

19-21 Broad Street | St Helier  
Jersey | JE2 3RR

Deputy Susie Pinel  
Minister for Treasury and Resources  
19-21 Broad Street  
St Helier  
Jersey  
JE2 3RR

21 December 2021

Dear Minister,

### **Requirement for written instruction: Co-Funded Payroll Scheme**

The Co-Funded Payroll Scheme was withdrawn at the end of October and Ministers committed to reintroducing the Scheme should restrictions on business again become necessary. The Omicron variant presents a potential threat to public health and has caused the Competent Authorities Ministers to require that masks become mandatory in certain public settings from 4 January and that people are strongly recommended to work from home from the same date.

Furthermore, following confirmation that Jersey had its first Omicron case, on 16 December, Islanders were reminded that measures had been put in place that required individuals who test positive for Omicron and, crucially, their direct contacts to isolate for 10 days. This presented a risk that people could test positive for Omicron and be required to isolate over the Christmas period. Whilst businesses remain open over the key Christmas trading period, it is likely that this measure and the threat of Omicron will have had an impact upon consumers' behaviour.

Businesses have made representations that indicate that the isolation requirements for Omicron have led to significant numbers of cancellations with a consequent loss of revenues alongside costs associated with providing for bookings that have now been lost. While CAM has now taken the decision to amend the isolation requirements for direct contacts, there is likely to be a continuing residual impact on consumer confidence. Trading in the intervening period will likely have been lost and it is far from clear that cancellations that have already been made will be reversed or replaced.

While we entirely support the decision by Ministers to take action to increase the support available to businesses that may have been impacted by the economic consequences of Omicron isolation requirements, it is possible that more effective and efficient policy measures could have been adopted. However, the requirement for urgent action means there has not been sufficient time available to develop alternative measures.

We also support the sensible precaution to extend support into January given that it is uncertain what impact the levels of infection and interruption to normal trading the Omicron variant will have.

Given the urgent need to act, we acknowledge that the CFPS is a tried and tested measure that can be implemented at pace and is likely to provide a level of response sufficient to avert the foreseeable economic impacts of the current Omicron measures.

However, the current circumstances facing the economy differ from earlier phases of the pandemic. The prospects facing businesses are of significant concern but not as stark as they were when government was required to place direct restrictions on trading in order to keep Islanders safe. As a consequence, it is difficult to reliably estimate the likely impacts should government not introduce further support. Whilst there are risks arising from the uncertainties presented by the current circumstances there is also considerable additional risk that reintroducing the CFPS, specifically in these circumstances, could lead to a much higher level of economic inefficiency than has been experienced to date.

As you know, as the officials responsible for the implementation of the CFPS, we have obligations under the Public Finances (Jersey) Law 2019, particularly for ensuring resources are used economically, efficiently, and effectively.

Despite our belief that additional support is justified, it has not been possible, in the short amount time available, to gather sufficient evidence to develop a business case to prove that reintroducing the CFPS in the current circumstances would be the most effective way to increase support. Therefore, we cannot demonstrate that doing so would represent value for money to the standards expected of officials under the Public Finances (Jersey) Law 2019 and Public Finance Manual. Given the urgency of the potential need, there is insufficient time available to conduct further research that might allow for a more compelling case to be made.

In light of this context, we require your written instruction in order to proceed. We consider it entirely appropriate for you to make a judgement to proceed given the economic risks facing businesses which you may consider outweigh those we have raised in this letter. It is important to note that the Competent Authorities Ministers have approved the reintroduction of the CFPS, based upon proposals we and officers have developed, and that in your role you are rightly required to take into account of the views of the Island's elected leaders alongside those of officials. We also recognise that you and other ministers are able to take a broader view of the economic and social merits of intervention that officials are not entitled to in their roles.

We stand ready to implement the Scheme that you and other Ministers have agreed once your instruction is received.

In line with the usual process for ministerial instructions, the Principal Accountable Officer has been notified and this letter will be copied to the Comptroller and Auditor General.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R Bell'.

Richard Bell  
Director General and Treasurer of the States

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