

Government Co-Funded Payroll Scheme: Phase 2 - 1 April 2020 – 30 June 2020

Informal FAQs v3 (published 9 April 2020)

[This document provides informal information on the way that Phase 2 of the Co-Funded Payroll Scheme may operate. Formal Guidance will be published before Phase 2 of the scheme is opened for applications]

What is the aim of the overall scheme?

The Government Co-Funded Payroll Scheme: Phase 2 follows on from Phase 1 of the scheme 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 of the scheme are:

- To maintain employment in selected industries that are severely affected by the public health restrictions 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.

Who is eligible for the Phase 2 scheme?

The Phase 2 scheme covers wages from 1 April 2020 to 30 June 2020 (inclusive).

The scheme is available to support staff paid by businesses within qualifying industries (included and excluded industries can be found on www.gov.je), where the business has experienced material detriment (during the relevant month they are claiming for) due to restrictions put in place to manage the spread of COVID-19.

A business will be able to receive payment contribution for staff that have been retained in employment and are being paid at their agreed rate, or £2,000 a month, whichever is lower. The number of hours an employee is scheduled to work can be altered by agreement. Employment and discrimination legislation still apply in the usual way.

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

The number of employees on the social security contribution schedule for February 2020 has been confirmed as the reference point for the entire scheme (both Phase 1 and Phase 2). This is the last formal filing that CLS will hold before the formal announcement of the scheme occurred on 20 March 2020. This is therefore an important audit reference point. The scheme is not designed to cover seasonal employees who arrived or will arrive after that time.

The A Quarter 2020 contribution schedule must be submitted prior to application for this scheme.

The number of employees on the February 2020 social security contribution schedule will be the maximum number of employees an employer can claim for throughout the duration of the scheme (both Phases 1 and 2).

Do any conditions apply to specific sectors?

Conditions apply to Eligability of businesses who are:

- Legal Activities,
- Accounting, bookkeeping and auditing activities; tax consultancy; regulatory and compliance activities

These businesses will be eligible to apply if they have:

- less than 30 employees (total headcount)
- pass a test concerning predominantly local work

For legal activities, firms will be required to conduct “predominantly local work” in order to be eligible. Predominantly Local Work means “Over 75% of the firm’s normal practice is in the area of local conveyancing, probate, family, criminal and employment law or providing legal advice to local individuals or businesses.” For the avoidance of doubt, advice to financial services clients and commercial litigation is not considered “local work”.

For Accounting, bookkeeping and auditing activities; tax consultancy; regulatory and compliance activities - “predominantly local work” means providing services (75% or more) to Jersey registered businesses or local residents.

Are the self-employed eligible?

The scheme will include self-employed people in Phase 2 qualifying sectors. 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.

What is 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 30%.

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, 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 material seasonal demand annual comparisons may be appropriate.

What level of support will be provided under the Phase 2 scheme?

From 1 April businesses in qualifying industries can apply for support for 80% of each worker's gross salary paid in that month up to a wage cap of £2,000. This means a maximum cash payment of £1,600 per worker per month.

What do I need to do to claim under the scheme?

You will need to complete a dedicated online form, which will be available by the end of April. The A Quarter 2020 contribution schedule must be submitted prior to application for this scheme.

You will be required to submit a claim form for each month you claim under the scheme.

This form will require contact details of the business, industry, business 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.

Businesses will be reimbursed after wages have been paid.

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.

It should be noted that this is a new emergency scheme, and the business will still be required to file returns such as Social Security Contribution Schedules, GST filings and required Tax filings in the usual way.

Are there restrictions on the type of employees?

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/Temporary workers who are employed by a Recruitment Agency are excluded from the scheme.

There are no age restrictions on the employees that can be claimed for under the scheme.

Can the employer negotiate wage rate or hours with the employee during this time?

The ultimate objective of the scheme is to ensure that employers maintain employment that is as similar as practicable to the situation they were in pre-COVID-19.

However, considering business pressures, employers have a right-to-manage and are permitted within the scheme to negotiate the number of hours an employee is scheduled to work. If a reduced number of hours is agreed, the subsidy will be paid at 80% of the gross wage paid to the employee.

Employers are encouraged to try and keep employees in as similar a situation of work as before the COVID-19 crisis. However, it is appreciated this will have to be balanced with business pressures.

Are there any conditions attached to the funding?

Payments under the scheme is contingent upon businesses continuing to provide employment for workers that are subsidised under the scheme.

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.

Staff being made available 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.

What if my employee leaves during the relevant period of the scheme?

As all claims are made in arrears, you are only paid for the hours that the employee was in employment. Therefore, your claim will include the exact hours that the employee was in employment with you.

If the employee leaves your employment during the duration of the scheme, you will still be paid for the period in which they were in your employment and you will not be required to repay the funding for that employee, so long as it was correctly claimed in line with the Guidance issued for the scheme.

Will this money go to businesses that are not affected by COVID-19?

No. This scheme is only for those that need support. Only businesses that can demonstrate that they have suffered material detriment as a result of the circumstances brought about by COVID-19 should apply.

When will the first payment be made?

Businesses will be reimbursed after wages have been paid.

Claims will be open from the end of April and processed on a monthly basis - you must submit a claim every month. Claims will be processed within three working days of receipt. Payments will then be made by BACS to the customer's nominated business bank account and will take a further three working days to arrive.

How long will the scheme run for?

The Phase 2 scheme will be available for 3 months from 1 April until 30 June. During this time the scheme will be reviewed and may be extended if needed.

How much does it cost?

The estimated cost for the scheme (Phases 1 and 2) is up to £142 million.

How will Government ensure money has been used to pay workers?

Payments to businesses will only be made once workers have been paid. Customer and Local Services will assess and validate claims. Businesses will be audited for compliance and workers may be contacted to confirm that they have been paid. Businesses will be required to repay any funding that is claimed that does not relate directly to wages that have been paid.

What information will be published in relation to those claiming 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 businesses, 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.

When will the formal Guidance on Phase 2 of the Scheme be published?

The formal guidance on Phase 2 of the scheme will be published on Friday 17 April 2020.

How does this differ to the Guernsey scheme?

The Guernsey scheme offers support to workers in a more restricted range of sectors and provides 80% of their minimum wage. The Jersey scheme is available for a much broader range of sectors and pays 80% of each worker's gross wages up to £2,000 a month

How does this differ to the UK Scheme?

The scheme announced by the UK is significantly different to the Jersey scheme. In the UK scheme, employees must be "furloughed" - this means they cannot work. The Jersey scheme does not impose this restriction. If an employer retains an employee in Jersey they should work as far as they are able within the health guidance issued during the duration of COVID-19. Businesses will also be required to provide available staff to support government and community actions, again taking full account of the ongoing health guidance.

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