

Media Release

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Support recovery clause removed as business support for Stage 2 plans are announced

The Policy & Resources Committee has reviewed and agreed the business support measures it will provide going forward, once the Bailiwick moves into Stage 2 of its exit from the current lockdown.

It is expected that Stage 2 will allow considerably more scope for businesses to operate in a normal or near-normal way, albeit with some COVID restrictions still in place, and therefore far fewer businesses and sectors will be in need of taxpayer support.

The Policy & Resources Committee has also agreed to remove the support recovery clause that was announced alongside the original support measures brought in for this lockdown. The Committee has listened to the representations from the business community and appreciates the concerns that have been raised. However, it is important that support is only provided to the extent that it is genuinely needed as the strain on public finances overall continues to grow, hence the approach to support at Stage 2 of exiting lock-down.

At Stage 2 it is likely that many more businesses will be operating more closely to normal trading levels. In addition, analysis of 2020 performance has shown which sectors were able to rebound quickly following the original lock-down period. Therefore, the Committee has decided to remove several sectors from being eligible for support on the move to Stage 2 and therefore support will be available to a narrower list of business sectors. These sectors are based on those that were found to be most in need of ongoing support as the Bailiwick exited its first lockdown in 2020.

Included in the sectors that will continue to be eligible for payroll co-funding support in Stage 2 are hospitality firms* such as restaurants, bars and nightclubs, personal services such as hairdressers or beauty salons, and most non-essential retail. This is subject to the same turnover qualifying thresholds used in 2020. A full list of sector status can be found at <https://covid19.gov.gg/guidance/business>.

Separately, the Committee has also agreed to enhance the support available to the worst affected businesses in Stage 1. At the beginning of this lockdown, the Policy & Resources Committee had indicated it would look to expand the payroll co-funding support if the lockdown restrictions continued beyond the end of February. As Guernsey is currently in

Stage 1, with significant restrictions on business still in place, the Committee has formally agreed to expand the current payroll co-funding scheme to allow businesses to claim up to 100% minimum wage for their employees from 1st March 2021, where they can demonstrate that they are trading at well below their normal levels. Again, details on the payroll co-funding scheme can be found at <https://covid19.gov.gg/guidance/business>.

Deputy Mark Helyar, Treasury lead for the Policy & Resources Committee said

“Getting the level of support right is crucial to economic support and recovery. We want to support viable businesses and get them through this period, because we want them in a position to bounce back as quickly as possible. That’s the best thing for our wider economy, but that has to be balanced against the need to keep spending under tight control. We have listened to and understood businesses’ concerns and so we’re withdrawing the right to clawback for legitimate funding and instead concentrating on those sectors which really need support through Stage 2. We will of course keep that under review, if we find there are sectors struggling in ways we hadn’t expected, we’ll look at those again and business representatives should continue to make representations where they feel there is need. We have good data on which sectors recovered quickly in 2020 and even improved on their previous year’s performance so have more insight as to likely areas of need.”