and for retail/hospitality industries that rely on the week-day trade from those working away from home. This will present challenges	Ongoing

	<b>Recommendations</b>	<b>To</b>	<b>Accept / Reject</b>	<b>Comments</b>	<b>Target date of action/ completion</b>
	an economic analysis is undertaken in order to assess the economic impact of a working-from-home economy. This should be undertaken before Q3 2021.			and opportunities for town and change the nature of forward thinking in terms of the Island Plan and the Future Economy Programme. It will be important to recognise wider consequences including well-being alongside shifts in patterns of working. Data from surveys such as the Jersey Opinions and Lifestyles Survey provide invaluable insights into how remote working is affecting Jersey.	
8	Given that more females than males are actively seeking work, the issue of gender should be incorporated into the decision-making process for projects requiring fiscal stimulus funding. An assessment of any project impacts on gender should be undertaken as part of the process, as required by a successful amendment to P.128/2020, which established the Fiscal Stimulus Fund.	CoM	Accept	As part of the Fiscal Stimulus appraisal process it has been agreed that we will seek to collect summary information about the age and gender of the people most likely to benefit economically from the project. It was highlighted that there is likely to be a degree of subjectivity in this data and there may be difficulty in matching the objective to reflect diversity with the over-riding requirement of fiscal stimulus. There is also some difficulty in ranking and assessing the relative economic benefits of the recipients. It has been agreed that the Fiscal Stimulus Oversight Group will ensure there is consideration of projects across sectors with spare capacity and that the mix of projects gives the right blend of stimulus.	Under way

## CONCLUSION

The Minister for Economic Development, Tourism, Sport and Culture would like to thank the Scrutiny panel and its officers for their contribution to the Covid response.