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Coronavirus ('COVID 19') Business Support: A guide to the financial support available for your business

Financial support for your business as a result of the decision to lockdown from 23rd January 2021

Summary of support provisions from 23rd January 2021

- The Island entered into a new lockdown from 23rd January, 2021. Business support will be made available to those businesses whose ability to trade will be severely impacted **and which need financial support** during the period of the lockdown.
- **Businesses who have sufficient resources to cope with a short period of lockdown are asked to consider carefully if they really need this support.** The States are reviewing the potential of recovering some or all of the business support paid to businesses that subsequently make a profit during 2021. The recovery of support payments from business that make a profit in 2021 will exclude any payments made prior to February 28th 2021.
- Eligible businesses will be able to apply through the Payroll Co-Funding Scheme to receive a reimbursement of 80% of the minimum wage (which is now £8.70 per hour) for their employees, requiring them to cover the other 20% as a minimum. This is consistent with the early stages of the previous lockdown and will remain under review.
- The scheme will also be open to sole traders and the self-employed.
- Employers will be able to claim for the hours normally worked by their employees (or themselves if they are self-employed), up to a maximum of 42 hours per week. Claims will be processed on a monthly basis, one month in arrears.
- NOTE: Businesses that are currently claiming Business Support as a result of the current travel restrictions can continue to claim support as normal. **No changes are to be made**

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to the current arrangements in place for this scheme. This Guidance therefore only refers to those businesses making new claims as a result of the new lockdown.

Small Business Grant. Available from 15th February 2021

From February 15th qualifying businesses can claim for a one off small business grant. To be eligible for the Small Business Grant a business must:

- Operate in a qualifying economic sector (same as those used for the Co-funded Payroll scheme) – businesses claiming under the Visitor Accommodation Scheme are not eligible for the small business grant
- Be unable to trade or generate less than 70% of normal turnover
- Have been registered with the Revenue Service (including sole traders) for social insurance by 31 December 2020 and have either submitted returns as an employer for quarter 4 of 2020 or in respect of a sole trader, paid class 2 contributions (or set up a direct debit to pay these) from 2020 or earlier – the business must still have been operating when the island went into lockdown on 23 January
- Be run full-time, and if you are self-employed be your main source of income – if you are both employed and self-employed, then you will only be eligible for the small business grant where the business is your main source of income (2019 data will generally be used to determine this, unless there are exceptional circumstances)
- Have monthly expenses of at least £500 (£6,000 per annum) – this may include costs such as utilities, loan repayments, etc. that relate directly to the business. This would not include salaries, personal costs e.g. rent or bills for the house you live in, internal cost transfers to related entities (i.e. a recharge to another group company) or directors fees
- To claim the higher grant, it must also operate out of commercial premises paying either rent or mortgage interest to a third party (which cannot be another company within the same group). A property will be considered a commercial premise if it does not have a domestic rate of TRP charged (i.e. claims will not be accepted where the premises are at a domestic dwelling/land/garage). The business must have been operating out of those premises at 23 January
- If the same business operates out of several premises (for example the same business rents 2 kiosks in town), then it may only claim for one higher small business grant

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- Employ 20 or fewer people in the business as at 31 December 2020 (as can be evidenced by ETI return for Q4 2020) – if you are self-employed, then you count as one of those 20 persons. If you have a member of staff that works less than 15 hours, then they will not be counted as an employee for the purposes of determining eligibility for the grant. Where the levels of staff change dramatically on a seasonal basis, the average staff numbers for the prior year will be calculated in order to determine if this equates to 20 employees or less.
- If you are involved in several businesses, then only one claim may be submitted unless the businesses operate in different sectors or from different premises (for example you run a restaurant and a shop) – the number of employees in all businesses you are involved in will be aggregated to determine if the small business grant is applicable. For clarity, a group of companies will be defined as sharing the same common beneficial owners/shareholders.

Summary of support provisions from 1st March 2021

In the event that the Bailiwick is still subject to significant restrictions by Monday 1st March, the Co-funding payroll scheme will be enhanced to cover 100% of the payroll for businesses that remain heavily impacted. Support is paid monthly in arrears, with the 100% support for March being paid from April 1st 2021.

- As in the previous lockdown, the level of support provided will be based on the impact of turnover of the businesses.
- Businesses that are trading with a turnover of less than 40% turnover for the same month in 2019 will receive 100% payroll support, for the minimum wage to a maximum of 42 hours per employee, including the self-employed and sole traders.
- Business that are trading with a turnover of between 40% and 70% turnover for the same month in 2019 will receive 80% co-funding payroll support, for the minimum wage to a maximum of 42 hours per employee including self-employed and sole traders.
- This will be an enhancement of the scheme launched on the 23rd of January, and the same criteria and rules will apply.

What are the Support Measures?

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Which businesses can claim business support as a result of the new lockdown?

From 23rd January businesses experiencing a significant downturn as a result of the new lockdown will be able to apply through the Payroll Co-Funding Scheme for a reimbursement of 80% of the minimum wage for their employees. Employers must make up the remaining 20% to ensure that employees are paid at least the minimum wage (£8.70 an hour) for the hours they would normally work.

Sole traders and those who are self-employed will also be able to apply for support on the same basis as above.

Businesses that have sufficient resources to cope with a short period of lockdown are asked to consider if they really need this support.

Recovery Clause. The States are reviewing the potential of recovering some or all of the business support paid to businesses that subsequently make a profit during 2021. The recovery of support payments from business that make a profit in 2021 will exclude any payments made prior to February 28th 2021.

The sectors which will be eligible for support are as follows:

- Advertising & marketing
- Architects and building design services
- Child-care, pre-school and early years providers
- Cleaning services
- Commercial fishing
- Construction
- Dental and dental hygienists and other non-essential personal health & hygiene roles
- Estate Agents
- Event management and Event services
- Facilities management and office management
- Freight and goods transfer (excluding food)
- Gardening
- Hospitality and Tourism
- Manufacturing and engineering (including marine engineering)



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- Non-food/pharmacy retail (including garages, garden centres and marine retailers)
- Passenger transport and travel
- Personal service activities
- Pet care services
- Plumbing and electrical services excluding utility providers
- Private extra-curricular education
- Recreation & Entertainment
- Recruitment agencies
- Rental and leasing of cars and recreational goods
- Security and cash transfer activities
- Waste services (particularly those focused on commercial and building work)
- Window cleaning

Exceptional claims:

While the support measures aim to deliver the right amount of support to affected sectors, clearly some businesses are not easily defined as falling within a particular 'sector'. The States remains open to assessing the need to provide support for those exceptional businesses on the basis that their operating conditions remain heavily impacted by the current lockdown and that sufficient resources are not available to cope with the expected short period of lockdown.

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Payroll Co-Funding Scheme

Financial support to help you retain your staff

We recognise that your staff are a critical part of your business and that you will want to do all you can to retain your team. Retaining your staff will enable you to recommence your business once the current lockdown is over.

In order to help you achieve this, the States of Guernsey will provide the following support:

- We will help you cover the cost of your employees with a reimbursement of an amount equivalent to 80% Guernsey's minimum wage. The reference to minimum wage ensures a level playing field. This is currently set at £8.70 per hour (£8.25 for 16- and 17-year olds). For example, for a 35-hour week this figure would equate to a gross figure of £304. The States of Guernsey will meet 80% of this figure (i.e. £244 per week based on a 35 hour week). Employers must make up the remaining 20% (equivalent to £60 per week). Employers are encouraged to 'top-up' these amounts further if they are able to do so.
- You may not claim for more than 42 hours in a single week.

Eligibility criteria from 23 January, 2021

Businesses must be affected by the loss of income due to the impacts of the lockdown (see section below entitled 'Eligible businesses and business sectors').

To ensure that the financial support is appropriately disbursed to businesses in financial need, qualifying criteria will apply and all applications will be considered on an individual basis.

Businesses will be required to provide their turnover compared to the equivalent period in 2019. If a business was not trading in 2019, then it should use 2020 figures. Borderline cases will be reviewed for eligibility.

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Businesses that would not normally be trading during January and February are not eligible to apply.

Eligible businesses To be eligible for support:

- Businesses must work within an eligible economic sector (see below)
- Businesses can claim in respect of anyone that was employed as of 23 January 2021.
- Businesses (including sole traders) must have been registered with the Revenue Service for social insurance by 31 December 2020 and have either submitted returns as an employer for quarter 4 of 2020 or in respect of a sole trader, paid class 2 contributions (or set up a direct debit to pay these).
- Business is run full-time, and if you are self-employed be your main source of income – if your profits from the business are less than the social insurance lower earnings limit of £7,488 for 2020, this will not be considered a full-time business or your primary source of income. Where the business is making a loss, the same will apply.

Support will be calculated based on the normal contractual hours worked by your employee(s) up to a maximum of 42 hours per week.

Eligible Sectors Eligible sectors are:

- Advertising & marketing
- Architects and building design services
- Child-care, pre-school and early years providers
- Cleaning services
- Commercial fishing
- Construction
- Dental and dental hygienists and other non-essential personal health & hygiene roles
- Estate Agents
- Event management and Event services
- Facilities management and office management
- Freight and goods transfer (excluding food)
- Gardening

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- Hospitality and Tourism
- Manufacturing and engineering (including marine engineering)
- Non-food/pharmacy retail (including garages, garden centres and marine retailers)
- Passenger transport and travel
- Personal service activities
- Pet care services
- Plumbing and electrical services Excluding utility providers
- Private extra-curricular education
- Recreation & Entertainment
- Recruitment agencies
- Rental and leasing of cars and recreational goods
- Security and cash transfer activities
- Waste services (particularly those focused on commercial and building work)
- Window cleaning

Self Employed (Sole Traders)

Self-employed individuals (whether operating through a company or as a sole trader) are eligible to claim through the Payroll Co-Funding Scheme. These individuals may apply for payroll funding and will be subject to the same eligibility criteria as set out above.

Self-employed business owners must provide the following:

- If a self-employed person is on the payroll of their company, then a copy of the payroll should be submitted with the claim.
- If a self-employed person draws their income from the business, or a sole trader does not have a payroll set-up, then they should submit a claim up to a maximum of their usual level of income. Applicants are asked to note that there is a cap of 42 hours payment on the amount that the States will reimburse, up to a maximum sum of £292 per week. This is calculated as $£8.70 \times 42 \times 80\%$.

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Payroll funding for self-employed business owners

If you are self-employed, it will not be necessary to register as an employer and generate payslips or submit quarterly ETI returns in order to be eligible to claim.

Employers should continue to operate the ETI scheme on all payments made to their employees including monies paid under the co-funding scheme, deducting tax and social security employee contributions and remitting this as normal.

The amounts paid to the employer or sole trader will be treated as business receipt and will be taxable. The full wages paid in respect of employees will be an allowable expense.

Compliance checking

In order to ensure that claims are valid, compliance checks will be carried out on these claims based on social security contributions and income tax data.

Tax returns

The amounts paid to the employer or sole trader will be treated as a business receipt and will be taxable. The full wages paid in respect of employees will be an allowable expense.

Publication of details of Payroll Support Scheme claimants

To ensure transparency of ongoing payroll co-funding, the Policy and Resources Committee retains the right to publish summarised and anonymised information on Business Support payments made from public funds put in place as a result of the COVID-19 pandemic.

Requirement to make a claim and recovery of claims received

Businesses that have sufficient resources to cope with a short period of lockdown are asked to consider carefully if they really have a need for this support.

Recovery Clause. The States are reviewing the potential of recovering some or all of the business support paid to businesses that subsequently make a profit during 2021. The recovery of support payments from business that make a profit in 2021 will exclude any payments made prior to February 28th 2021.

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Reporting of potential fraudulent claims

If members of the public are aware of businesses or individuals making a potential fraudulent claim under the business support measures, these can be reported using the following contact details:

Hotline number - 732434

Email address – fraudhotline@ssd.gov.gg

Applying for payroll support

You will be able to apply for payroll support on a monthly basis for reimbursement of your payroll one month in arrears. This means that for the period from 23rd January, 2021 to 31st January, 2021, you should apply for reimbursement from 1 February. For this period the maximum number of hours that can be claimed will be 42 hours. For February payroll you will be able to apply from 1 March, 2021.

You will be able to apply online here: <https://covid19.gov.gg/guidance/business/payroll-scheme>

You will need to answer a few questions to check eligibility before your claim can be processed.

Grants to Small Businesses and Hardship Fund

Grants to small businesses and the self-employed

The Small Business Grant scheme will be available for eligible businesses from February 15th.

- The Small Business Grant will be a one-off payment.
- Eligible Businesses will be able to apply for the Grant if they are unable to trade or are generating less than 70% of their normal monthly turnover
- Businesses must be in a qualifying sector under the payroll co-funding scheme (which may change if lockdown measures are eased)

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- Eligible businesses must employ fewer than 20 people
- Businesses must be run full-time and if self-employed be their main source of income
- A Small Business Grant of £1,000 can be applied for by businesses that don't have commercial premises, but have monthly expenses of at least £500
- A Small Business Grant of £2,000 can be applied for by businesses that do have commercial premises (i.e. not attached to a domestic dwelling) and monthly expenses of at least £500. Applicants will need to provide the address details of their commercial premises.
- Any grant paid would not be subject to income tax.
- There is a separate support scheme for Visitor Accommodation providers which currently runs to 31st March, and therefore this general grant scheme will not apply

Hardship fund and other Social Security benefits

A Hardship Fund is available which provides emergency support for people and households in immediate financial need who may not otherwise have qualified for unemployment benefit, sickness benefit or income support.

The majority of claims being dealt with for those impacted financially by the pandemic now fall within the existing benefits system administered by social security, including unemployment benefit and income support.

For more information on availability of the Hardship Fund and other benefits, please contact the Social Security Team on **732516** or email hardshipfund@gov.gg.

Transparency and governance of funding support

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Publication of businesses receiving financial support

To ensure transparency of ongoing payroll co-funding, the Policy and Resources Committee retains the right to publish summarised and anonymised information on Business Support payments made from public funds put in place as a result of the COVID-19 pandemic.

States of Guernsey payment review and reclaim mechanism

Recovery Clause. The States are reviewing the potential of recovering some or all of the business support paid to businesses that subsequently make a profit during 2021. The recovery of support payments from business that make a profit in 2021 will exclude any payments made prior to February 28th 2021.

The States of Guernsey may seek to reclaim some or all of the sums claimed by businesses through these financial support measures (Coronavirus Payroll Co-funding Scheme – both the Original Scheme and the Enhanced Scheme, and the Grant to Small Businesses and the Self-employed, as well as this scheme) if it is later found that they were not eligible, or for the latest support received in 2021, if conditions improve such that the business is able to make a profit during the 2021 calendar year. This will be the case should any company, sole trader or self-employed individual, prove not to have been eligible for financial support during the support period.

Advice for business – other support measures

To assist you, and ensure that you are considering the right assistance for your business, we have prepared the following advice and guidance.

We are here to support you

The financial measures set out in this document will be reviewed as required. They are aimed at businesses who will continue to be affected by the lockdown introduced on 23rd January, 2021.

If you haven't yet done so, you may need to consider whether and how you can adapt your business to trade in the future.

Business planning

When business planning, you will need to think about timescales. At the current time it is incredibly difficult to forecast future

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developments, but it is sincerely hoped that the current lockdown will be short lived.

Please do not take any immediate action in relation to letting go staff, or similar, until you have spoken to a member of our Business Support Team. Please email business.support@gov.gg and we will call you back and discuss your options.

Can my business adapt to work differently?

You will need to consider how you can scale or adapt your business. Are you seeing a decline in sales or in demand for services that you provide? Can your business adapt to the changes? Are there any untapped opportunities that can be capitalised on locally? If this is not possible, then don't worry, you need to consider some of the other practical advice below.

Is your business the type of business that can be 'paused' for a temporary period? Can you advise your customers that although you are pausing the sales or services you offer, you will be back in business in due course. This sounds worrying but many Guernsey based businesses are in the same situation and scaling back or pausing could be a good option.

Have a discussion with your landlord

We know it might be a difficult conversation, but we encourage you to speak to your landlord if you are in financial difficulty to find out whether your rent can be deferred.

Have a discussion with your bank

Banks understand the pressures that businesses are currently under. They are working to develop flexible borrowing solutions which may be an option to see you through the current restrictions. Flexible borrowing solutions may also apply to domestic mortgages, too, so find out more about those if that would assist.

We know that borrowing money may be the only option available to you. We recognise that sourcing this could be complex and problematic to achieve in such a short space of time.

The States of Guernsey facilitated a loan guarantee scheme to enable further financial support for Bailiwick businesses. The scheme is operated by the clearing banks - Barclays, HSBC, Lloyds and RBSI/NatWest, however the Scheme will be open for other banks to

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join should they wish to. Businesses that wish to utilise the scheme should talk to their banks directly.

The Principles of the Scheme are as follows:

- The Scheme only applies to trading businesses. Businesses regulated by the Guernsey Financial Services Commission, property investment and development businesses and construction businesses are excluded. This is subject to a maximum turnover of £10 million.
- The Scheme only applies in respect of new lending and not any existing debt issued by the banks, including the cancellation of one form of lending and its replacement with another.
- The States Guarantee will apply in respect of 80% of the total amount provided by the banks.
- The loans and overdrafts will be for between £5,000 and £500,000.
- The Scheme is scheduled to remain open until the 31st March 2021.
- The government guarantee will remain valid for a total of 8 years, this is made up of a term of 6 years, with an additional 18 months to allow the banks to effect recovery and a further 6 months for the bank to effect a claim against the States' Guarantee if necessary.
- An individual's principal primary residence cannot be provided as security to a bank in respect of the Scheme.
- The banks may lend up to £250,000 without seeking any form of security from the borrower.
- The banks have a reporting requirement to government in respect of the number of loans issued and the amount and in respect of applications received but declined.

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Further links to business support resources and advice can also be found by accessing the [Startup Hub Guernsey](#) website.

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