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Deputy David Johnson
Chair
Economic and International Affairs Scrutiny Panel
By e-mail

16 February 2021

Dear Deputy Johnson,

**Economic and International Affairs Scrutiny Panel
COVID-19 Response: Support for Businesses**

Thank you for your letter dated the 2nd of February 2021 to the Minister for Economic Development, Tourism Sport and Culture and the letter dated the 5th of February 2021 to the Treasury and Resources Minister regarding the new review the Economic and International Affairs Panel has recently agreed to undertake focusing on the support for local businesses.

While all the support schemes are aimed at assisting businesses, the political responsibility sits with different Ministers, we have therefore prepared a joint response to provide all the information the panel has requested regarding all the support packages.

Fixed Costs Support Scheme (FCSS) (referred to in one letter as 'Grant Support Scheme')

Political responsibility for the Fixed Costs Support Scheme (FCSS) falls under the Minister for Economic Development, Tourism, Sport and Culture. The intention to launch the FCSS was endorsed by Competent Authorities Ministers on 20 January 2021, and announced by the Minister for Economic Development, Tourism, Sport and Culture at a Government press conference on 21 January 2021. It was subsequently launched on 9 February 2021.

1. Please could you identify the funding streams for each of the schemes above?

GP21-CSP3-C-01 of the 2021-2024 Government Plan assigned £15.5m to support the economic recovery. Allocations of this fund is subject to the approval of the Economic Recovery Political Oversight Group. On 5 February 2021 the Economic Recovery Political Oversight Group released up to £9,532,000 to fund the FCSS.

2. How long is each scheme expected to be in existence?

The Fixed Cost Support Scheme runs from 1 January 2020 to 30 April 2021.

3. What level of consultation has there been in developing the support schemes?

Ministers and their officials engage with industry representatives on an ongoing basis, including on the business impact of Covid-19 related public health measures. Since the introduction of further public health measures to manage the spread of Covid-19 in November and December 2021, a range of representations have been made requesting additional financial support to businesses. Jersey Chamber of Commerce, Jersey Business, and the Jersey Hospitality Association were invited to comment on the FCSS throughout its development.

4. What information do businesses receive when applying for the schemes? Are any information packs or guidance supplied to them?

Covid-19 business financial support schemes have associated guidance documents, which are kept under review. These are available at <https://www.gov.je/Health/Coronavirus/BusinessAndEmployment/Pages/GovernmentSupportForBusinesses.aspx>

5. Also, to the extent that there is a right of appeal to yourself against an initial claim under any of the above-mentioned schemes, could you please advise the number of such appeals and the success rate.

Whilst businesses can discuss applications in advance, there is no right of appeal under the FCSS. No appeals have been requested to date.

6. As part of the criteria for businesses applying for the scheme, have you looked into the application of business disruption insurance? If so, what were your findings

Under the terms of the FCSS, businesses that have business disruption insurance policies are obliged to pursue any potential claim under their policy and to treat any income received as revenue for the purposes of the Scheme's detriment calculation.

Deferral of GST and Employer Social Security Contributions

1. Please could you identify the funding streams for each of the schemes above?

These schemes are not funded, they result in a deferral of GST and Social Security revenues.

2. How long is each scheme expected to be in existence?

At present, there is no time limit for a qualifying business to participate in the scheme, though in practice, it is likely a business will seek deferral of a GST and/or a Social Security liability soon after it is due in order to stop collection proceedings.

If a business takes advantage of this financial assistance, the period of deferral for GST or Social Security contributions is two years, after which businesses are entitled to spread payments over a further three years. This means there will be a period of five years between the original due date and the final payment in respect of the deferred amounts.

3. What level of consultation has there been in developing the support schemes?

Ministers and officials have engaged with industry representatives on an on-going basis since the onset of the pandemic to ensure that the level of support being provided through the various business support measures, including deferrals of GST and Social Security contributions, are sufficient to sustain businesses, employment and livelihoods.

4. What information do businesses receive when applying for the schemes? Are any information packs or guidance supplied to them?

No application is necessary, though qualifying businesses wishing to take advantage of the deferrals are requested to notify collection staff so that default procedures are not triggered. Internet guidance is [here](#) and further information on GST deferral is [here](#) (GST Direction 2020/07).

5. Also, to the extent that there is a right of appeal to yourself against an initial claim under any of the above-mentioned schemes, could you please advise the number of such appeals and the success rate.

N/A as no application is necessary.

Co-Funded Payroll Scheme

Political responsibility for the Co-Funded Payroll Scheme falls under the Minister for Treasury and Resources

1. For each scheme, please could you identify the funding stream?

In 2020, the CFPS was funded through the General Reserve. The amount available in the General Reserve was increased by transferring £65.3 million from the Treasury and Exchequer head of expenditure (MD-TR-2020-0035), approving an additional £99.99 million of expenditure (MD-TR-2020-0047) and approving the transfer of £28 million from the Stabilisation Fund, with associated authority to spend from the General Reserve (MD-TR-2020-0055).

In 2021, the General Reserve includes a budget of £11.3 million on the Covid-19 Response Head of Expenditure. This will be utilised in the first instance, but following changes made to the CFPS towards the end of 2020 in response to the requirement to introduce the Winter Strategy Circuit Breaker, the costs in 2021 will exceed the available budget and the necessary additional funding will be met from within the £40 million Covid-19 Reserve established by the Government Plan 2021-24 within the General Reserve.

2. How long is each scheme expected to be in existence?

The CFPS is available until the end of April 2021.

3. What level of consultation has there been in developing the support schemes?

We note from your response to our Covid-19 Response report (S.R.13/2020) that there is high level formal and informal engagement with the different sectors of the economy and their representative groups. Could you provide a list of organisations contacted?

Ministers and officials have engaged with industry representatives on an on-going basis since the onset of the pandemic to ensure that the level of support being provided by the CFPS will be sufficient to meet its objectives to sustain businesses, employment and livelihoods. The benefits of

this engagement have been in evidence through the several adaptations that were implemented between November 2020 and January 2021 in order to ensure the Scheme is able to meet the needs of businesses and workers.

No comprehensive list of engagement exists, but, amongst others, discussions have taken place with the following organisations over the course of the Scheme's development:

Chamber of Commerce
Citizen's Advice Bureau
Digital Jersey
Institute of Directors
Jersey Business
Jersey Care Association
Jersey Hospitality Association
Law Society of Jersey
Ports of Jersey

4. Does the Construction Industry Response Team still exist and what other Response Teams have been created?

This team was set up in the early stages of the pandemic in 2020 to advise the industry on how and when they would be able to resume work and to issue permits. Once restrictions were lifted it was no longer needed. <https://www.gov.je/News/2020/Pages/ConstructionPermits.aspx>

In terms of business support, there were no other response teams as such. Existing staff from the Economy and Treasury teams refocussed on the pandemic response work.

5. What information do businesses receive when applying for the various schemes? Are any information packs or guidance supplied to them?

Detailed guidance on the CFPS is published on [Gov.je](https://www.gov.je) as is the case for all other business support measures. The application form for the CFPS directs applicants to the associated published guidance to ensure that prospective claimants understand the terms of the Scheme when making an application.

Further advice is also available through a dedicated CFPS mailbox (payrollcofunding@gov.je) and through the Covid-19 Helpline.

6. As part of the criteria for businesses applying for the scheme, have you looked into the application of business disruption insurance? If so, what were your findings

Under the terms of the CFPS, businesses that have business disruption insurance policies are obliged to pursue any potential claim under their policy and to treat any income received as revenue for the purposes of the Scheme's detriment calculation.

Business Disruption Loan Guarantee Scheme

Political responsibility for the Business Disruption Loan Guarantee Scheme (BDLGS) falls under the Minister for Treasury and Resources.

1. For each scheme, please could you identify the funding stream?

The BDLGS does not make payments directly to businesses or banks, but instead guarantees lending by banks to businesses. Government only makes a payment once a business defaults on a facility which the bank is unable to recover. Subject to contractual conditions, the bank can then claim 80% of the exposure from Government. No payments have been made to date.

The draft Public Finances (Amendment of Law) (Jersey) Regulations 2020, approved by the States Assembly on 24th March 2020, agreed a number of temporary modifications to the Public Finances (Jersey) Law 2019. This increased the limit on guarantees and indemnities that the Minister may provide in a financial year from £3 million to £100 million and the limit on the total outstanding guarantees from £20 million to £100 million. This power expired on 30 September 2020. Guarantees issued since 30 September 2020 have been pursuant to Article 28 of the Public Finances (Jersey) Law 2019, which allows guarantees to be issued up to a total amount of £3 million in a financial year.

Payments under the BDLGS would come from the Consolidated Fund.

2. How long is each scheme expected to be in existence?

The BDLGS originally ran to 30 September 2020. It was extended by 3 months until 31 December, and again for a further 3 months until 31 March 2021.

3. What level of consultation has there been in developing the support schemes?

We note from your response to our Covid-19 Response report (S.R.13/2020) that there is high level formal and informal engagement with the different sectors of the economy and their representative groups. Could you provide a list of organisations contacted?

No comprehensive list of engagement outlines all consultation regarding the BDLGS.

The BDLGS was designed and agreed between mid-March and 1 April 2020. During this period broad ranging consultation was carried out as part of the initial response to the Covid-19 pandemic. For the BDLGS this particularly included:

- Jersey Business
- Jersey Finance
- Jersey Financial Services Commission
- Jersey Banks
- Jersey Bankers' Association

The BDLGS was designed as a Crown Dependency scheme, harmonised across the 3 jurisdictions. Accordingly, extensive consultation took place with the governments in those jurisdictions, as well as UK authorities.

Subsequently, regular meetings have been held with Jersey Business, and ongoing feedback has been sought from banks, industry representatives, and individual businesses who have considered using the BDLGS.

4. Does the Construction Industry Response Team still exist and what other Response Teams have been created?

See answer on page 4 of this letter.

5. What information do businesses receive when applying for the various schemes? Are any information packs or guidance supplied to them?

Guidance on the BGLGS is provided on gov.je. This includes an outline of the scheme, FAQs, and a form for businesses to confirm whether they are eligible. Businesses are referred to Jersey Business, who assist the business in preparing the documentation it would typically require in order to secure a bank loan. Jersey Business also works with banks to assist applicants in this process. Banks also provide assistance to businesses in securing bank lending, in line with their normal commercial procedures.

6. As part of the criteria for businesses applying for the scheme, have you looked into the application of business disruption insurance? If so, what were your findings

A business can borrow under the BDLGS regardless of whether it has a business interruption insurance policy. The primary criteria for a business using the scheme, as opposed to securing funding on commercial terms, is that the bank considers the business to be viable but cannot lend to the business on a normal commercial basis. Business disruption insurance was not considered to be a key factor in this assessment, to the extent it is not considered as part of a bank's normal lending practice.

Visitor Accommodation Support Scheme (VASS)

1. For each scheme, please could you identify the funding stream?

In 2020, funding for the VASS was made available from the General Reserve. In 2021, funding will be provided from within the Economy Recovery funding within the Covid-19 Response Head of Expenditure.

2. How long is each scheme expected to be in existence?

The VASS is available until the end of April 2021.

3. What level of consultation has there been in developing the support schemes?

We note from your response to our Covid-19 Response report (S.R.13/2020) that there is high level formal and informal engagement with the different sectors of the economy and their representative groups. Could you provide a list of organisations contacted?

No comprehensive list of engagement exists, but, amongst others, discussions have taken place with Chamber of Commerce, Jersey Hospitality Association, Jersey Luxury Hotels Group and Jersey Business.

4. Does the Construction Industry Response Team still exist and what other Response Teams have been created?

See answer on page 4 of this letter.

5. What information do businesses receive when applying for the various schemes? Are any information packs or guidance supplied to them?

Covid-19 business financial support schemes have associated guidance documents, which are kept under review. These are available at <https://www.gov.je/Health/Coronavirus/BusinessAndEmployment/Pages/GovernmentSupportForBusinesses.aspx>

6. As part of the criteria for businesses applying for the scheme, have you looked into the application of business disruption insurance? If so, what were your findings

Payments received from business disruption insurance policies are considered when calculating turnover under VASS. This is in turn used to calculate whether a business has experienced the necessary detriment to meet the eligibility criteria for VASS.

Visitor Attraction and Events Support Scheme (VAES)

1. For each scheme, please could you identify the funding stream?

In 2020, funding for the VAES was made available from the Office of the Chief Executive Head of Expenditure. In 2021, funding will be provided from within the Economy Recovery funding within the Covid-19 Response Head of Expenditure.

2. How long is each scheme expected to be in existence?

The VAES is available until the end of April 2021.

3. What level of consultation has there been in developing the support schemes?

We note from your response to our Covid-19 Response report (S.R.13/2020) that there is high level formal and informal engagement with the different sectors of the economy and their representative groups. Could you provide a list of organisations contacted?

No comprehensive list of engagement exists, but, amongst others, discussions have taken place with Chamber of Commerce, and Jersey Business. This has included working groups comprised of businesses in the visitor attraction and events industry.

4. Does the Construction Industry Response Team still exist and what other Response Teams have been created?

See answer on page 4 of this letter.

5. What information do businesses receive when applying for the various schemes? Are any information packs or guidance supplied to them?

Covid-19 business financial support schemes have associated guidance documents, which are kept under review. These are available at <https://www.gov.je/Health/Coronavirus/BusinessAndEmployment/Pages/GovernmentSupportForBusinesses.aspx>

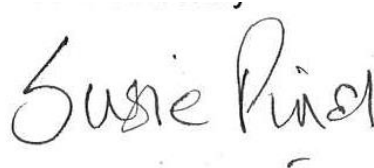
6. As part of the criteria for businesses applying for the scheme, have you looked into the application of business disruption insurance? If so, what were your findings

Payments received from business disruption insurance policies are considered when calculating turnover under VAES. This is in turn used to calculate whether a business has experienced the necessary detriment to meet the eligibility criteria for VAES.

Yours sincerely



Senator Lyndon Farnham
Deputy Chief Minister
Minister for Economic Development,
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Deputy Susie Pinel
Minister for Treasury and Resources