

## Guidance for Government Co-Funded Payroll Scheme

Phase 1: March 20 – March 31, 2020

Version 2 – published 9 April 2020

### Introduction

The Government Co-Funded Payroll Scheme: Phase 1 is being introduced to assist employers and employees whose businesses have suffered material detriment as a result of the COVID-19 global pandemic (“COVID-19”) and the circumstances brought about by COVID-19. The key aims and incentives of the scheme are:

- To maintain employment in selected industries that are severely affected by the public health restrictions introduced in March to manage the outbreak of COVID-19
- To maintain, as far as possible, existing employment relationships so that businesses are able to retain trained staff. As far as possible, employees should be kept in employment that is as similar as practicable to the situation they were in pre-COVID-19.
- Along with other economic support measures being taken by the Government, to allow the business or self-employed individual a greater chance to remain solvent during COVID-19. This should also allow for businesses to resume normal business activity where appropriate as soon as possible post COVID-19, once restrictions are eased.
- Ultimately the scheme hopes to assist in the recovery of the economy post COVID-19 by ensuring that businesses and employment income can restart quickly once restrictions are eased.

### Overriding principle of the scheme

The circumstances brought about by COVID-19 are unprecedented in the history of the Island of Jersey and therefore the Council of Ministers has agreed to unprecedented financial support to support businesses and employees during this incredibly challenging period.

The scheme is designed for applications from businesses who have suffered “material detriment” as a result of these circumstances (i.e as a result of COVID-19) and applications should be strictly limited to these circumstances. Should it be found at any time that an application has been made and funding was not properly payable, in line with the qualifying criteria, then there is a requirement that the funding would need to be repaid.

Applicants to the scheme will be required to make a declaration that they meet the qualifying criteria to the best of their knowledge and belief.

**Where there is cause to suspect that a fraudulent claim may have been made, the claimant will be referred to the States of Jersey Police for possible investigation and may be prosecuted.**

### Relevant period (the “relevant period”) for the Phase 1 scheme

The Phase 1 scheme covers the period of 20 March 2020 to 31 March 2020 (inclusive).

There will be a Phase 2 scheme that has already been announced covering 1 April 2020 – 30 June 2020. That will be covered by separate guidance to be published in due course.

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### Eligible businesses for the scheme

The Phase 1 scheme will only support businesses within qualifying industries that the Government judged were most affected during the relevant period of the scheme. Qualifying industries are assessed within the Standard Industrial Classification (SIC) 2007 used by Statistics Jersey. Where the relevant SIC is not obvious, eligibility of a firm for the scheme will be determined by the Minister for Treasury and Resources (the “Minister”) or their delegate who will be mindful of the balance of an organisations’ business activities, the potential impact on employment and the affordability of the scheme. Any decision taken by the Minister or their delegate is final.

Where a business undertakes multiple business activities, if the majority of its trade would be within a qualifying industry, the business will be considered eligible for the phase 1 scheme.

Phase 1 qualifying industries are:

- Hotels
- Restaurants
- Bars
- Travel agency and tour operator activities
- Other reservation service and related activities
- Museums and other cultural activities
- Amusement and recreational activities
- Wholesale and Retail (excluding retail food, wholesale or retail pharmacies, wholesale or retail fuel, wholesale or retail construction supplies/DIY supplies, retail sale of household electrical equipment and information and communication equipment, wholesale or retail medical supplies)
- Fisheries
- Hairdressing and other beauty treatment

***[NOTE FOR TOURISM & HOSPITALITY BUSINESS: Due to a change in the Operation of the scheme between 1 April 2020 and 9 April 2020, certain Tourism & Hospitality businesses were potentially not included during this period for applications. Those businesses who applied and who were not initially accepted will be actively contacted by CLS. If Tourism & Hospitality businesses did not apply before 9 April 2020 due to concern about being excluded, they are encouraged to apply now.]***

### Declaration of Material Detriment

In order for a business to make a claim under the scheme, it will be required to confirm by declaration that it has suffered material detriment during the relevant period as a result of the circumstances brought about by COVID-19. All claims will be made retrospectively.

The definition of “**Material Detriment**” will be interpreted as follows:

***A business is considered to have suffered material detriment if during the relevant period it would be able to evidence a drop in turnover of at least 50%.***

*Businesses are required to retain documentation for audit or other purposes to provide, on request, evidence of material detriment suffered. GST filings or financial statements/bank statements,*

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*correspondence with shareholders/banks about continued finance for the business, will be considered as evidence of material detriment, when compared with previous comparable trading months. For industries with significant seasonal demand annual comparisons may be appropriate.*

**[NOTE ON MATERIAL vs SIGNIFICANT DETRIMENT:** *It is noted that on 9 April 2020, the test of significant detriment was changed to material detriment. If a business believes that it suffered 30% loss in turnover (for the relevant period) but not 50% loss in detriment, an application is invited.]*

### **Employees to be included in a claim**

A business will be able to receive a co-funding payment for staff that have been retained in employment during the relevant period. The Phase 1 scheme will cover employees who were listed on the Social Security contribution schedule for February 2020 who remained in employment during the relevant period.

The scheme is available to both full-time and part-time workers and includes those employed on a fixed-term contract, and zero-hour workers who were paid during the relevant period. Agency workers are excluded from the scheme.

The scheme is not available to employees with gross earnings of more than £10,000 a month.

### **Eligibility of self-employed**

The scheme will include self-employed people in Phase 1 qualifying sectors that pay Class 2 social security contributions. This includes sole traders and partnerships.

Income will be assessed against payment of Class 2 contributions for the last quarter of 2019.

The scheme is not available for individuals with total gross income of more than £10,000 a month.

### **Business providing staff accommodation**

COVID-19 presents a unique challenge to our community, and public health restrictions mean that the market for accommodation is not functioning as it would under normal economic conditions. The Government expects all businesses benefiting from financial assistance under the scheme to act compassionately where a business provides staff accommodation. Any worker in employer-provided accommodation on 19 March 2020, must continue to be given the opportunity to remain in that accommodation for the duration of the scheme, whether or not they remain in employment. Employers who fail to meet this requirement may be excluded from this scheme and subsequent schemes.

This provision will not apply where there is a clear case of misconduct and appropriate procedures have been followed to dismiss an employee. Where an ex-employee begins working for another business, the provider of accommodation will be permitted to recover any reasonable incidental costs of maintaining the employee in staff accommodation up until the date of the change of employment.

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### **Business to make available staff for community benefit**

Where the business claims under the scheme, and it is envisaged that staff will have spare working capacity, those staff should be made available to the Government of Jersey to participate in appropriate activity required to support the government and community actions needed, including volunteering, whilst this national crisis in relation to COVID-19 remains in place.

### **Co-funding contribution under the Phase 1 scheme**

1. For the period 20 March to 31 March, a business in a Phase 1 qualifying sector can apply for support of £200 per week for a worker who has worked during the relevant period and has been paid either:
  - at least £320 per week or
  - at least £1,390 per calendar month

This applies for pay periods including 20 March to 31 March.

2. For workers earning lower weekly or monthly amounts a payment of 60% of 39% of the usual monthly wage (around 23% or roughly one quarter) will be made. This largely equates to 60% of the relevant wage for the proportion of the month that was affected by restrictions (39%).

### **Process to claim under the scheme**

Businesses will be reimbursed after wages have been paid. A dedicated online form will be available which will require businesses to provide their contact details, industry, bank details, names of every worker (including social security numbers) and the wages they have been paid for that month. Businesses will also be required to make formal declarations related to each of the conditions of the scheme.

Claims will be processed within three working days of receipt. Payments will then be made by BACS to the customer's nominated bank account and will take a further three working days to arrive.

### **When will the scheme close for applications?**

The Phase 1 scheme will close for applications on 30 April 2020.

### **Publication of information under the scheme**

Claimants should be aware that the Government of Jersey will periodically publish appropriate information on businesses and self-employed individuals that have claimed under the scheme. For business, this may include the name of the business, number of employees claimed for and the total amount claimed. It may include aggregated information for the self-employed.

**[END]**