

Media Release

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States to establish payroll co-sharing and grants to support businesses and the self-employed

Thousands of Island businesses and self-employed workers will receive further financial support from the States following the establishment of a Guernsey Payroll Co-Sharing Scheme and a grant scheme, announced today by the Policy & Resources Committee.

As a first step businesses are asked to send their details to business.support@gov.gg to register for the new measures.

Following the States' approval on Friday of the initial package of measures to support businesses through the crisis, the fast evolving picture has led to much work being devoted to identifying further potential measures. These measures have been informed by extensive feedback from various individual businesses and business representative bodies.

The critical area of focus, and aspect of financial support, has been around helping businesses retain employees on their books. For the ongoing financial well-being of the Bailiwick it is important that businesses are well positioned to resume trading as soon as conditions allow.

Deputy Lyndon Trott, Vice-President of the Policy & Resources Committee, who is leading the economic support measures on behalf of the Committee, said:

“It is critical that measures agreed are able to be communicated and implemented almost immediately, given many businesses are fast running out of time to delay critical decisions on their ongoing trading plans and future of their workforce. For that reason, measures also need to be simple to implement and administer to avoid critical delays to businesses accessing this support.

“The Coronavirus Payroll Co-funding Scheme will enable the States to support businesses in the way that many of them have requested – providing funding to keep employees in post, ensuring they are ready to support businesses when they enter the recovery phase.

“The scheme also helps individuals stay in employment. It means that they and their families retain an income, which provides some comfort and support during this challenging time for all of us.”

The **Coronavirus Payroll Co-funding Scheme** will work in the following way:

- **The States funds 80% of employee wages**, based on the minimum wage of £8.50 per hour which equates to a gross payment of £238 for a standard 35 hour week, pre Income Tax and States Insurance contributions. This would be on the basis that employers contribute a minimum of 20% to reach the full minimum wage although employers can opt to pay more given many employees will be on higher rates. The reference to minimum wage ensures a level playing field. Having such a scheme avoids the need for employers to pay severance packages meaning more can be spent on keeping the business going through the crisis period.
- The initial **period of support proposed is 3 months** (13 weeks) which, given it will be starting more or less immediately, will cover the period to late June. This is deemed a sensible compromise of giving businesses a meaningful period on which to make commercial decisions. The period of support will of course need to be regularly revisited.
- **Specific sectors** have been identified as being sufficiently impacted by the crisis to which the support will be restricted initially. These are: hospitality and tourism; passenger transport and travel; rental and leasing of cars and recreational goods; manufacturing; recreation and entertainment; event management and event services; personal service activities such as hairdressers, beauticians and animal boarding; commercial fishing; private extra-curricular education such as dance and riding schools; non-food and non-pharmacy retail; advertising and marketing; and construction. However, consideration may be needed to widen these sectors as more information becomes available.
- In terms of **size of business** there is no restriction on the size of the business. Consideration was given to restricting to small and medium-sized businesses with larger businesses felt to be more resilient and having easier access to bank lending. However, there has been clear notification from some of the larger businesses that they will be forced to lay off staff in the absence of any government support. While these businesses will have reserves to draw upon, they will also be acutely aware of the need to hold reserves to kick-start their business when the crisis starts to dissipate.

The number of businesses that could potentially qualify is estimated at c.1,700 with total employees of 10,500. Not all of these businesses will claim as some may decide to stop trading completely and lay off staff, whereas some may also be able to continue trading close to normal via diversification.

A further measure confirmed is the award of a £3,000 **grant to all businesses and the self-employed with fewer than 10 employees which is designed** as additional support to these smaller businesses to be utilised in whichever way they deem appropriate. Larger employers will be able to access the Coronavirus Payroll Co-funding Scheme.

Deputy Trott commented:

“The Policy Letter presented to the States of Deliberation last week made initial reference to establishing a hardship allocation for businesses to provide targeted support primarily to enable them to retain employees. An amount of £5m was suggested at that time. The further work since then and escalating situation has revealed that substantially more support is required to help businesses through the crisis.

“It is important we get as much support to our businesses and self-employed as possible. These are further steps today, and by the end of the week we expect to be in a position to confirm the establishment of a loan finance guarantee scheme with the banks, Jersey and the Isle of Man.

“No single step will solve the economic shock. But taken together the measures we have put in place will support businesses and the self-employed in providing cashflow, reducing cost and helping them stay on their feet to plan for recover.”

The upper end estimate of the financial costs for both measures is £41m.

The measures announced today are in addition to those announced on Wednesday 18 March:

- Deferral of SI;
- Deferral of Commercial TRP;
- Deferral of rent payments to the States of Guernsey by business tenants;
- Suspension of mooring fees for commercial fishermen; and
- Establishment of a loan guarantee scheme to support banks in providing liquidity to businesses.

More information at <https://www.gov.gg/CHttpHandler.ashx?id=123531&p=0>

Changes have also been made to the population management approach to support workers with permits: <https://www.gov.gg/article/176884/Proactive-Adjustments-to-Population-Management-Regime>

Please email business.support@gov.gg for any further information.

Ends

Notes to Media

To qualify for the Coronavirus Payroll Co-sharing Scheme:

1. Businesses need to have started trading on or before 1st September 2019 i.e. a period of 6 months

2. Employees need to be permanent and payments are based on the normal set of hours i.e. many will be part-time
3. Businesses may be operating a mix of eligible and non-eligible sectors – only the former will be permissible
4. Employees will need to be specified to ensure these can be cross-referenced to individuals claiming Income Support and/or access to the Hardship Fund for Individuals to ensure all is taken into account when considering claims
5. Businesses which continue to trade and generate material revenue would receive support on sliding scale – actual details of this still need to be worked through.

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