

Media Release

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Business Support payments to businesses to commence

On 24 March additional measures were announced by the Policy & Resources Committee to support business. These measures will enable thousands of local businesses and self-employed workers to apply for further financial support from the States following the establishment of a Guernsey Coronavirus Payroll Co-Sharing Scheme and a Grant Scheme.

Since those schemes were announced, a number of teams within the States have worked hard to ensure that payment of financial support can reach businesses as soon as practicable.

The process for submitting, validating and approving claims is now in place, and the first payments will be processed today. Payments for those applications processed so far will therefore start to arrive in claimant's bank accounts from Tuesday of next week.

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

“When these measures were announced, I said that it was critical that the measures agreed needed to be implemented almost immediately, given many businesses are fast running out of time to delay critical decisions on their ongoing trading plans and the future of their workforce. I'm therefore pleased to see that we have been able to start getting this support to business in little over a week since the schemes were announced.

“So far over 2,300 businesses have registered for support and each of these business has now received an application form which many have already returned to us. Over 1,100 forms have been returned so far and the team is working through those at pace.”

A well-equipped team has been quickly mobilised and is currently processing the claims. The intention is to continue processing these forms over the weekend and into next week. It is anticipated that it may take a week to process the majority of claims, with some taking a little longer depending on complexity.

Deputy Trott said:

“We are in regular contact with a wide range of businesses and industry representatives to hear feedback and suggestions on the impact of these schemes. We know that many individuals and businesses are anxious about their future and that the support measures in place will give many businesses a little breathing space to enable further planning to take place. The sectors of the economy eligible for support and the scope of the businesses support schemes are under regular review as the situation progresses. In that way we are able to offer meaningful support to businesses in a timely fashion.”

In addition to the Guernsey Coronavirus Payroll Co-Sharing Scheme and the Grant Scheme a range of other support measures are in place for business, including the ability for businesses to request deferment of commercial TRP, and employer contributions. These are being put in place as requested by business.

The States of Guernsey has also finalised a loan guarantee scheme to enable further financial support for Bailiwick businesses. The scheme will be launched today. Businesses that wish to utilise the scheme should talk to their banks directly. The scheme is operated by the clearing banks - Barclays, HSBC, Lloyds and RBSI/NatWest, however the Scheme will be open for other banks to join should they wish to.

Businesses are encouraged to email business.support@gov.gg if they require further information.

Ends

Notes to Media

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) and commenced from the week beginning 16th March with any claims backdated to that point. 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.

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 their 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.

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