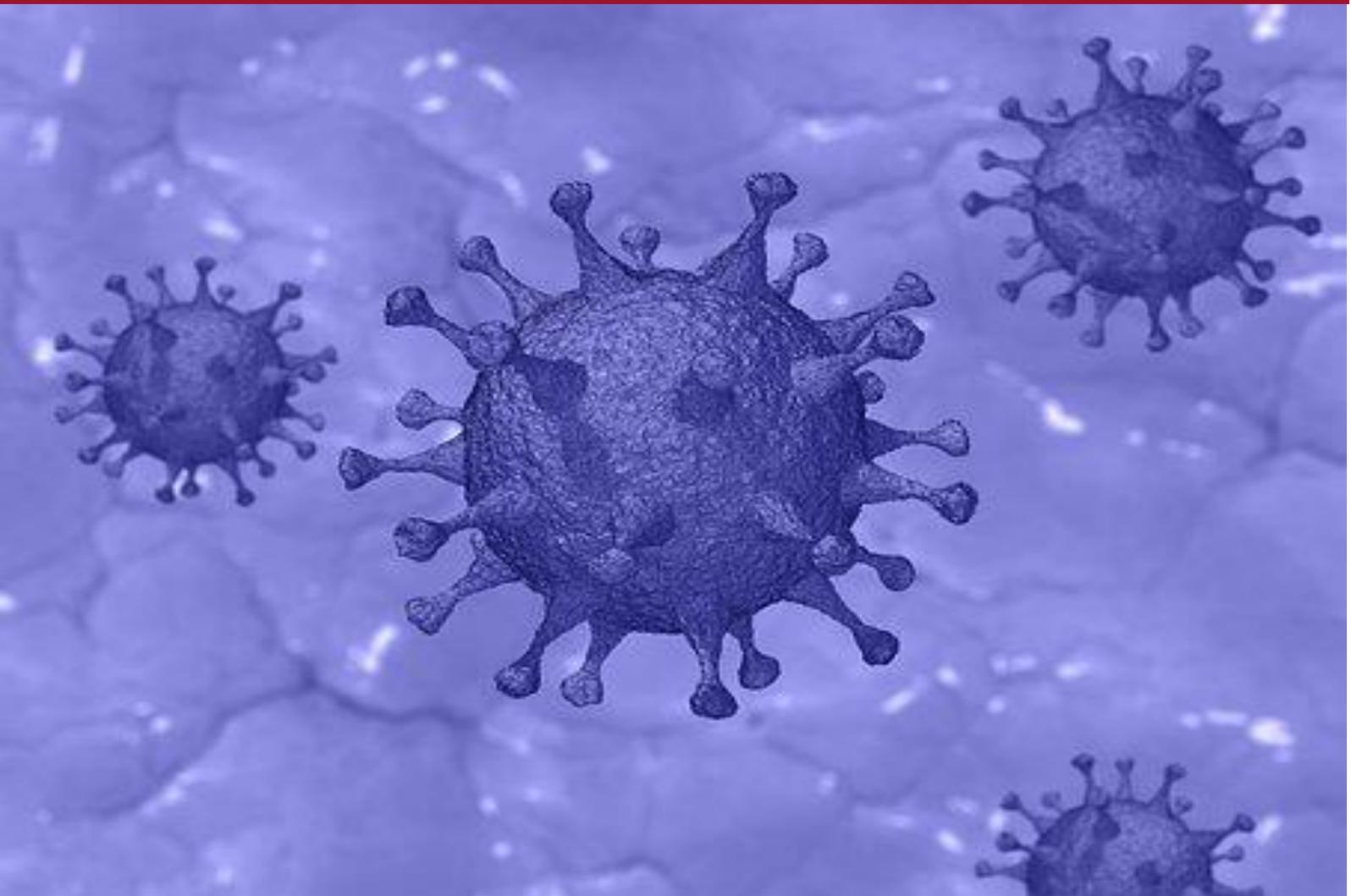


Covid-19 Response: March – October 2020

Economic and International Affairs
Scrutiny Panel

3rd December 2020

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States of Jersey
States Assembly



États de Jersey
Assemblée des États

CONTENTS

1. Executive Summary	4
2. Chair’s Foreword	7
3. Key Findings	9
4. Recommendations	12
5. Introduction	13
Background and Context	13
Joint working with the Corporate Services Scrutiny Panel	13
7. COVID-19: Decision-Making	19
Engagement with stakeholders	20
8. COVID-19: Preparedness in the early stages of the pandemic	23
9. COVID-19: Response strategy	26
Suppress, Contain and Shield Strategy	26
Response strategy to economic challenges	27
Safe Exit Framework	28
Safer Travel Policy	30
10. COVID-19: Support for businesses	32
Support packages	32
11. COVID-19: Implications for the Economy	39
Overview: business community	39
Business activity	40
Implications by industry	41
12. COVID-19: Impact on employment	52
Inequalities as a consequence of the pandemic	53
Income	54
Working from home	56
Impact on supply chain	57
13. COVID-19: Recovery	59
Recovery Plan: Respond, Recover and Renew	59
Government (Recovery) Plan 2021 - 24	60
Fiscal Stimulus Fund	60
14. Conclusion	62
15. Appendix 1: Panel Membership and Terms of Reference	63
Panel Membership	63
Terms of Reference	63

1. Executive Summary

The start of the pandemic

On 31st December 2019, the World Health Organisation (WHO) was informed of cases of pneumonia detected in China. The Chinese authorities identified that this was a new type of coronavirus (2019-nCoV). Since then, COVID-19 has spread rapidly on a global scale.

On 11th March 2020, WHO made the assessment that COVID-19 can be characterised as a pandemic. Since the pandemic was announced, cases around the world have increased, including in Jersey.

The pandemic has caused the Government of Jersey to make substantial decisions which impact lives, the economy, international affairs and public finances in the short, medium and long term. The States Assembly, under the guidance of local and international medical advice, enacted emergency legislation to ensure various actions and public finances were utilised to assist in the preparation, response and recovery of COVID-19 in Jersey.

The Panel has focussed its review on the response phase of the pandemic which reviews key developments from March to October. The Panel has reviewed in particular the impact of the pandemic on the business community and the economy as a whole.

The Government's strategy

The Government of Jersey has pursued a Suppress, Contain and Shield strategy which has been successful, evidenced by the number of COVID-19 cases declining throughout lockdown period.

The winter period has been cited as a particularly crucial time for managing COVID-19 cases. If cases were to rise substantially in Jersey, it is unclear at this stage whether any further lockdowns will be imposed, as they have been in the UK. The Minister for Health and Social Services has advised that a number of continuity plans have been developed for dealing with a potential spike in the virus through the publication of a Winter Strategy and that his Department is currently focusing on the flu vaccination programme by encouraging as many people as are eligible to take up the vaccine.

Economic focus

As well as continuing the Suppress, Contain and Shield strategy in response to the pandemic, the Government's focus has moved to stimulating economic recovery. In that regard, the Government is following a Respond, Recover and Renew plan:

Respond: Prioritisation of financial support to households and businesses through a range of measures.

Recover: Consideration of timely, targeted and temporary fiscal stimulus measures should be introduced to boost the economy.

Renew: The requirement for a more inclusive and sustainable growth agenda.

Support packages

In the “Respond” phase, prioritisation was given to households and businesses through implementation of a number of measures:

- Payroll Co-Funding Scheme
- COVID Related Emergency Support Scheme
- Deferral of GST and Employer Social Security Contributions
- Government rent deferrals or re-negotiations
- Business Disruption Loan Guarantee Scheme

As well as the support packages listed above, the Government also provided Jersey Business (an organisation which provides advice and support to businesses), with additional resources (up to £300,000) to enable them to set up a COVID-19 response package.

During the review, the Panel received a number of submissions from various businesses and organisations regarding the support packages for businesses. Some of these asked specific questions about the technicalities of the various schemes whilst others commented on the timing and the criteria used in their implementation.

The Panel is satisfied that the Government sought to move quickly to respond to the economic challenges presented by the pandemic. There is little or no doubt that many more businesses would have failed had the Government not provided the range of business support packages that it did. The Co-Funded Payroll Scheme has played a particularly important role in offering a lifeline to businesses and maintaining a high level of support within the economy.

The Panel found that there is a common theme describing a lack of consultation with businesses and business sectors. This has continued through all stages of the pandemic and the Panel would like to impress upon the Minister for Economic Development, Tourism, Sport and Culture, as well as all other relevant Ministers, the importance of close liaison with stakeholders.

Impact on businesses

At the beginning of the pandemic, businesses were forced to re-think their working practices due to the measures introduced by Government. For many businesses, the financial impact of the pandemic, particularly at the start, was a major concern. The Panel’s review has found that a number of sectors have been significantly impacted.

Travel and tourism businesses have been impacted due to flights grounded, hotels closing, and travel restrictions put in place in almost all countries around the world. Commercial travel to Jersey ceased in late March. For the first three months of 2020 (Jan – March) the total number of tourism visits decreased by 35%.

The hospitality, retail and beauty sectors have also been significantly affected by the strict measures on social contact implemented by the Government. The measures in Jersey were implemented through the Restricted Movement Orders made under the COVID-19 (Screening, Assessment and Isolation) (Jersey) Regulations 2020. These measures meant that bars, restaurants, some shops, hotels, gyms and other leisure facilities were required to close.

Although the fishing and agriculture sector was able to continue operating under the Public Health Policy, the closure of hotels and restaurants in Jersey and in European markets reduced the demand for fish. In response, the Government introduced a Fisheries Support Scheme which provided grants linked to the size of fishing vessels, however concerns were raised on the timing and scope of the scheme by the Jersey Fishermen's Association.

Impact on employment

The pandemic has also had a significant impact on employment in Jersey. The number of people Actively Seeking Work has risen with figures spiking during April to July which is mostly likely due to the implementation of the Level 4 stay at home measures. More females than males are looking for work which may be due to the fact that a higher proportion of women than men work in the sectors hit hardest by the pandemic such as hospitality, travel, education and retail.

Regarding the Fiscal Stimulus Fund, which aims to support the economy including projects to generate business activity and support local employment, the Panel would like to see the issue of gender being incorporated in terms of the likely recipients of stimulus funding.

In addition to unemployment levels, the pandemic has also caused a shift in how people are working. Working from home became the "new normal", particularly when Level 4 of the stay at home measures were introduced. Statistics show that over half (54%) of employed adults were working from home at least some of the time.

Although remote working will have environmental benefits, the Panel would like to see an analysis being undertaken in order to assess the economic impact of a working-from-home economy.

COVID-19 Recovery

In the last section of this report, the Panel has touched upon the Government's initial approach to economic recovery. This includes the governance framework, the Government (Recovery) Plan 2021 – 2024 and fiscal stimulus.

2. Chair's Foreword



The Covid-19 pandemic exposed inadequacies in governmental emergency plans the world over, and Jersey was no different. One particular area that most governments hadn't planned for was the systematic closing down of national economies. It would be hard to believe that anyone, anywhere, could have predicted the deliberate shut-down of economic activity on a global scale but to protect lives, that was the scenario we all faced in March to June of this year.

The question that the Economic and International Affairs Panel has posed through this report, is a simple one: "Given the unexpected nature of the economic disruption the Island experienced, did the Government of Jersey respond adequately to protect livelihoods as well as lives."

The response that we saw and are still experiencing through the continuation of the Co-Funded Payroll Scheme, in particular, was unprecedented. The speed with which the Treasury and Economy Departments acted was appropriate and it was necessary.

The Co-Funded Payroll Scheme has clearly protected jobs and, in so doing, has allowed islanders to enjoy a level of security during a deeply uncertain time that people in other jurisdictions have not had. Our review has found that there are few detractors from this perspective but that is not to say that the process which led to the creation of the scheme and its partner schemes, was not without pain nor room for improvement.

The Panel has found that many business leaders felt excluded from any consultation that took place and were unable to express their concerns to Government at a time when many of them felt their businesses were exposed to an existential threat.

We have also found that a persistent lack of empirical data with regard to the various sectors of the economy hampered decision making and led to Ministers having to make decisions with inadequate information. Ultimately, the decisions they made were appropriate but for Government to be in a place to reduce the risk of making the wrong decisions, it is enormously important that the quality and quantity of economic data is improved, particularly on a sectoral basis.

Looking forward, the Panel believes the role and purpose of the Economic Council is still somewhat shrouded in mystery. We look forward to receiving its long-awaited report and will study with interest the manner in which the Government acts on its proposals.

As we move forward in the hope that vaccines will soon ensure we can take control of this pandemic, one thing we can be sure of is that the economic fallout will continue into 2021 and beyond.

At some point, the Government will need to bring the Co-Funded Payroll Scheme to a close in a measured and harmless way. Those areas of the economy, such as hospitality and retail, that have been most damaged by the pandemic will need support and young people will need to see a future ahead for them in Jersey or they will look elsewhere, raising the spectre of a brain drain should the potential for a bright future not be presented to them.

The recovery will need to focus on equality of opportunity, particularly in light of the fact that women have been disproportionately affected by job losses and it is likely that lower wage employees have seen a greater number of redundancies, to date.

One thing is certain, that the Economic and International Affairs Panel will be watching closely to ensure that the Government continues to act in the long-term, to deliver the best possible recovery for Jersey.

Deputy Kirsten Morel
Chair, Economic and International Affairs Panel

3. Key Findings

KEY FINDING 1: The Government of Jersey tried to seek representation of Jersey's business community by establishing in March a Coronavirus Business Liaison Group and Economic Taskforce and later in May an Economic Council. The Economic Council replaced both the Liaison Group and Taskforce which had both been formed in the initial phases of the pandemic.

KEY FINDING 2: Concerns were expressed about the number of sub-groups that were intended to be established under the Economic Council. Other concerns focused on the need for cohesion and the lack of a clear aim for the Council. Some attendees felt that the Council did not have enough "teeth" in making and influencing economic decisions.

KEY FINDING 3: A Channel Islands Pandemic Influenza Preparedness Strategy was published in 2013. A joint exercise with Guernsey was undertaken in November 2019 in order to update the Strategy and to test arrangements for joint working between the two Islands. To date, a revised version of the Strategy has not been published and both Islands took very different paths in the management of the COVID-19 pandemic.

KEY FINDING 4: The Government of Jersey could have been more prepared to deal with and respond to the COVID-19 pandemic, given the likelihood that it would arrive in the Island. The Emergencies Council met on 12th March, a day after the World Health Organisation characterised the outbreak as a pandemic. A key lesson learnt from the H1N1 influenza pandemic in 2009 was the timing of the response in an agile yet coordinated way.

KEY FINDING 5: In response to the COVID-19 situation, the States Assembly enacted emergency legislation to ensure various actions and public finances were utilised to assist in the preparation, response and recovery of COVID-19 in Jersey. This resulted in decisions being made which impacted lives, the economy, international affairs and public finances in the short, medium and long term.

KEY FINDING 6: The Government's Suppress, Contain and Shield Strategy has been successful, evidenced by the number of COVID-19 cases declining throughout lockdown period. It is unclear at this stage whether further lockdowns will be imposed during the winter period, however, the Government has published a COVID-19 Winter Strategy which includes a number of actions in order to reduce the number of COVID-19 cases.

KEY FINDING 7: In the Response phase of the Government's "Response, Recover and Renew" strategy, a £150 million support package was implemented in order to boost the economy. The Fiscal Policy Panel advised that this support has played an important role in keeping money in businesses and households.

KEY FINDING 8: Some businesses expressed concerns about the timing and limiting nature of the guidelines issued under Level 2 of the Safe Exit Framework. Some felt that they did not have enough time to prepare for the various measures issued under the guidance. This reflects that there was a fundamental lack of engagement with some business sectors resulting in stress and confusion amongst the business community.

KEY FINDING 9: Jersey's borders reopened on the 3rd July under the Safer Travel Period. The Government had originally expected that there would be 1 or 2 cases per month as a result of the borders reopening, however, 4 cases were detected in the first 10 days (1 subsequently proving to be a false-positive).

KEY FINDING 10: The Co-Funded Payroll Scheme was implemented to support businesses in phases 1, 2 and 3. The purpose of the scheme was to provide a package of financial support to businesses for the payment of wages. The funding identified for the implementation for phase 3 (£11.3 million) is subject to approval by the States Assembly in December 2020 which has created financial concern amongst the business community.

KEY FINDING 11: Some businesses expressed concerns over the timing, technical nature or list of criteria of the support packages implemented by the Government, whilst others were supportive of the proposals put in place.

KEY FINDING 12: The financial impact of the pandemic has been a major concern for some businesses. Businesses most affected by the pandemic are those which were required to close during the stay at home measures.

KEY FINDING 13: Business activity improved in September compared to June where an increase in business activity was reported by only 10% of businesses. With the number of COVID-19 cases rising in Jersey, the Government may choose to implement restrictions which will have an impact on businesses. This impact may be seen in the next Business Tendency Survey which is due to be published in December 2020.

KEY FINDING 14: The COVID-19 pandemic has had a significant impact on the travel and tourism sectors due to flights grounded, hotels closing, and travel restrictions put in place in almost all countries around the world. Commercial travel to Jersey ceased in late March. For the first three months of 2020 (Jan – March) the total number of tourism visits decreased by 35%.

KEY FINDING 15: In order to try and reduce the spread of COVID-19, the Government of Jersey implemented strict measures on social contact. These meant that bars, restaurants, some shops, hotels, gyms and other leisure facilities were required to close, which had a significant impact on those businesses' finances.

KEY FINDING 16: At the beginning of the pandemic, the construction industry was able to continue operating. The advice for the industry changed at fast pace, and a permit scheme was introduced in order for specific sites to reopen. The Panel found that permits had already been granted to 30 sites considered essential, even though there was no legal foundation for the scheme at the time.

KEY FINDING 17: The Panel received positive feedback from the Construction Council on the establishment of a Construction Industry Response Team, which had enabled collaborative engagement between industry and Government, particularly during the response phase of the pandemic. However, the Construction Council also commented that the Construction Industry Response Team lost momentum particularly as the industry resumed normal levels of business activity.

KEY FINDING 18: Under the Public Health Policy for the stay at home measures, the finance industry was deemed essential, which meant that the sector could remain active. This facilitated more home and remote working in order to operate safely. Should Jersey move back into the stay at home measures implemented earlier in the year, it is likely that most business within the finance industry would be well equipped to continue their business activities.

KEY FINDING 19: Although the fishing and agriculture sector was able to continue operating under the Public Health Policy, the fishing industry was the most impacted. This was mostly due to the closure of hotels and restaurants in Jersey and in European markets which had reduced the demand for fish. In response, the Government introduced a Fisheries Support Scheme which provided grants linked to the size of fishing vessels, however concerns were raised on the timing and scope of the scheme by the Jersey Fishermen's Association.

KEY FINDING 20: The number of those Actively Seeking Work in Jersey rose substantially during April to July which is mostly likely due to the implementation of the Level 4 stay at home measures. More females than males are looking for work which may be due to the fact that a higher proportion of women than men work in the sectors hit hardest by the pandemic such as hospitality, travel, education and retail.

KEY FINDING 21: In September, 44% of adults employed in hotels, restaurants and bars reported a decrease in pay. This is likely due to the implementation of the Level 4 stay at home measures which required hotels, restaurants and bars to close.

KEY FINDING 22: The number of people claiming income support was 690 higher in August 2020 compared with August 2019. This shows that COVID-19 has had a negative impact on household incomes in Jersey.

KEY FINDING 23: The measures introduced in response to COVID-19 have changed Jersey's workforce. Working from home became the "new normal", particularly when Level 4 of the stay at home measures were introduced. Statistics show that over half (54%) of employed adults were working from home at least some of the time.

KEY FINDING 24: The impact of COVID-19 on global trade could affect Jersey over the next few months, particularly as the transition period for Brexit ends in December 2020. The Government of Jersey has given its assurances that contingency plans are in place and have been since preparations for Brexit commenced.

KEY FINDING 25: The COVID-19 pandemic has caused significant disruption to Jersey's economy and its public finances. The Income Forecasting Group has reduced its spring forecast for total States income in 2020 by £106 million (12.1%). Although the duration and extent of the outbreak is uncertain, it is anticipated that recovering economically from the pandemic will take some time.

KEY FINDING 26: On 17th November, the States Assembly supported the approval of £50 million to establish and finance a Fiscal Stimulus Fund. The fund will be used to support the economy including projects to generate business activity and support local employment. Although the proposition mentions that the effect on inflation will be taken into account, projects relating to some sectors which have not been hit as hard by the pandemic, such as construction, will inevitably feed into inflation.

4. Recommendations

RECOMMENDATION 1: The Government of Jersey should produce a report on its response and management of the COVID-19 pandemic. This should feed into any updated version of the Influenza Preparedness Strategy and include a number of key lessons learnt. This should be completed by Q3 2021.

RECOMMENDATION 2: As the winter period sets in, and COVID-19 cases continue to rise, the Government may need to reintroduce some restrictive measures for businesses in order to manage the spread of the virus. The Government must improve on its engagement with the business community and allow sufficient time for discussion and stakeholder input on any decisions which affect business activity.

RECOMMENDATION 3: In terms of contingency planning for any further business support packages in the future, the Government of Jersey should use Standard Industrial Classification (SIC) to classify business establishments by type of economic activity. This would help to ensure that any future business support measures are inclusive and justifiable.

RECOMMENDATION 4: The Minister for Economic Development, Tourism, Sport and Culture is due to undertake an assessment of the income generated within tourism during the summer months. The Minister should submit this assessment to the Panel before Q1 2021.

RECOMMENDATION 5: As work continues on the response phase of the pandemic and key initiatives are implemented as part of the recovery work, the Government of Jersey should establish and/or maintain response/recovery teams with industry representatives. These teams would bridge any gaps between industry and Government and would establish collaborative engagement and an evidence-based approach.

RECOMMENDATION 6: The Minister for Economic Development, Tourism, Sport and Culture should facilitate the collection of economic data relating to the inequalities emerging as a consequence of the pandemic. This data should be used to inform policy making in relation to the recovery work, and also more widely in relation to the Economic Framework. The Panel should be provided with an update on this work before Q3 2021.

RECOMMENDATION 7: Although remote working will have environmental benefits, the Minister for Economic Development, Tourism, Sport and Culture should ensure that an economic analysis is undertaken in order to assess the economic impact of a working-from-home economy. This should be undertaken before Q3 2021.

RECOMMENDATION 8: Given that more females than males are actively seeking work, the issue of gender should be incorporated into the decision-making process for projects requiring fiscal stimulus funding. An assessment of any project impacts on gender should be undertaken as part of the process, as required by a successful amendment to P.128/2020, which established the Fiscal Stimulus Fund.

5. Introduction

Background and Context

On 31st December 2019, the World Health Organisation (WHO) was informed of cases of pneumonia detected in Wuhan City, China. The Chinese authorities identified that this was a new type of coronavirus (2019-nCoV). Since then, COVID-19 has spread rapidly on a global scale.

On 11th March 2020, WHO made the assessment that COVID-19 can be characterised as a pandemic. The virus infects people of all ages, but evidence suggests that two groups of people are at a higher risk of suffering severe COVID-19 symptoms. These are older people and those with underlying medical conditions.

Since the COVID-19 pandemic was announced, cases around the world have increased, including in Jersey. As of 2nd December 2020, Jersey had recorded 1,054 confirmed cases of COVID-19.

The pandemic caused the Government of Jersey to make substantial decisions which impacted lives, the economy, international affairs and public finances in the short, medium and long term. Therefore, there was a need for Scrutiny to review these decisions, provide alternative perspectives and to collaborate where possible, in order to maximise the impact and efficiency of scrutiny review work.

Joint working with the Corporate Services Scrutiny Panel

Since March 2020, the Panel has been monitoring the developments which surround COVID-19, particularly within the areas under its remit – the economy and international affairs. As the Panel started to establish a formal review of COVID-19 it became apparent that there was a degree of crossover with the work of the Corporate Services Scrutiny Panel. In that regard, both Panels identified collaborative opportunities for their respective reviews and agreed to share resources regarding expert assistance and stakeholder engagement.

Expert advisor

Both Panels appointed Stuart Fair and Jeffrey Matsu from the Chartered Institute for Public Finances and Accountancy to provide technical and expert advice. Primarily, the Panel has been assisted by Jeffrey Matsu who is currently focussing on the COVID-19 recovery work. In that regard, the Panel will receive a focussed report from Jeffrey, which it will publish to inform the Government going forward.

The Panel's report

This report focusses on key developments in the response to the COVID-19 pandemic from March to October 2020.

The report firstly provides an overview and timeline of COVID-19 related developments specific to Jersey. It then explains the Government of Jersey's response to the pandemic and the support measures that were put in place, particularly for the business community. The next chapters describe

the implications of the pandemic for the economy, broken down by industry. The last chapter touches upon the recovery work which will be taken forward by the Panel and its advisor, Jeffrey Matsui.

Methodology

Since March 2020, the Panel has held a number of meetings with Ministers and stakeholders. It has received a number of briefings, particularly on the various pieces of emergency legislation which were debated by the States Assembly. The Panel has met regularly with the Chamber of Commerce and the Minister for Economic Development, Tourism, Sport and Culture throughout the pandemic, primarily to be kept informed about any developments in the response to COVID-19 and the effect the virus was having on the business community. The Panel has drawn on all of the information it has received during the last few months to present this focussed report on the Government's response to COVID-19.

6. COVID-19: Timeline of key events

The Panel's report covers the time period between March and October 2020. The timeline of key developments starts from late January, when media coverage began to highlight the growing prevalence of the virus.

→ January 2020

The Government of Jersey made its first [announcement](#) about the virus on 30th January signposting a dedicated page on the gov.je site. The website provided information about the virus, details of affected areas and advice on travel and Jersey's response to the situation. In that regard, a cross-Government review group had met on 30th January and continued to do so on a weekly basis in order to determine if any further steps needed to be taken. It is understood that more formal decision-making bodies were established as the situation progressed. The Panel goes into further detail about these in the following chapter.

As announcements were made, the Government also issued a public health campaign which encouraged Islanders to take simple measures to prevent the spread of respiratory viruses, including hand and respiratory hygiene.

On 31st January, the Government [issued](#) specific travel advice for islanders returning from affected areas of China. The advice included staying indoors, avoiding work, school or other public areas including using public transport or taxis.

→ February 2020

On 19th February, the Government [announced](#) that a helpline had been launched by Health and Community Services for anyone who was concerned that they may have COVID-19. By that point, no confirmed cases of the virus had been detected in Jersey.

→ March 2020

On 3rd March, all States Members were provided with a [briefing](#) on Jersey's response to the outbreak. By that point, a total of 41 tests had been carried out on people who were experiencing symptoms that were similar to the virus, but all had tested negative. Around this time, the Government was also starting to advise local businesses to ensure that their contingency planning was up to date. A briefing with industry bodies was organised during the first week of March and the Panel comments on this further in the report.

On 9th March, an [announcement](#) was made following a confirmed case of the virus in Guernsey. In a press conference led by the Chief Minister, the public was advised that Jersey was prepared to deal with the virus. At this point, an option to seek business guidance was included via the dedicated helpline and an Emergencies Council was due to meet on 12th March to discuss how schools and businesses would operate if the virus arrived in Jersey.

On 10th March it was [announced](#) that a group of students and teachers from Jersey College for Girls (JCG) had returned from a school trip to Italy and had gone into voluntary self-isolation as a precaution. Around that time, Italy had started to see an increase in active cases of the virus and

the advice changed in Jersey to compulsory self-isolation for 2 weeks for anyone returning from anywhere in Italy starting from 10th March.

It was later that day (10th March) that the Government [announced](#) Jersey's first confirmed case of COVID-19. It was confirmed in that announcement that the case was not related to the self-isolation of JCG students.

On 11th March the World Health Organisation declared the COVID-19 outbreak as a pandemic.

On 12th March it was [announced](#) that the Emergencies Council had met to review its contingency plans and to put in place arrangements to protect the most vulnerable. A number of decisions were also made by the Council of Ministers at this time including the allocation of Government funding to GPs and primary care providers to carry out health checks on Islanders aged 80 and older (and those deemed at risk from the virus). Non-essential Government business travel was also suspended for all public sector employees. Consideration was being given to large-scale events and arrangements for schools and colleges.

On the same day (12th March) a number of support packages for businesses were [announced](#) including the deferral of social security contributions and GST payments as well as the deferral of rent for businesses in Government owned buildings. Jersey Business were also provided with top-up funding to provide advice and support to businesses. The Panel examines these support packages later on in the report.

On 14th March, the Government [announced](#) a number of new measures to try and contain the number of potential COVID-19 cases as a result of updated modelling. These included social distancing for those aged over 65, self-isolation requirements for Islanders with flu-like symptoms and only undertaking essential travel into and out of the Island.

On 15th March, the Government [announced](#) that a dedicated and referral-only testing facility for COVID-19 was open for patients who had been assessed as high risk of carrying the virus through contacting the helpline.

Between the 18th March and 26th March, the Government announced a number of measures including:

- a £180 million [package](#) to support businesses and Islanders;
- [restrictions](#) on public events of 150 or more people;
- the [closure](#) of the majority of Government mainstream schools and colleges;
- [changes](#) to the opening hours of Government-run sports centres;
- the [closure](#) of the General Hospital to all visitors;
- a [requirement](#) for all passengers arriving in Jersey to self-isolate for 14 days, regardless of whether they were displaying flu-like symptoms or not;
- Islanders of all ages were [advised](#) to socially distance;
- non-urgent appointments at the Hospital were [cancelled](#);
- pubs and nightclubs were asked to [close](#);
- all Islanders aged 65 and over and those with underlying medical conditions were [required](#) to self-isolate.

By the 20th March, 10 cases of COVID-19 were confirmed in Jersey which [rose](#) to 32 by 26th March. With cases rising, the Government [announced](#) that all Islanders should stay at home from 30th March.

→ April 2020

On 9th April, the Government [announced](#) that a temporary Nightingale hospital was going to be built at Millbrook Playing Field to create an additional 180 beds for COVID-19 patients. The Chief Minister issued a statement on the progress made on the Nightingale hospital. By that point, Jersey had 217 [confirmed](#) cases of COVID-19.

Throughout April, a number of press statements were made by the Chief Minister and other Ministers concerning various developments in the response measures to COVID-19. This included additional support measures for businesses such as the Co-Funded Payroll Scheme and guidance to explain how the restrictions could be managed.

→ May 2020

On 1st May, a Safe Exit Framework for the phasing out of the stay at home measures was [announced](#). On the same day, it was [declared](#) that some of the stay at home measures would be relaxed, including the extension of the amount of time people would be allowed outside of their homes and allowing them to meet with up to two people who were not from within the same household.

On 11th May, Jersey moved into [Level 3](#) of the Safe Exit Framework which meant that people were permitted to be outside of their homes for a maximum of six hours and during that time were allowed to meet up to five people not from within the same household. On the same day, the Nightingale Hospital was officially [opened](#).

On 20th May, it was [announced](#) that indoor workplaces could consider allowing employees to return to resume some workplace-based activity. This only included workplaces where work was considered essential to maintain the business function and which could not otherwise be undertaken from home. On the same day the Government [committed](#) to publishing an update to its COVID-19 strategy and action plan following a vote in the States Assembly.

→ June 2020

On 3rd June, the Government [published](#) its COVID-19 strategy update. The aim of the strategy was to delay, flatten and contain the epidemic curve of the virus. With only 3 known cases in the island on that date, the Government advised that Jersey would start to exit the restrictive measures as soon as it was safe to do so.

On 5th June, the Chief Minister [announced](#) that a new Political Oversight Group for Economic Recovery had been convened and that an Economic Council was being formed to make use of local expertise in the Island.

Schools [reopened](#) on 8th June and recorded a 93% attendance rate. Around that time (10th June), businesses were also [preparing](#) to reopen (Level 2 of the Safe Exit Framework) and were provided

with guidance on how best to implement safety measures. By this point there were 5 active cases of COVID-19 in the Island.

On 30th June, it was [announced](#) that there were no known active cases and over 15,000 tests had been conducted in total.

→ July 2020

On 3rd July, Jersey's borders reopened and passenger ferries and flights were able to arrive in Jersey with passengers being required to register before travelling and being tested upon arrival. Since the borders opened, 221 passengers have tested positive for COVID-19 (as of 2nd December 2020 and since 1st July 2020).

On 10th July, the Chief Minister [announced](#) a £150 million Fiscal Stimulus package aimed to provide a cash injection into the economy. This included issuing the £100 spend local card for Islanders.

→ August 2020

On 7th August, the Government [announced](#) that Jersey would be moving to Level 1 of the Safe Exit Framework. This remains the case to date and means that physical distancing of 1 metre is still required and people are encouraged to interact in smaller groups. Businesses are also able to step down working from home, although flexible working is still encouraged under Level 1.

On 12th March, an on-Island testing laboratory [arrived](#) on the Island and a decision was taken on 13th March for the Nightingale Hospital wing to [remain](#) until March 2021.

→ September 2020

On 16th September, the Government [announced](#) that tests had started to be processed at the new on-Island laboratory. On 17th September it was [reported](#) that there were 15 active cases of COVID-19 in Jersey, which had all stemmed from inbound travel.

→ October 2020

On 14th October, a new COVID Alert app was [launched](#) to help the Government with contact tracing. In the same month (22nd October) the Government strongly [recommended](#) the use of face masks in indoor public places.

The timeline above, demonstrates that there were considerably more announcements made about the pandemic and Jersey's preparedness for it in the month of March than any other month to date. The Panel explores this further in the following chapters.

7. COVID-19: Decision-Making

As the situation progressed at the beginning of the year, a number of procedural functions were applied in order to support decisions related to COVID-19 matters. This section provides an overview of those functions and explains:

- the role of individual Ministers in emergency situations;
- those Ministers who are the Competent Authority Ministers;
- the role of the Council of Ministers;
- the role of the Emergency Council;
- the establishment of the Scientific and Technical Advisory Cell (STAC) and its sub-group.



Individual Ministers

In circumstances such as a global pandemic or a state of emergency, individual Ministers continue to exercise their normal statutory and non-statutory powers. Therefore, business as usual activity for individual Ministers has continued throughout the pandemic.

In order for Ministers to introduce emergency legislation to manage the effects and impact of COVID-19, the States Assembly approved the Covid-19 (Enabling Provisions) (Jersey) Law 2020 ([P.29/2020](#)). The main purpose of the Law is to ensure that emergency legislation can be enacted as quickly as possible and without the approval of the Privy Council. Following the approval of the Law, the Minister for Health and Social Services in particular, lodged a number of propositions which involved extremely tight timescales. There was often very little time for in-depth Scrutiny of the various measures being introduced.

Competent Authority Ministers

The Competent Authority Ministers under the Emergency Powers and Planning (Jersey) Law 1990 are the:

- Chief Minister;
- Minister for External Relations (telecommunications);
- Minister for Economic Development, Tourism, Sport and Culture (food and port operations);
- Minister for Infrastructure (water);
- Minister for Home Affairs (fuel and electricity, gas and postal services); and
- Minister for Health and Social Services (medicines)

In relation to the COVID-19 response, the Minister for Treasury and Resources and the Minister for Education were also invited to attend any meetings held by the CA Ministers given the importance of their portfolios, including the impact on schools and public finances.

For matters outside of their areas of competency, the CA Ministers act in their normal ministerial capacity i.e. not as a competent authority. CA Ministers cannot make collective decisions, as their powers are individual and executed by making Orders. However, Ministers can confer and advise

each other, and they do largely hold the core powers, whether as Ministers, or as CAs, that are needed in the event of an emergency¹.

Council of Ministers

In relation to the response to COVID-19, the Council of Ministers has lodged a number of propositions, amendments and/or comments which came about as a result of collective discussions among Ministers. For example, “A Safer Travel Period: States Assembly Approval” ([P.84/2020](#)) was lodged by the Council which enabled the borders to reopen in early July.

Emergencies Council

The Emergencies Council (EC) is the overarching body responsible for dealing with emergency situations. The Council holds full executive powers for decision-making and strategy in the event of a major emergency and provides the legislative controls and political direction for its overall management². It includes the Competent Authority Ministers and a Connétable nominated by the Comité des Connétables; the Bailiff, the Lieutenant-Governor, and the Attorney General are also invited to attend.

The Emergencies Council first met on 12th March in order to consider preparations for a likely increase in the number of COVID-19 cases, which at that point was only two. The EC also discussed a number of decisions to take to mitigate the spread and impact of the virus in Jersey,³ including legislative requirements and healthcare preparations.

Scientific and Technical Advisory Cell (STAC)

A Scientific and Technical Advisory Committee was [established](#) during the early phase of the pandemic and first met on 28th April. The [purpose](#) of the group is to debate live issues and ensure that advice is provided in a timely and co-ordinated way, based on best available information. It [comprises](#) a number of medical experts and key data analysts, strategists and advisors.



COVID-19 Case Review (Sub) Group

A sub-group of STAC was convened in May 2020 to support the provision of STAC advice in relation to the pandemic. The COVID-19 Case Review (Sub) Group is chaired by the Deputy Medical Officer of Health (Dr Ivan Muscat) and its purpose is to undertake real-time analysis of new cases of infection and consider how best to respond to any clusters of infection and/or emerging transmission chains⁴.

Engagement with stakeholders

Although a number of procedural functions within Government were applied at the beginning of the pandemic, which enabled quick decisions to be made, the Panel was initially concerned that

¹ Paper on Decision making bodies within the Government of Jersey

² Channel Islands Pandemic Influenza Preparedness [Strategy](#)

³ [Statement](#) from the Chief Minister to the Emergency Council

⁴ COVID-19 [Strategy](#) 2020

engagement with industry stakeholders was lacking, particularly as businesses, workplaces and non-essential retailers began to close. This section explores whether the Government worked collaboratively with stakeholders and business representatives.

Coronavirus Business Liaison Group

In March, the Panel was made aware of the establishment of the Coronavirus Business Liaison Group which aimed to open the lines of communication between Government and the business community. Its membership included the Minister for Economic Development, Tourism, Sport and Culture, the Assistant Minister at the time (Senator Pallett), Government Officials, the Chamber of Commerce, Institute of Directors, Jersey Hospitality Association, major supermarkets, Jersey Finance, Jersey Business and Digital Jersey.

In order to learn more about the Group, the Panel wrote to the Minister for Economic Development, Tourism, Sport and Culture on 11th March asking for an update on the work of the Group and posed a number of questions, including:

1. What are your main economic and business concerns in light of the COVID-19 outbreak?
2. What main concerns have been identified by businesses?
3. What actions will you and businesses take to minimise disruption to the economy and ensure that supply lines remain functional?

Unfortunately, the Panel did not receive an official response to its letter and instead received an email from the Ministerial Support Unit dated 21st March with limited information about the group. The Minister did, however, invite two members of the Panel at that time (the Chair and Deputy Jess Perchard) to attend a virtual meeting of the group held on 20th March.

Following some limited responses to the Panel's questions, a formal arrangement was made with the Minister in the form of weekly catch-up sessions so that the Panel was kept up to date with the very latest developments in the pandemic.

Economic Taskforce

The Ministerial Support Unit also informed the Panel about an Economic Taskforce. The Panel understands that this group met on two occasions initially and included the Minister for Economic Development, Tourism, Sport and Culture, representatives from the banking sector, Jersey Finance, Digital Jersey, Visit Jersey and a number of senior Government Officials. The Panel's Chair was also invited to attend its first meeting held on 15th March.

When the Panel met the Minister for Economic Development, Tourism, Sport and Culture on 13th November, he [explained](#) that the Economic Taskforce and Coronavirus Business Liaison Group evolved into the Future Economy Political Oversight Group and a sub-group of that called the Economic Council.

Economic Council

An Economic Council was [established](#) in May in order to generate and consider ideas for reviving the Island's economy. It appears that the Economic Council was established on a more formal footing compared to the Economic Taskforce and Coronavirus Business Liaison Group, which discontinued once the Council had been formed.

The Council comprises a number of industry representatives and is chaired by the Minister for Economic Development, Tourism, Sport and Culture. The Minister [explained](#) that he envisaged that the group would be needed for a relatively short period in order to boost the initial effort needed to get the economy back on track. The Council has met eight times since it was established and is due to publish an interim report.

The ideas put forward by the Economic Council during meetings are passed onto the Future Economy Political Oversight Group (POG), which was established in [April](#). The gov.je website explains that the POG provides governance and oversight over the Government's approach to the economy (Respond, Recover and Renew) and comprises a number of Ministers, Government Officials and external stakeholders. The interim report due to be completed by the Economic Council will also be considered by the POG.

The Panel received the minutes from the meetings held by the Economic Council. Although received in confidence, the Panel has seen that a concern was raised about the number of sub-groups being established and stated that there was a need for cohesion. During the Panel's regular catch-up sessions with the Chamber of Commerce, who form part of the Economic Council, it was noted that they felt the group did not have enough "teeth" in making and influencing economic decisions.

KEY FINDING 1: The Government of Jersey tried to seek the representation of Jersey's business community by establishing in March, a Coronavirus Business Liaison Group and Economic Taskforce and later, in May, an Economic Council. The Economic Council replaced both the Liaison Group and Taskforce which had been formed in the initial phases of the pandemic.

KEY FINDING 2: Concerns were expressed about the number of sub-groups that were intended to be established under the Economic Council. Other concerns focused on the need for cohesion and the lack of a clear aim for the Council. Some attendees felt that the Council did not have enough "teeth" in making and influencing economic decisions.

8. COVID-19: Preparedness in the early stages of the pandemic

The timeline in chapter 6 shows that there was an influx in the number of public announcements made regarding the pandemic during the month of March. It was in this month that Jersey saw its first case of the virus, and it was also the time that the World Health Organisation characterised the outbreak as a pandemic.

This section explores Jersey's preparedness for the pandemic and examines the timing of the Government's response to it, given that the virus was known about as early as December 2019.

Channel Islands Pandemic Influenza Preparedness Strategy

During a States Assembly sitting in early March, the Chief Minister was asked a number of questions about Jersey's preparedness for the pandemic, support for businesses and contingency planning in the event of a worst-case scenario. In response to the questions raised, the Chief Minister [explained](#) that a desktop exercise had been undertaken (with Guernsey) in November 2019 on pandemic flu preparedness, which had informed contingency planning for COVID-19:



Chief Minister:

...Members may, or may not, recall that before Christmas there was a desktop exercise for pandemic flu, which was held at the Town Hall, as a day exercise. So the point is there has been contingency planning being carried out and that this is just a variation on that contingency planning...

The purpose of the desktop exercise was to update the Channel Islands Pandemic Influenza Preparedness [Strategy](#) which was published in 2013. In a Government news [article](#), it was explained that the aim of the exercise was to test arrangements for joint working between Jersey's and Guernsey's health services, the islands' local resilience forums and partner agencies. Following the exercise, an updated strategy was due to be published but the Panel could not find any updated version online.

Although the Chief Minister advised that the pandemic exercise had informed the contingency planning for COVID-19, the COVID-19 [Strategy](#) does not include any mention of the Influenza Preparedness Strategy. At this point, it is also worth noting that Jersey and Guernsey have taken very different paths in the management of the COVID-19 pandemic.

KEY FINDING 3: A Channel Islands Pandemic Influenza Preparedness Strategy was published in 2013. A joint exercise with Guernsey was undertaken in November 2019 in order to update the Strategy and to test arrangements for joint working between the two Islands. To date, a revised version of the Strategy has not been published and both Islands took very different paths in the management of the COVID-19 pandemic.

Timing

The World Health Organisation (WHO) was informed of cases of pneumonia detected in Wuhan City, China on 31st December 2019. The Chinese authorities identified that this was a new type of coronavirus which spread rapidly on a global scale between January and March. It was on the 11th March that the WHO made the assessment that COVID-19 can be characterised as a pandemic.

Therefore, there was a three-month period during which many Governments had time to prepare for different scenarios in the event that the virus was to arrive in their jurisdictions. On 9th March, the Chief Minister was asked about the measures Jersey might implement should COVID-19 become a pandemic. The Chief Minister [explained](#):

Chief Minister:

.... we have been planning for this, we have been escalating that planning for a number of weeks and that is why the Minister for Health and Social Services and myself were making various public comments during the course of last week. We have been actively involved as matters have escalated prior to that time. That is why States Members were given their first update last week and there will be an update coming through. So, plans are being refreshed and they are being refreshed in time for the Emergencies Council on Thursday. To date, we have no positive cases and, therefore, there is no need for an earlier Emergencies Council and that is based, not only on a political view, but on the professional advice we are being given. We have also emphasised this is a rapidly changing scenario. If we need to pull the Emergencies Council forward we will do so, but at this stage there is no need to, we carry on with the plans, we allow those plans to be refreshed and we then will be considering them properly and formally at the Emergencies Council. But do not forget, as I said, key Ministers have been actively involved in these plans, in these discussions, in these preparations, for days and weeks.

During a Public Hearing with the Minister for Economic Development, Tourism, Sport and Culture in November, he [acknowledged](#) that the Government could have prepared earlier for the arrival of the virus:

Minister for Economic Development, Tourism, Sport and Culture:

With hindsight, yes, and with total hindsight we could have started in the previous December if we knew what was coming, but with hindsight, I think we could have started a bit earlier. But I maintain the Government did their very best in the early stages to grapple with what was happening. With hindsight, yes, we could have been a bit more prepared, but we got there in the end.

From the evidence the Panel has seen, and from the Minister for Economic Development's own admissions, it is clear that the Government could have been more prepared to deal with and respond to the virus, given the likelihood that it would arrive in the Island. The Emergencies Council first met on 12th March, the day after the virus was characterised as a pandemic by WHO. The Panel accepts that it is difficult to predict for the future, however, given that a pandemic exercise had recently been undertaken and that an Influenza Preparedness Strategy (albeit dated 2013) could easily have been referred to, the timing of the response could have been earlier. According to the Influenza Preparedness Strategy, one of the key lessons learnt from the H1N1 influenza pandemic in 2009 was the timing of the response:

Speed: *we have to be prepared for the number of cases and demand for services to develop with great pace, requiring an agile yet coordinated response.*

The engagement undertaken with industry stakeholders could also have been better co-ordinated, without the need for reactive groups to be established. It seems that these groups, namely the

Coronavirus Business Liaison Group and Economic Taskforce, were established quickly and reactively, and then later replaced with one main group (the Future Economy Political Oversight Group and its Sub-Group the Economic Council).

KEY FINDING 4: The Government of Jersey could have been more prepared to deal with and respond to the COVID-19 pandemic, given the likelihood that it would arrive in the Island. The Emergencies Council met on 12th March, a day after the World Health Organisation characterised the outbreak as a pandemic. A key lesson learnt from the H1N1 influenza pandemic in 2009 was the timing of the response in an agile yet coordinated way.

RECOMMENDATION 1: The Government of Jersey should produce a report on its response and management of the COVID-19 pandemic. This should feed into any updated version of the Influenza Preparedness Strategy and include a number of key lessons learnt. This should be completed by Q3 2021.

9. COVID-19: Response strategy

As the COVID-19 situation developed locally and internationally, the States Assembly, under the guidance of local and international medical advice, enacted emergency legislation to ensure various actions and public finances were utilised to assist in the preparation, response and recovery of COVID-19 in Jersey.

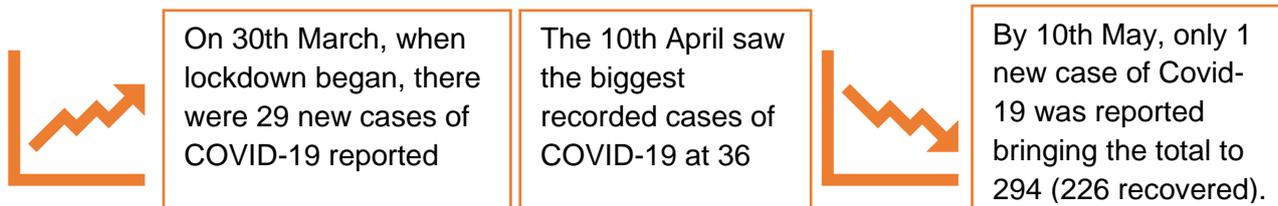
The Government made a number of substantial decisions which impacted lives, the economy, international affairs and public finances in the short, medium and long term. This section provides an overview of the Government's response strategy to the pandemic.



Suppress, Contain and Shield Strategy

The Government of Jersey has pursued a Suppress, Contain and Shield strategy⁵ to: “**ensure the continued control and suppression of the virus in a safe and sustainable way that protects Islanders by causing the least overall harm**”.

The primary goal of this public health strategy was to delay and flatten the epidemic curve. This led Jersey into a period of lockdown in order to avoid a sharp peak of COVID-19 cases. This strategy worked well, evidenced by the statistics during the lockdown period:



The winter period has been cited as a particularly crucial time for managing COVID-19 cases. Jersey has started to see a steady incline of cases, but it is unclear at this stage whether any further lockdowns will be imposed, as they have been in the UK, if the latest measures do not reduce the number of cases.

The Minister for Health and Social Services was [asked](#) about winter preparedness during a States Assembly sitting. The Minister advised that a number of continuity plans had been developed for dealing with a potential spike in the virus and that the Department was focusing on the flu vaccination programme by encouraging as many people as are eligible to take up the vaccine. The Government also published its COVID-19 Winter [Strategy](#) at the beginning of November and is preparing to roll out a COVID-19 vaccination programme as soon as possible.

KEY FINDING 5: In response to the COVID-19 situation, the States Assembly enacted emergency legislation to ensure various actions and public finances were used to assist in the preparation, response and recovery of COVID-19 in Jersey. This resulted in decisions being made which impacted lives, the economy, international affairs and public finances in the short, medium and long term.

⁵ [Safe Exit Strategy](#)

KEY FINDING 6: The Government's Suppress, Contain and Shield Strategy has been successful, evidenced by the number of COVID-19 cases declining throughout lockdown period. It is unclear at this stage whether further lockdowns will be imposed during the winter period, however, the Government has published a COVID-19 Winter Strategy which includes a number of actions in order to reduce the number of COVID-19 cases.

Response strategy to economic challenges

The Minister for Economic Development, Tourism, Sport and Culture presented a [Report](#) (R.54/2020) "Economic Recovery In-Committee debate" on 29th May. In his report, the Minister explains that the Council of Ministers' first priority was to protect Islanders' health and to save lives, through its "Delay, Contain and Shield" Public Health Strategy. As well as continuing to manage the number of cases in the Island, the Government's focus has moved to stimulating economic recovery. The Minister describes the focus on economic well-being as Respond, Recover and Renew:

Respond: Prioritisation of financial support to households and businesses through a range of measures.

Recover: Consideration of timely, targeted and temporary fiscal stimulus measures should be introduced to boost the economy.

Renew: The requirement for a more inclusive and sustainable growth agenda.

On 10th July, the Government of Jersey [announced](#) a support package of more than £150 million in order to boost the economy. The measures were endorsed by the Council of Ministers and included:

- Direct payments to low-income households: £1.3 million
- Islanders to receive £100 to spend in the local economy: £11 million
- Reduction to employee Social Security contributions: £26 million
- Extended time to repay GST and Social Security deferrals: £40 million reduction to revenue in 2021
- A Fiscal Stimulus Fund: £50 million
- The abolition of Prior Year Basis payment of tax: £18 million

The Fiscal Stimulus Package was developed in line with forecasts in economic output by the Fiscal Policy Panel (FPP). The FPP published an updated forecast [report](#) in August 2020, which states:



The FPP acknowledges that Jersey has successfully controlled the spread of the virus and has been quick to implement measures to support the economy. This support has played an important role in keeping money in businesses and households, and thereby reduced the long-term damage to the economy. However, the FPP expect that the economy will be smaller in the long run as a result of the potential damage caused by the pandemic.

The FPP has forecast that GVA will fall by 7.5% in 2020 followed by a gradual and partial recovery. It also predicts a fall in employment, particularly in the hospitality and retail sector, which were most affected by the lockdown restrictions. This is coupled with a fall in profits within the banking sector and in the hospitality and retail sectors. The FPP also believes that inflation will increase, albeit remaining “subdued” in 2020 and 2021.

KEY FINDING 7: In the Response phase of the Government’s “Response, Recover and Renew” strategy, a £150 million support package was implemented in order to boost the economy. The Fiscal Policy Panel advised that this support has played an important role in keeping money in businesses and households.

Safe Exit Framework

The Government of Jersey published the Safe Exit [Framework](#) on 1st May 2020. The framework’s goal is to flatten the epidemic curve and to exit the pandemic as quickly and safely as possible. It comprises 4 levels:

Jersey's safe exit – components

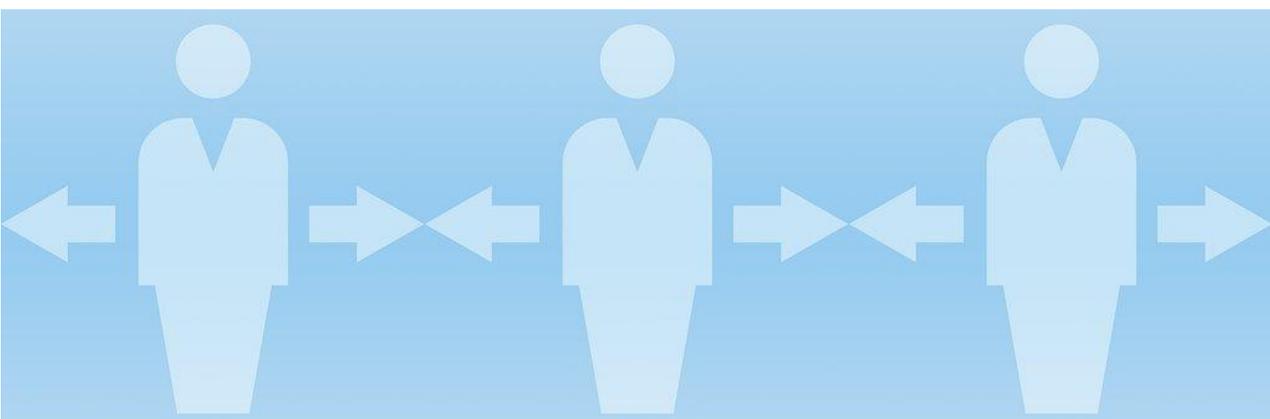


Level 4 – Stay at Home order in place

Level 3 – Soft lock down and people asked to stay at home wherever possible

Level 2 – Soft opening and no time limit on how long people can spend outside

Level 1 – Physical distancing required wherever possible



The Covid-19 [Strategy](#) 2020 explains that the Government's aim of the Safe Exit Framework was to progress carefully through the levels to reach Level 1. Level 1, which Jersey is in now, will end when the pandemic is over, most likely when a vaccine has been deployed.

Submissions received in relation to the Safe Exit Framework

The move to Level 2 was enforced on 12th June. The Panel received a number of submissions from businesses regarding the guidelines issued under Level 2, which permits most businesses to open under physical distancing and hygiene guidelines.



Seafaris

KILLER' RESTRICTIONS OF THE CURRENT LEVEL 2 SAFE EXIT FRAMEWORK!

Jersey will not be the place that everyone knows and loves if tourism & hospitality businesses can't survive this pandemic. There will be limited restaurants, hotels, attractions, activities, there will be less routes to the island, & as a result high flight prices to travel to/from the island!



On-Island 'BUBBLES' are essential to the survival of hospitality - Especially if borders aren't opening within the month. ALFRESCO BUBBLES should be introduced imminently for outdoor activities / attractions / restaurants - followed swiftly by indoor bubbles if medical advice 'allows' and cases continue to drop on island.



Business owners & operators are working relentlessly with the constant changing and last minute GOV guidelines. We have introduced procedures and invested in PPE equipment to prevent the spread of the virus and ensure both our staff & customers are safe. - HOWEVER, you look around and so many people are obviously not adhering to guidelines - it isn't fair for the businesses which are limiting their capacity due to the rules in place and having to effectively refuse bookings (= money) at a time when they need it more than ever⁶. (June 2020)



The Beauty House

The public were informed at the same time as the business regarding the opening of beauty salons, this left us unprepared and inundated with appointment requests. (June 2020)



Soulgenic

I wanted to give feedback on the L2 guidance. This notion that health clubs can't allow a client to "sweat" or go above an RPE4 has never been done in any other country, globally. This is because how is this policed? I have stuck to this recommendation and I have members telling me other places haven't⁷. (June 2020)

The Panel did not receive early copies of the guidelines and they were published in draft form on the gov.je website on 10th June (two days before Jersey officially moved to Level 2). The Panel was disappointed at the fast pace of decision making, particularly as it left very little opportunity to engage with stakeholders. Equally, businesses were left frustrated at the lack of engagement and had very little time to prepare for reopening, whilst adhering to the guidelines.

⁶ Seafaris [Submission](#)

⁷ Soulgenic [Submission](#)

KEY FINDING 8: Some businesses expressed concerns about the timing and limiting nature of the guidelines issued under Level 2 of the Safe Exit Framework. Some felt that they did not have enough time to prepare for the various measures issued under the guidance. This reflects that there was a fundamental lack of engagement with some business sectors resulting in stress and confusion amongst the business community.

RECOMMENDATION 2: As the winter period sets in, and COVID-19 cases continue to rise, the Government may need to reintroduce some restrictive measures for businesses in order to manage the spread of the virus. The Government must improve on its engagement with the business community and allow sufficient time for discussion and stakeholder input on any decisions which affect business activity.

Safer Travel Policy

The first COVID-19 related travel guidance was [issued](#) in Jersey on 30th January when people were advised to self-isolate for 14 days if they had returned from China. A series of further measures were put in place throughout February and March and by the end of March, all significant sea and air passenger travel operators to Jersey had suspended services.



In early April, the Government introduced an essential travel [scheme](#). Applications made to the Jersey Customs and Immigration Service (JCIS) were assessed against published criteria and successful applications could secure passage on a lifeline flight provided by Blue Islands, under a contract by Government. The first of these 'lifeline' flights departed on 20th April 2020.

During this period, seven flights operated each week including medical flights, with three departing to Southampton and two to Gatwick. Over half of all passenger journeys were made on compassionate grounds⁸.

In late May, with reference to advice from the Scientific and Technical Advisory Cell (STAC), Ministers agreed to establish a border testing [trial](#).

The border testing trial was voluntary and passengers who chose not to participate had to self-isolate for 14 days from the day of arrival, in line with the published [guidance](#).

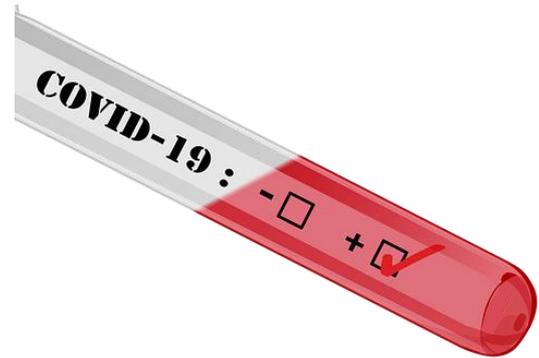
By the 24th June, 93% of all arriving passengers had entered the border testing trial. 868 people had received a PCR (polymerase chain reaction) test on arrival and more than half had completed the full course of three PCR tests⁹. No cases of COVID-19 were identified during the trial, and the exercise had provided Government with information about how border testing could work in practice.

⁸ [P.84/2020](#) "A Safer Travel Period: States Assembly Approval"

⁹ [P.84/2020](#) "A Safer Travel Period: States Assembly Approval"

A Safer Travel Period

The Council of Ministers lodged a [proposition](#) (P.84/2020 – A Safer Travel Period: States Assembly Approval) which asked Members to agree to plans to enable travel to the island. States Members adopted the proposition on 1st July and travel recommenced on 3rd July¹⁰. Again, there was very little time afforded to Scrutiny to examine the proposals before they were debated by the Assembly.



On the basis of the border testing trial, the Government had originally expected that there would be 1 or 2 cases per month as a result of opening the border. However, 4 cases were detected in the first 10 days of the border being reopened (with 1 subsequently proving to be a false-positive)¹¹.

KEY FINDING 9: Travel to Jersey recommenced on the 3rd July under the Safer Travel Period. The Government had originally expected that there would be 1 or 2 cases per month as a result of the safer travel policy, however, 4 cases were detected in the first 10 days (1 subsequently proving to be a false-positive).

¹⁰ A Scrutiny Review Panel was established in order to review the Safer Travel Period.

¹¹ [S.R.2/2020](#) Safer Travel Guidelines Review: Interim Report

10. COVID-19: Support for businesses

In the early phase of the pandemic, a number of concerns were raised by businesses about the support they would receive if Jersey were to “lockdown”. Around that time, there was a high degree of uncertainty for businesses, particularly as infection rates increased and restrictions in neighbouring jurisdictions were implemented.

This section provides an overview of the support packages which were introduced as part of the “Respond” phase of the Government’s economic well-being [focus](#). In brief, the support measures were:

- 1. Co-Funded Payroll Scheme** - designed to support household income of Islanders, preserve employment levels wherever possible and reduce the cashflow burden on businesses during the restrictive measures.
- 2. COVID Related Emergency Support Scheme (CRESS)** – recognised a gap in provision for those resident in the Island for less than five years and otherwise not entitled to Income Support.
- 3. Deferral of GST and Employer Social Security Contributions** – designed to enhance available working capital (sometimes also referred to as net current assets) for businesses. This mechanism still required companies to account for the due sum but delay payment of that amount for the A and B quarters.
- 4. Government rent deferrals or re-negotiations** –the Government aimed to set a positive example to private landlords by entering into sympathetic discussion with tenants or property owned directly or indirectly by the Government of Jersey.
- 5. Business Disruption Loan Guarantee Scheme** – recognised that businesses may be constrained in their ability to generate new working capital through commercial bank loans, due to an uncertain business outlook. The scheme provides a guarantee from the Government for 80% of the borrowing, thereby reducing some of the risk exposure that banks would otherwise assess directly against the borrower and in turn, was expected to improve credit availability.
- 6. Special Situations Fund** – a fund designed to enable strategic support for larger businesses that deliver public goods or serve a strategic purpose or are important to the recovery of the island post COVID-19.

The measures implemented specifically to support businesses are explored in further detail in the following section.

Support packages

- **Co-Funded Payroll Scheme: Phase 1**

The Government [announced](#) phase 1 of the Co-Funded Payroll Scheme which was a short-term emergency measure introduced to protect the most vulnerable employers and employees in the

early stages of the COVID-19 disruption. It refunded eligible employers up to £200 per week for each employee they paid between 20th to 31st March 2020.

On 26th March, the Government [committed](#) to another £100 million in order to reduce redundancies. The additional funding was committed for a three-month period (until the end of June) and formed part of the revised Co-Funded Payroll Scheme.

The revised scheme co-funded 80% of the wages of Jersey employees across a wide range of sectors, up to a maximum payment of £1,600 a month. The funding was available to employers who continued to pay their agreed wages in the usual way and who could demonstrate a drop in turnover of at least 30% in the month due to COVID-19. The scheme was confirmed for April to June 2020.

Industries who qualified for phase 1 of the scheme included:

- Hotels
- Restaurants
- Bars
- Travel agency and tour operator activities
- Other reservation services 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 treatments

As of 7th [June](#), **Phase 1** of the scheme had seen 900 businesses claim for 6,900 employees at a cost of £2,012,340.

Phase 2

On 24th April, the Government [announced](#) further changes to the Co-Funded Payroll Scheme via a second phase. This provided additional support for employers who wished to retain staff and protect jobs but who could not meet the 20% contribution towards salaries, due to severe cash-flow or working capital problems. Under phase 2, if employers complied with certain conditions, they could apply to make a smaller contribution towards their salary bill. This was designed to help vulnerable businesses to survive, thereby protecting the income of employees who were most at risk of redundancy.

Self-employed Islanders affected by COVID-19 were also eligible for a payment of 80% of their average gross monthly income (based on figures for 2019), up to £1,600 per month for April, May and June 2020.

Phase 2 also provided greater financial support over a longer period to a wider range of organisations under the following sectors:

- Agriculture and fisheries
- Manufacturing
- Utilities and waste
- Construction
- Wholesale and retail
- Transport and storage
- Hotels, restaurants and bars
- Information and communications
- Finance and legal activities
- Miscellaneous business activities i.e. vets, photographers and market research
- Education, health and other services i.e. hairdressing, sports activities and libraries

From April to August, **Phase Two** of the scheme has [paid out](#) over £78.6 million for a total of 13,610 claims.

Phase 3

On 31st July the Government [announced](#) an extension to the Co-Funded Payroll Scheme which is being extended until March 2021. The scheme was due to end on 31st August but will instead be phased out from September 2020 until March 2021. From September, the subsidies received by businesses for each employee will be gradually reduced.

The Government estimated that the scheme will have cost £93 million by the end of August which was below the initial £138 million estimate. The gradual tapering of the scheme until March next year will cost approximately another £26-£53 million, bringing the estimated total cost of the scheme to between £108 million and £137 million.

The subsidy will operate in the following way from September 2020 to March 2021:

March 2021 End	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Detriment	20%	20%	20%	20%	20%	20%	20%
Subsidy	60%	60%	40%	40%	30%	30%	20%
Max Payment	1,200	1,200	800	800	600	600	400

From September 2020 to 11th October 2020, **Phase Three** of the scheme has [paid out](#) over £2.6 million for a total of 740 claims. This has supported 2,730 jobs so far.

Since the start of the pandemic, the Panel has met regularly with the Chief Executive Officer and President of the Chamber of Commerce. The purpose of these meetings was to inform the Panel of any developments and/or views from the business perspective. In relation to phase 3 of the Co-funded Payroll Scheme, the Chamber explained that some employers were concerned as to the security of the scheme because the funding identified for December 2020 to March 2021 had yet to be approved within the [Government Plan](#) (2021 – 2024).

An additional revenue project has been included within the Plan which identified £11.3 million for phase 3 of the scheme. Funding will only be provided for phase 3 if it is approved by the States Assembly on 14th December, when the Plan is due for debate.

KEY FINDING 10: The Co-Funded Payroll Scheme was implemented to support businesses in phases 1, 2 and 3. The purpose of the scheme was to provide a package of financial support to businesses for the payment of wages. The funding identified for the implementation of phase 3 (£11.3 million) is subject to approval by the States Assembly in December 2020, which has created some financial concern amongst the business community.

- **COVID Related Emergency Support Scheme (CRESS)**

CRESS was first [announced](#) on 1st April and aimed to support registered workers who had been working in Jersey for less than five years but who had lost their full-time employment income because of COVID-19. The scheme ran from 1st April until 31st August.

The scheme provided weekly payments to cover basic costs:

- Single person received £150 a week
- Couples who have both lost their employment income receive £250 a week.
- A child supplement of £50 per child was also available

For those working in Jersey for less than six months, an amount of £70 per week per person was also made available.

A condition of the CRESS scheme was that applicants were available to support any voluntary, Government or community work required during the COVID-19 emergency. They were also required to undertake relevant job-seeking activities and take up any paid employment that became available.

The weekly economic indicator [report](#) for 5th – 11th October shows that the highest take-up of the scheme was on 17th May 2020 when 390 adults and 60 children were being supported. By the 6th September 2020, this had reduced to 90 adults and 20 children.

- **Business Disruption Loan Guarantee Scheme**

The Business Disruption Loan Guarantee [Scheme](#) went live on 1st April and created £50 million of new lending capacity, £40 million of which is guaranteed by Government. The scheme aims to help businesses seeking to access working capital loans to manage COVID-19 related disruption. It allows banks to extend financing to businesses that are viable but where the bank cannot lend on its normal commercial terms.

Businesses who qualify for the Scheme can borrow between £5,000 to £500,000. This is agreed between the business and their bank, which may be able to lend more outside of the Scheme.

The Scheme originally excluded businesses in certain sectors and all businesses with a turnover greater than £10 million. These restrictions were subsequently removed and on 15th May, the Scheme was expanded to allow all local businesses to apply, regardless of their sector and business activity.

As of 4th October 2020 around 55 loans had been approved under the Business Disruption Loan Guarantee Scheme; the total amount of loans [approved](#) was £3,226,700, of which £3,076,700 had been drawn down.

- **Special Situations Fund**

The Special Situations Fund of £50 million was announced on 18th March and was designed for larger businesses where they delivered public goods or were important to the recovery of the island post COVID-19. It is understood that applications could be made to the Government which would be considered on a case by case basis for grants, loans or equity interests over £1 million.

During a States [sitting](#) in May, the Minister for External Relations confirmed that the scheme had not progressed.

Jersey Business



As well as the support packages listed above, the Government also [provided](#) Jersey Business (an organisation which provides advice and support to businesses), with additional resources (up to £300,000) to enable them to set up a COVID-19 response package.

Individual businesses and sole traders were encouraged to speak to Jersey Business for advice about COVID-19 and the support packages made available by Government.

The Panel met the CEO of Jersey Business, Graeme Smith, on 8th April to discuss how the business community was coping in light of the pandemic. The CEO explained that Jersey Business had fielded many phone calls and queries since the beginning of the crisis and that there had been 14,500 new users on the website.

On 3rd April, via a video [interview](#), the CEO explained how the organisation had been supporting businesses through the pandemic. He explained that, as well as advising businesses on the various support packages, the organisation was discussing health and wellbeing; operational resilience and cash-flow management with their clients.

Submissions received in relation to the business support packages

During the review, the Panel received a number of submissions from various businesses and organisations on the support packages for businesses. Some of these asked specific questions about the technicalities of the various schemes whilst others commented on the timing and the criteria used in their implementation. The following quotes have been anonymised by the Panel because they were either sent directly to the Minister for Economic Development, Tourism, Sport and Culture with individual Panel members copied in or sent directly to individual Panel members in an independent capacity:

“

“Like so many other businesses we are seeing our revenues fall away and we estimate for April that we stand to lose two thirds of our income. We have no alternative but to lay off staff unless we receive support from the payroll co-funding scheme. I do not understand the blanket approach you have taken and why there has been no assistance or communication from the government. Some of what we do is essential to the islands infrastructure and we are doing our very best to keep the company going, but we need your help”.

“

“I just wanted to check if there had been any developments as I note the revised list [criteria related to Co-funded Payroll Scheme] still excludes recruitment agencies. Will there be some form of appeals process? Our situation has got worse over the course of the last week with clients now talking about withdrawing job offers and paying an amount to candidates so that they do not start their new role. Obviously a disaster for us, having done all the work and not able to invoice for anything. We have seen many vacancies disappear especially roles relating to real estate and business development.”

The Panel received the following [submission](#) from Jersey Finance, which provided its overall views on the Co-Funded Payroll Scheme and the Business Disruption Loan Guarantee Scheme:

“

Jersey Finance:

Our own member firms were not covered by the government payroll scheme, so we are not able to comment in detail, although the trade heads noted that smaller business owners not represented by - nor a member of - an industry body did find it harder to get in-depth details quickly of support packages, particularly around assisted lending and reimbursement of the wages co-funding (which could be difficult if they did not have spare cash flow to pay the wages first).

Recognising the constraints on government in offering support, the trade heads felt that the government rightly targeted provisions towards those most in need, and that the government did a good job in this respect. The industry recognised that politicians and civil servants, dealing with taxpayers money, were under considerable pressure to take action quickly whilst at the same time aware that all decisions would be reviewed in due course with the benefit of hindsight.

The government worked well with the clearing banks to introduce a guarantee scheme to support small businesses. The banking sector has responded with considerable forbearance measures introduced for both business and personal clients affected by the crisis.

KEY FINDING 11: Some businesses expressed concerns over the timing, technical nature or list of criteria of the support packages implemented by the Government, whilst others were supportive of the proposals put in place.

RECOMMENDATION 3: In terms of contingency planning for any further business support packages in the future, the Government of Jersey should use the Standard Industrial Classification (SIC) which is used to classify business establishments by the type of economic activity. This would ensure that any future business support measures are inclusive and justifiable.

11. COVID-19: Implications for the Economy

The lockdown measures introduced by the Government, although necessary, have impacted livelihoods, affected Islanders' mental and physical wellbeing, and limited their civil liberties. This section provides the Panel's initial findings on the impact to the economy.

Overview: business community

At the start of the pandemic, businesses were forced to re-think their working practices due to the measures introduced by Government. For many businesses, the financial impact of the pandemic, particularly at the start, was a major concern:



Jersey Hospitality Association

There is a high risk for mass unemployment during this crisis. Shared pain in this goes a long way, our industry is on the ground already and close to a mass ending of businesses. ([March 2020](#))



Recruitment and Executive Services Company

As many businesses have experienced, our pipeline of work has tragically been switched off and it has deteriorated significantly in the last 2 days, where some clients have now advised us that agreed start dates for candidates we presented to the client organisation are now being reviewed and moved on several months. This has a major impact on our cash-flow as we are only paid once an employee starts their new job and then there is a long potential refund period. (March 2020)



Seafaris

Jersey will not be the place that everyone knows and loves if tourism & hospitality businesses can't survive this pandemic. There will be limited restaurants, hotels, attractions, activities, there will be less routes to the island, & as a result high flight prices to travel to/from the island! ([June 2020](#))

During a States sitting, the Minister for Economic Development, Tourism, Sport and Culture was [asked](#) to identify those business sectors that were being adversely affected by the COVID-19 crisis:



Minister for Economic Development, Tourism, Sport and Culture:

All sectors of our economy have been disrupted by COVID-19 to either a greater or lesser extent. We have seen a very resilient financial and professional services sector through the early adoption and readiness for home working and our valued agricultural sector has been able to continue largely unabated but not without challenges. I assess the most affected sectors, based on impact and length of disruption, would be hotels, the hospitality sector, visitor attractions, wholesale and retail businesses, health, beauty and fitness.

KEY FINDING 12: The financial impact of the pandemic has been a major concern for some businesses. Businesses most affected by the pandemic are those which were required to close during the stay at home measures.

Business activity

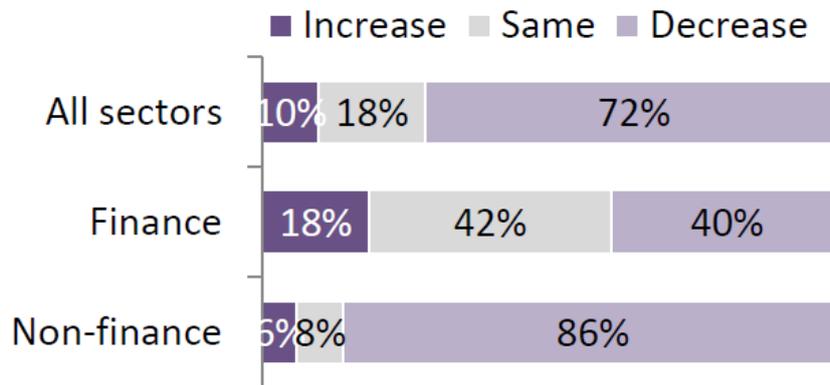
Statistics Jersey published the latest Business Tendency [Survey](#) in September 2020. It provides qualitative information about the Island's economy. The latest analysis shows that all-sector business activity was "slightly negative". The analysis also shows that the most commonly cited workforce measure taken in response to COVID-19 was to enrol in the Government's Co-Funded Payroll Scheme.



The graph below shows that in the June [analysis](#), an increase in business activity was reported by only 10% of businesses, compared with 72% that reported a decline. The remaining 18% of companies reported that business activity was unchanged (compared with the situation three months previously).

Figure 1.1 – Business activity, June 2020

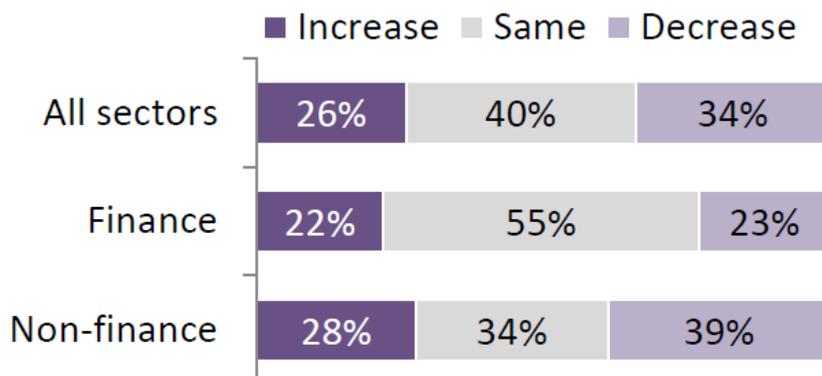
Compared with situation three months previously



The latest September analysis shows an increase in business activity was reported by 26% of businesses, compared with 34% that reported a decline. This shows that there has been an improvement compared to the figures reported in the June analysis.

Figure 1.1 – Business activity, September 2020

Compared with situation three months previously



KEY FINDING 13: Business activity improved in September compared to June where an increase in business activity was reported by only 10% of businesses. With the number of COVID-19 cases rising in Jersey, the Government may choose to implement restrictions which will have an impact on businesses. This impact may be seen in the next Business Tendency Survey which is due to be published in December 2020.

Implications by industry

The following sections provide an overview of the impact COVID-19 has had on a number of industries. The Panel has used publicly available information from a number of sources, as well as evidence collected during its review.

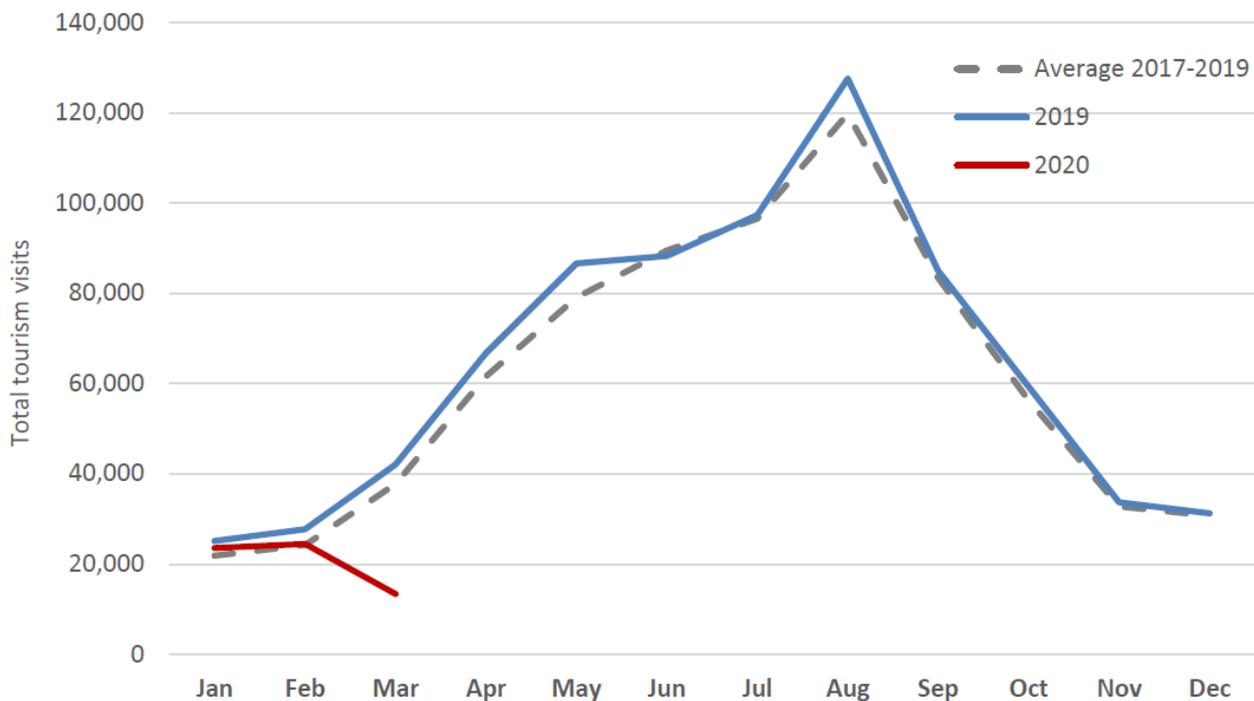
Travel and Tourism

The COVID-19 pandemic has had a significant impact on the travel and tourism sectors due to flights grounded, hotels closing, and travel restrictions put in place in almost all countries around the world. The airline FlyBE also entered into administration in early March, which impacted on many of Jersey’s regional air connections.

Commercial travel to Jersey ceased in late March. For the first three months of 2020 (Jan – March) the total number of tourism visits [decreased](#) by 35%. The [graph](#) below shows the number of tourism visits in March was lower than both January and February and the lowest monthly total seen over the past 4 years.

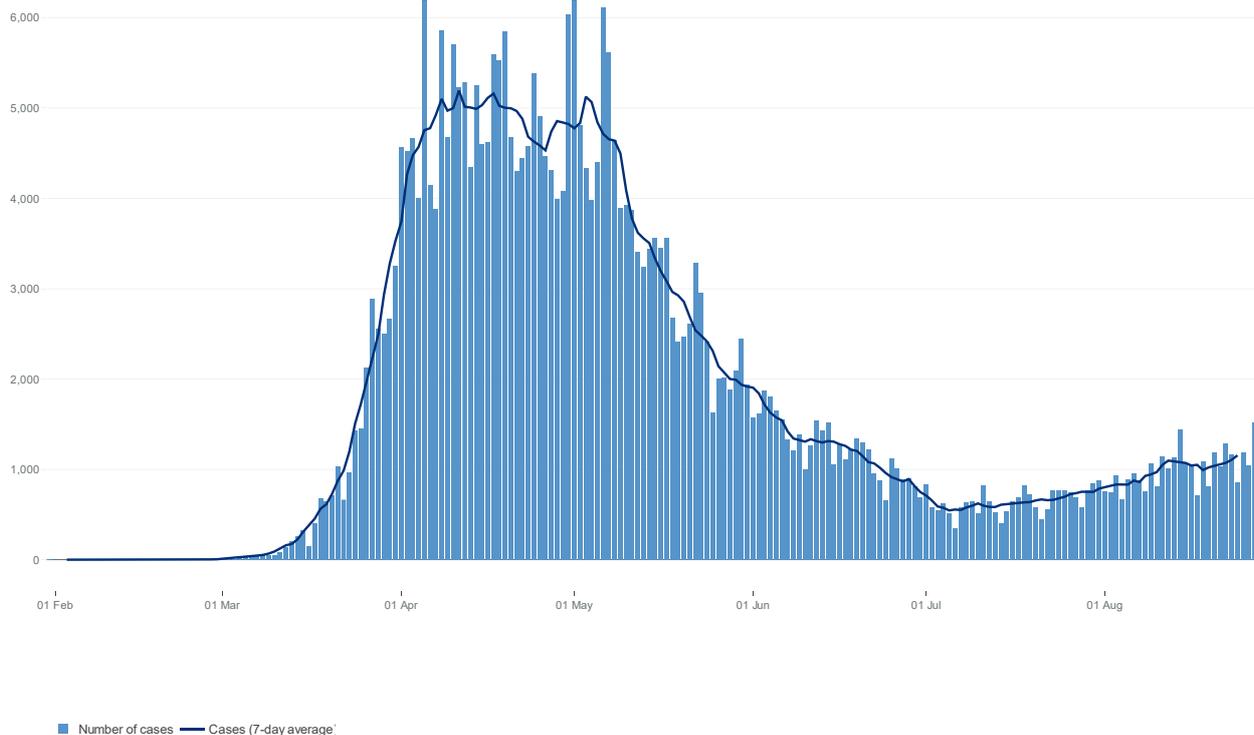
Number of tourism visits in Jersey, 2017 - 2020

Figure 2 – Tourism visits by month, 2017 – 2020



The decline in March is most likely due to the number of COVID-19 cases steadily increasing around the world during that time. In the UK, the [graph](#) below shows a surge in the number of COVID-19 cases from around the middle of March:

Number of people who tested positive for COVID-19 in the UK



During a Public [Hearing](#) on 15th May, the Minister for Economic Development, Tourism, Sport and Culture commented on the impact of COVID-19 on tourism:

The Minister for Economic Development, Tourism, Sport and Culture:

The tourism sector has been without doubt hit the hardest, not least because of the timing. This has come right at the beginning of the summer season where many of those businesses have made significant investments in their businesses [and] their properties.

The Panel held another Public [Hearing](#) with the Minister on 5th June, when the borders had not yet been reopened. The Panel asked the Minister for his priority areas and he explained that Visit Jersey would need to be supported due to the impact of COVID-19, particularly on visitor numbers:

The Minister for Economic Development, Tourism, Sport and Culture:

Of course Visit Jersey is another organisation that has been doing extremely good work of late. We have seen continuous increases in our visitor numbers in recent years. Of course this [COVID-19] has presented huge challenges for them so we are working closely with Visit Jersey and they are looking at how they might change and flex their marketing plans for how and when we come out of this. But I would like to see us provide with Visit Jersey, in particular, more financial support to help us get our visitor economy back up and running over the next couple of years. Some might think, well, if we have got less visitors we need to reduce the support but I think just on the contrary, we need to work really hard to make sure Jersey is at the forefront of people's minds when they start to think about going on holiday again. It is useful we are part of the Common Travel Area. I think as boundaries start to open up again that is going to be something we can really maximise the potential on.

Since the borders reopened, the Panel will be interested to see if Jersey's low number of COVID-19 cases had a positive effect on the number of tourists visiting Jersey between July and September.

The Panel contacted Visit Jersey who advised the normal Visitor Survey had been stopped when the lockdown measures were introduced.

The Panel asked the Minister for his views on this matter and he [explained](#) that businesses had started to see some recovery during July and August but the year to date positions are still poor:

The Minister for Economic Development, Tourism, Sport and Culture:

First of all, I would say I do not think any business has had a really good summer. I mean, most businesses have been in survival mode. They had a couple of good months, but really they were recuperating the serious losses that they had in April, May and June. Despite seeing some recovery in July and August if you look at their year-to-date positions they are still really poor and we are working closely with Jersey Business, Jersey Hospitality, the Chamber of Commerce, to understand exactly how that looks.

Further on in the Hearing, the Minister confirmed that an assessment would be made as to the income generated within tourism during the summer months, following the recommencement of travel to the island.

KEY FINDING 14: The COVID-19 pandemic has had a significant impact on the travel and tourism sectors due to flights grounded, hotels closing, and travel restrictions put in place in almost all countries around the world. Commercial travel to Jersey ceased in late March. For the first three months of 2020 (Jan – March) the total number of tourism visits decreased by 35%.

RECOMMENDATION 4: The Minister for Economic Development, Tourism, Sport and Culture is due to undertake an assessment of the income generated within tourism during the summer months since travel recommenced. The Minister should submit this assessment to the Panel before the Q1 2021.

Retail, Beauty and Hospitality

In order to try and reduce the spread of COVID-19, the Government of Jersey, and other Governments across the globe, implemented strict measures on social contact. The measures in Jersey were implemented through the Restricted Movement Orders made under the COVID-19 (Screening, Assessment and Isolation) (Jersey) [Regulations](#) 2020. These measures included steps to reduce social contact which meant that bars, restaurants, some shops, hotels, gyms and other leisure facilities were required to close.

The Public Health [Policy](#) for the Stay at Home Instruction explained that some businesses were able to open if they had been deemed “essential” to the safe running of the Island. This included food delivery and takeaway services and retail of food, beverages, household supplies and fuel (amongst others).

The Panel received the following submissions from various businesses during the height of the pandemic in Jersey:



JP Restaurants

....we will have significant challenges as an industry trading profitably with reduced capacity linked to social distancing.



Relish Delicatessen

I have no income coming into the business and am not able to pay anyone at the present time.....

Romerils

Rest assured that despite being an essential business which allows us to make some sales, we don't anticipate our turnover to be back above the 30% detriment threshold until at least the end of September¹².



The Beauty House

Staff expecting to have their full-time hours reinstated but we are reduced to 20% of our work and have no idea of the Safe exit plan so we are unable to plan ahead

KEY FINDING 15: In order to try and reduce the spread of COVID-19, the Government of Jersey implemented strict measures on social contact. These meant that bars, restaurants, some shops, hotels, gyms and other leisure facilities were required to close, which had a significant impact on those businesses' finances.

How many jobs were supported?

For the businesses that were required to close, some employers were able to apply for the Co-Funded Payroll Scheme which provided set payments towards their employees' wages. Phase 1 of the scheme closed on 10th May, phase 2 closed on 31st August and phase 3 of the scheme was implemented. Statistics obtained from the weekly economic indicators [report](#) shows that the following number of jobs were supported, through phase 2 of the scheme, within the retail, beauty and hospitality sectors:

- Wholesale and retail:
 - 2,770 jobs supported in April
 - 2,500 jobs supported in May
 - 1,800 jobs supported in June
 - 980 jobs supported in July

- Education, health and other services (private sector):
 - 2,500 jobs supported in April
 - 2,500 jobs supported in May
 - 2,340 jobs supported in June
 - 1,710 jobs supported in July

- Hotel, restaurants and bars:
 - 3,400 jobs supported in April
 - 3,310 jobs supported in May
 - 3,320 jobs supported in June
 - 2,790 jobs supported in July

Construction

The Public Health [Policy](#) Unit provided guidance on the 'stay at home' measures and included a list of businesses and premises that were instructed to remain closed during the lockdown period. In

¹² Romerils has since advised that the impact of Covid-19 was not as bad as first thought, and the nature of the business gave some resilience. For example, the continuation of business activity with the construction industry meant that Romerils continued to trade at normal levels within the outdoor living areas and decorating. *However, other areas of business were impacted as badly as forecasted.*

terms of the construction industry, the policy stated that construction sites could remain open and continue to operate until Friday 3rd April (whilst adhering to social distancing measures).

The policy was then revised, instructing sites to [close](#) from 4th April. Exceptions included only Category A construction sites which had received a new licence (i.e. permit) to continue to operate. Category A sites were considered essential, but other sites could apply for permits in order to continue operating. The permit scheme provided for the following categories:

- Category A: sites which provide critical national infrastructure and services which keep the Island's residents and environment safe and secure.
- Category B: sites and services which provide services to the public which can operate safely in accordance with the site operating procedures.
- Category C: all other sites and services which are currently operating and can operate safely in accordance with the site operating procedures.



The Minister for Health and Social Services lodged a proposition ([P.49/2020](#)) on the 17th April which set out the legal foundation of the permit scheme. At that time, the Panel presented a [Comments](#) paper which identified that permits had already been granted to 30 sites considered essential (Category A). Therefore, the Panel found that the permit scheme was introduced before the draft Regulations had been lodged and debated by the States Assembly, meaning that the permit scheme had no legal foundation in the early phase of the pandemic.

On 26th June, the guidance changed and construction activity no longer required a [permit](#), but businesses were encouraged to follow public health guidance.

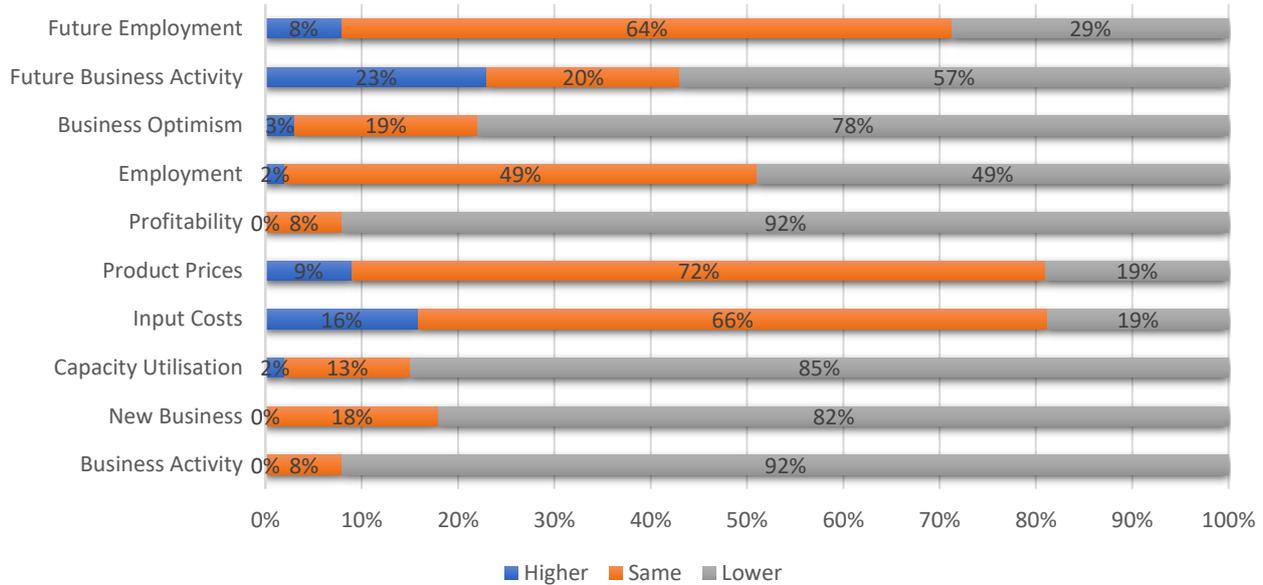
How many jobs were supported?

Statistics obtained from the weekly economic indicators [report](#) shows that the following number of jobs were supported within the construction industry, through the Co-Funded Payroll Scheme:

- | | |
|-------------------------------|-------------------------------|
| → Construction and quarrying: | 4,090 jobs supported in April |
| | 3,310 jobs supported in May |
| | 2,210 jobs supported in June |
| | 1,440 jobs supported in July |

The [graph](#) below shows that business activity within the industry decreased significantly in June compared to March 2020, possibly due to being governed by the need for a permit to continue to operate. Business optimism or confidence within the industry had also decreased by 78% compared to March 2020.

Construction industry indicators, comparing current situation (June 2020) to three months previously



The Panel received a written submission from the Construction Council which set out its comments on the response to the pandemic. The Construction Council explained that the early establishment of the Construction Industry Response [Team](#) had allowed timely and collaborative engagement between industry and Government, which enabled a number of key initiatives to be developed:

- A one-week extension to site closures upon the announcement of lockdown to permit an orderly, safe and controlled temporary mothballing of projects
- The development and introduction of the Permit to Work scheme allowing the phased and prioritised re-opening of sites, targeted at getting as many sites re-opened at the earliest safe opportunity.
- The Construction Council explained that this scheme was developed quickly and effectively with support from multiple Government departments and was a good example of what can be achieved with a common purpose and a collaborative evidenced based approach.
- Inclusion of the sector in Phase 2 of the Payroll Co-funding Scheme. Initially the sector was excluded on the basis that the limited site closure period resulting from the above Permit Scheme would mitigate the material detriment on businesses. This initial decision was overturned following extensive campaigning by the industry.

The Construction Council also commented that the Construction Industry Response Team lost momentum particularly as the industry resumed normal levels of business activity. As the COVID-19 response continues and moves into the recovery phase, the Panel believes that it will be important for the Government to maintain collaborative working relationships with industry to ensure that any initiatives implemented are relevant and include key stakeholder support.

The Panel raised this issue during a Public Hearing with the Minister for Economic Development, Tourism, Sport and Culture. The Group Director of the Economy [explained](#) that the Government of Jersey had established a wide range of COVID-19 response groups:

Group Director, Economy:

There are a wide range of COVID response groups that include a range of sectors. Construction is one. There is a specific COVID response hospitality group. We have been talking to agriculturists, we have been talking to fishermen around how we help them through the crisis, and we have been working very closely with Jersey Business and the Chamber of Commerce, who have been helping us manage feedback into Government about the impact of COVID but also how businesses support the Government in the public health programme and initiatives as well. There is a very broad range of activity, the most recent being retailer engagement with the head of Public Health and economy colleagues really looking at the implications of forward-looking, the implications structurally and financially of what public health measures coming down the track will mean for things like retail. There is an incredible amount of work going on in partnership with representative bodies and individual businesses as well. Not all of them are led by Government. Some of them are led by the sectors themselves, but I think it is fair to say that there is an awful lot of engagement going on at the moment.

There appears to be a disconnect between sector specific industries and the Government regarding collaborative working. The Panel believes that these matters should be resolved as soon as possible, particularly as the winter period sets in and further engagement with industries is likely in relation to the implementation of further restrictive measures.

KEY FINDING 16: At the beginning of the pandemic, the construction industry was able to continue operating. The advice for the industry changed at fast pace, and a permit scheme was introduced in order for specific sites to reopen. The Panel found that permits had already been granted to 30 sites considered essential, even though there was no legal foundation for the scheme at the time.

KEY FINDING 17: The Panel received positive feedback from the Construction Council on the establishment of a Construction Industry Response Team, which had enabled collaborative engagement between industry and Government, particularly during the response phase of the pandemic. However, the Construction Council also commented that the Construction Industry Response Team lost momentum particularly as the industry resumed normal levels of business activity.

RECOMMENDATION 5: As work continues on the response phase of the pandemic and key initiatives are implemented as part of the recovery work, the Government of Jersey should establish and/or maintain response/recovery teams with industry representatives. These teams would bridge any gaps between industry and Government and would establish collaborative engagement and an evidence-based approach.

Finance

The Public Health [Policy](#) for the stay at home measures explained that work should be undertaken from home whenever possible, but people engaged in work deemed “essential” were permitted to travel to and from their place of work when necessary. “General Financial Services” were included in the list of essential work, so the industry could continue operating throughout the stay at home

measures. [Views](#) from Jersey Finance were that the industry remains in a strong position. This was largely due to businesses already having Business Continuity Plans in place should their premises become inaccessible. This facilitated more home and remote working in order to keep businesses running:

Jersey Finance

It is a JFSC requirement that regulated entities have in place a Business Continuity Plan to deal with major incidents which render their principal place of work inaccessible. In addition, many firms have invested heavily in technology to facilitate more 'working from home' (WFH). Because of the international nature of much of our business many firms have developed great 'portable' systems to maximise the efficiency of their teams as they travel. These factors combined to ensure that the industry was very resilient during the crisis continuing to support clients globally. There were of course a small number of firms who may not have been as well prepared as others and few plans would have anticipated the extent of the lockdown which transpired but the key preparations, coupled with good leadership, excellent staff commitment and the island's infrastructure ensured the industry remains in a strong position.

How many jobs were supported?

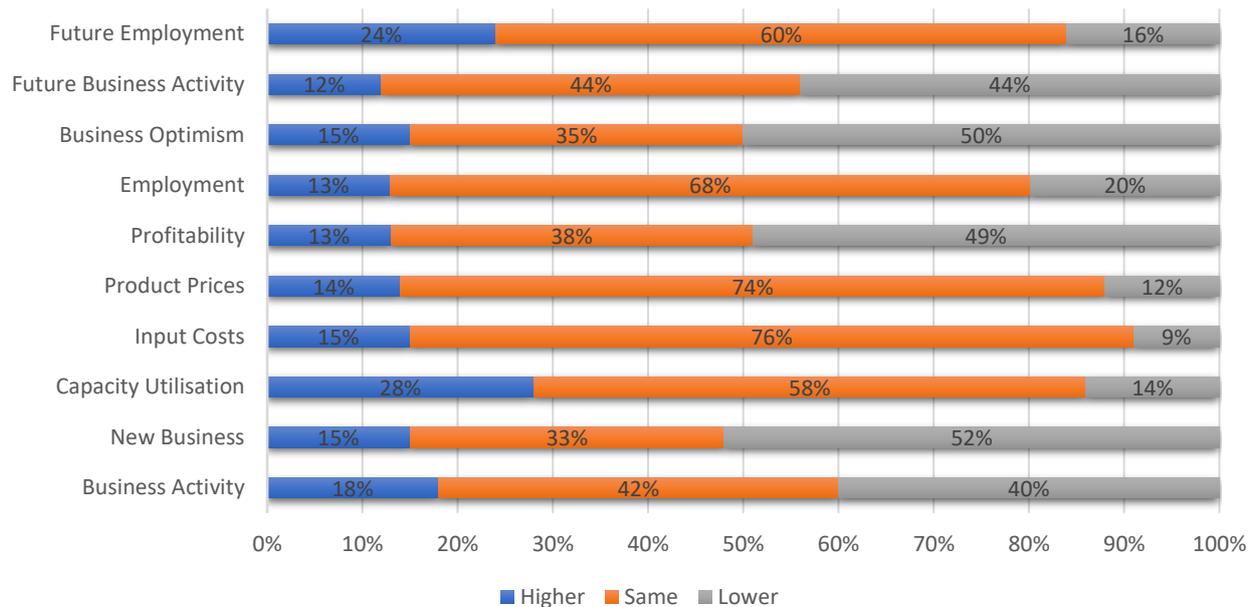
Statistics obtained from the weekly economic indicators [report](#) shows that a small number of jobs were supported within the finance sector, through the Co-Funded Payroll Scheme:

→ Financial and legal activities:	130 jobs supported in April
	150 jobs supported in May
	130 jobs supported in June
	90 jobs supported in July

KEY FINDING 18: Under the Public Health Policy for the stay at home measures, the finance industry was deemed essential, which meant that the sector could remain active. This facilitated more home and remote working in order to operate safely. Should Jersey move back into the stay at home measures implemented earlier in the year, it is likely that most business within the finance industry would be well equipped to continue their business activities.

The [graph](#) below shows that business activity within the finance sector largely remained the same or increased slightly in June compared to March 2020. This could be in part, because of the Business Continuity Plans, required by the Jersey Financial Service Commission, which facilitated home and remote working in order to keep businesses active. Some businesses within the industry reported a decrease in business activity in June compared to March 2020:

Finance sector indicators, comparing current situation (June 2020) with three months previously



Agriculture and Fisheries

The Public Health [Policy](#) identified that “fishing, farming and farm work” were included in the list of essential work so the industries could continue operating throughout the stay at home measures. To ensure safe practice across the industry to reduce the spread of COVID-19, the Government released specific [guidelines](#) for the industry which included:

- The creation of household work teams
- Teams isolated from other teams
- Household work teams share accommodation
- Food and essentials are delivered to households
- Reduction in the number of transport vehicles

The Panel received a submission from the Jersey Famers’ Union, which commented that the agriculture industry was pleased that the Government classed workers within the industry as essential. The JFU went on to say:

Jersey Farmers’ Union:



The Jersey Farmers Union was contacted this week (w/c 12 October) by the Contact Tracing Centre following the arrival of some workers who tested positive. We are doing our best to be a liaison between the industry and the Contact Tracing Centre. Concern has been expressed by some growers who have staff who arrived on the same transport that they have not been notified that their staff may have been in contact with positive cases so that they can ensure the relevant worker(s) are kept in isolation and get additional tests as required.

Looking to the near future, the pandemic has cause delays in the visa application process for bringing in non-EU workers. This is caused by lockdown in the workers’

home country. We are having to start the recruitment process for new workers much earlier than previously in order to ensure they arrive when needed.

We have written to Dr Muscat to ask for his advice regarding the next big influx of workers which is usually in January when staff are brought in for the planning of the potato crop. As an industry we would like to reduce the risk of importing the virus into the Island as much as is reasonably possible, We have asked Dr Muscat if he or one of his colleagues could look at our ideas and give us any advice that would help.

The Panel reiterates its point made in the Construction Industry section of this report, of the importance of Government working collaboratively with industry representatives.

How many jobs were supported?

Statistics obtained from the weekly economic indicators [report](#) shows that the following number of jobs were supported within the agriculture and fishing industries, through the Co-Funded Payroll Scheme:

→ Agriculture and fishing:

160 jobs supported in April

160 jobs supported in May

120 jobs supported in June

110 jobs supported in July

Although the industry was able to continue operating, the Government [recognised](#) that Jersey's fishing fleet had been impacted by the economic consequences of the pandemic. The closure of hotels and restaurants in Jersey and in European markets had reduced the demand for fish adding additional strain on the industry. Prior to the pandemic, bad weather and Brexit uncertainty had already affected fishing businesses.

In response, the Minister for Treasury and Resources signed a Ministerial [Decision](#) which put in place tailored support for fisheries. The Fisheries Support Scheme ran from June to July and provided grants linked to the size of a fishing vessel. The Minister approved the allocation of up to £233,400 in 2020 from the General Reserve to fund the Scheme.

The Panel received a submission from the Jersey Fishermen's Association which provided its concerns about the timing and scope of the support scheme:

Jersey Fishermen's Association:

Over a period of months we regularly received assurances that support was forthcoming, though in practice the funding had not been signed off. Fishermen may have been able to tap into the

more generic income support funds, to help pay bills and feed their family, but most did not

as we, as an organisation, were advising that directed assistance was forthcoming.

Minister for the Environment

“Jersey’s fishermen are having a tough time, not only because of the impact of Covid-19 but also because of the uncertainty created by Brexit, and this scheme is intended to provide some short-term relief to enable them to continue”.

Around early June we received news that the funding, based not on our proposals, but a reflection of the UK scheme had been signed off by COM. That unfortunately direct some quite generous funding to the 2 specific (over 15m) vessels, but left the major part of the fleet of smaller vessels with minimal support, in fact almost nothing for under 7 m vessels

Bizarrely we then, from the time the support scheme was announced as having been approved, could not get any clarity on the mechanism to be used, the details or timescales and it was at least another 3 or 4 weeks before the funds were released. Jersey was the last jurisdiction in the western world, to our knowledge, to have provided support to the fleet.

Whilst fishermen are and certainly were grateful for the support, it was only grace of the efforts of someone previously not connected to the industry, who set up “Jersey Alternative Fish market” through social media, effectively linking consumers directly with catchers in real time, that saved the fleet from bankruptcy. That social media platform, which is still functioning well, simply helped fishermen effectively tread water and avoid bankruptcy.

It is understood that the Government is continuing to consider the medium and long-term sector specific support packages although no details have been released. The Government of Jersey anticipates that it will be in a better position to respond with appropriately resourced and sector specific support packages in the future, should the COVID-19 pandemic cause further disruption to Jersey’s fishing fleet.

KEY FINDING 19: Although the fishing and agriculture sector was able to continue operating under the Public Health Policy, the fishing industry was the most impacted. This was primarily due to the closure of hotels and restaurants in Jersey and in European markets which had reduced the demand for fish. In response, the Government introduced a Fisheries Support Scheme which provided grants linked to the size of fishing vessels, however concerns were raised on the timing and scope of the scheme by the Jersey Fishermen’s Association.

12. COVID-19: Impact on employment

The weekly economic indicator report produced by Statistics Jersey provides statistics on various areas including those registered as Actively Seeking Work (ASW), income support and the schemes implemented by Government to support businesses through the COVID-19 pandemic. The [graph](#) below shows that those actively seeking work rose substantially during April – July 2020:

Figure 1 – Number of registered ASW excluding CRESS claimants, January 2014 – 16 August 2020



This rise in those ASW during April – July is likely to be due to the introduction of Level 4 of the Safe Exit Strategy, which was implemented on the 30th March and meant that islanders were instructed to stay at home for a period of about 6 weeks, leading to the temporary closure of many businesses.

The last industry of employment was [recorded](#) for around nine out of ten people (92%) registered as ASW. On 11th October 2020:



→ 20% were previously employed in 'Miscellaneous professional & Domestic services'



→ 18% were previously employed in 'Retail and Wholesale, Motor repairs and sales'



→ 15% were previously employed in 'Banking, Miscellaneous Insurance, Finance and Business'



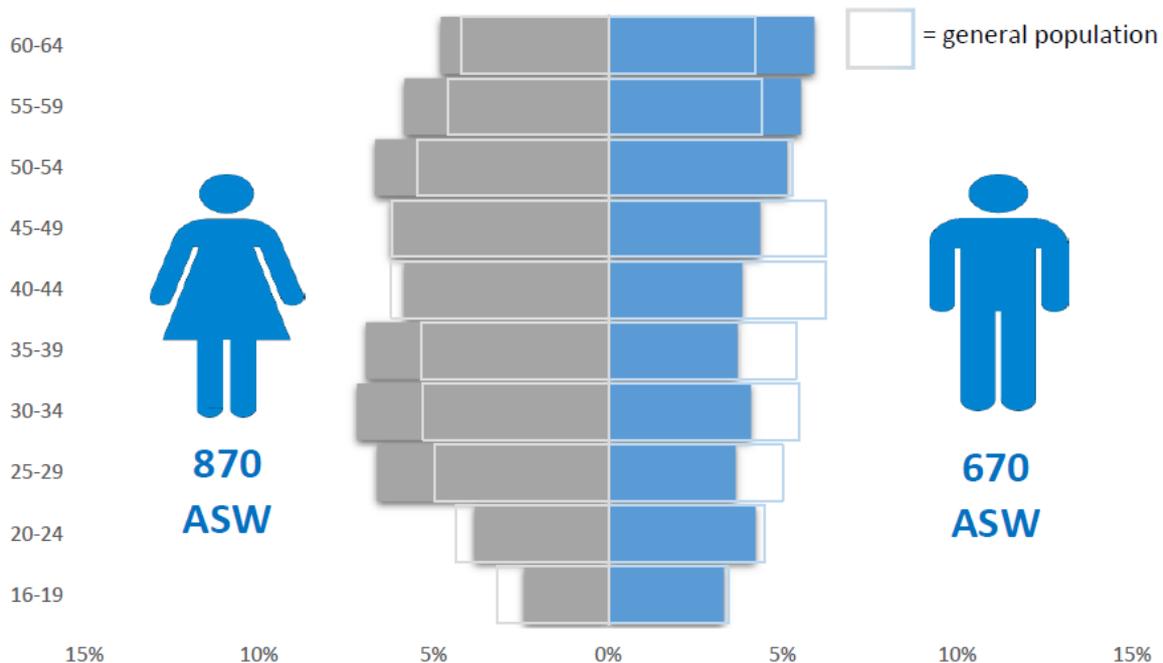
→ 14% were previously employed in 'Hotels, restaurants, pubs and clubs'



→ 8% were previously employed in 'Construction and allied trades, mining and quarrying'

Inequalities as a consequence of the pandemic

It is interesting to note that more females than males were registered as actively seeking work as of 11th October:



According to the World Economic [Forum](#), the economic effects of COVID-19 may be worse for women due to a number of factors including:

- Women comprise the majority of health and social care workers and are on the front lines of the fight against COVID-19.
- Mass school closures have particularly affected women because they still bear much of the responsibility for childcare.
- Women already do three-times as much unpaid care work than men – and caring for relatives with the virus adds to the burden.

The Census 2011 shows¹³ that more women than men are employed in the industries hit hardest by the pandemic, such as hospitality, travel, education and retail. Specifically, men accounted for 94% of those employed in skilled trades and 66% of managers, directors and senior officials. In contrast, women accounted for 83% of those employed in caring, leisure and other service occupations and 78% in administrative and secretarial occupations.

When the Panel held a Public [Hearing](#) with the Minister for Economic Development, Tourism, Sport and Culture, it asked whether the future recovery work would address the inequalities emerging as a consequence of the pandemic:

The Minister for Economic Development, Tourism, Sport and Culture:

I am not sure that we have received any official statistics about those inequalities. There might be some unofficial sources that are claiming inequalities, but I am not sure if there are

¹³ [Census 2011](#) - Figure 4.3, page 30

any that we fully understand as yet. What we tried to do with our fiscal support programme and packages is support as many jobs as we can through every business. The support we have provided has been very inclusive. I know that does not deal with perhaps how we might deal with any inequalities that emerge but, as I have said, I believe there is no official data on that as yet.

Deputy K.F. Morel:

In that case, I have to ask, will you be seeking to collect that sort of data? To be honest, the data on male versus female job losses is there. I can also say that pretty much there is data about age as well. You do not even need specific data to know that younger people are being impacted economically because they are the ones who will not have the job prospects. Will you be trying to create policy measures that target these inequalities?

The Minister for Economic Development, Tourism, Sport and Culture:

To be honest, at the moment the answer to that is that we have not considered that. That has not been suggested in any economic advice, but I will certainly now, as you have brought it up, raise the issue and look at how we might help deal with any of those issues as they emerge.

The Panel believes that it will be important for Government to collect this type of economic data, not only during the recovery phase of the pandemic but for the economic framework more widely. Only then can targeted policy measures be put in place to address these types of economic inequalities.

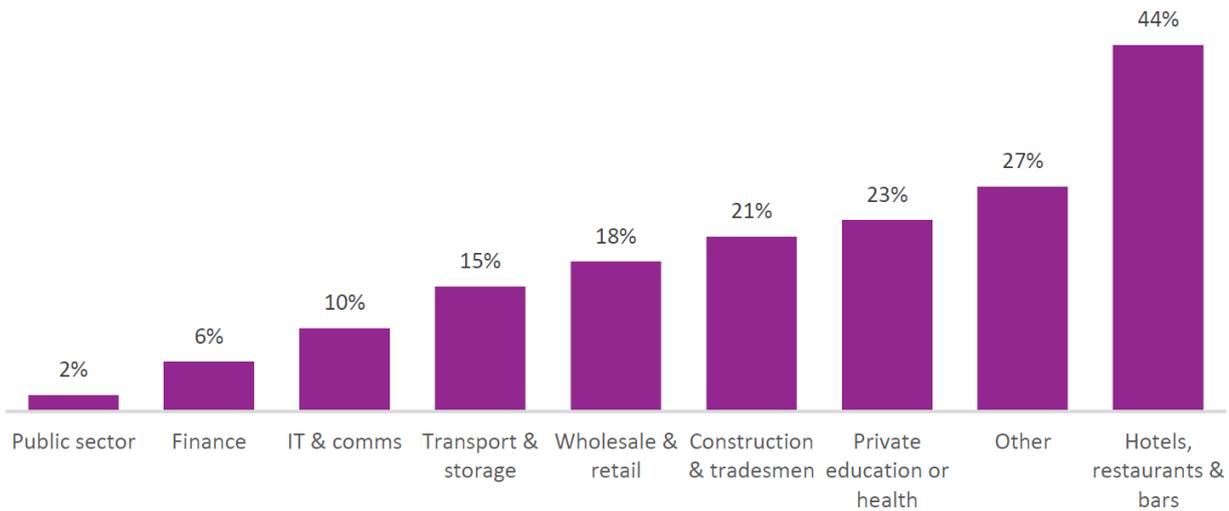
KEY FINDING 20: Those Activity Seeking Work in Jersey rose substantially during April to July which is mostly likely due to the implementation of the Level 4 stay at home measures. More females than males are looking for work which may be due to the fact that a higher proportion of women than men work in the sectors hit hardest by the pandemic such as hospitality, travel, education and retail.

RECOMMENDATION 6: The Minister for Economic Development, Tourism, Sport and Culture should facilitate the collection of economic data relating to the inequalities emerging as a consequence of the pandemic. This data should be used to inform policy making in relation to the recovery work, and also more widely in relation to the Economic Framework. The Panel should be provided with an update on this work before Q3 2021.

Income

The Jersey Opinions and Lifestyle [Survey](#) was published on 3rd September and focussed its 2020 survey on COVID-19. The graph below shows the proportion of adults who experienced a decrease in pay due to COVID-19, by industry:

Proportion of adults who experienced a decrease in pay due to COVID-19, by industry



The graph shows that 44% of adults employed in hotels, restaurants and bars reported a decrease in pay, compared to 2% of those working in the public sector. This is likely due to hotels, restaurants and bars closing during the Level 4 of the Safe Exit Strategy (lockdown).

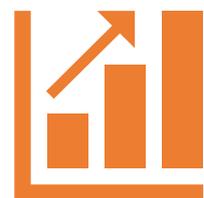
KEY FINDING 21: In September, 44% of adults employed in hotels, restaurants and bars reported a decrease in pay. This is likely due to the implementation of the Level 4 stay at home measures which required hotels, restaurants and bars to close.

Income Support

Figures obtained from the weekly economic indicators [report](#) shows that more people in Jersey are relying on income support in 2020 compared to 2019. Income support is available to individuals who:

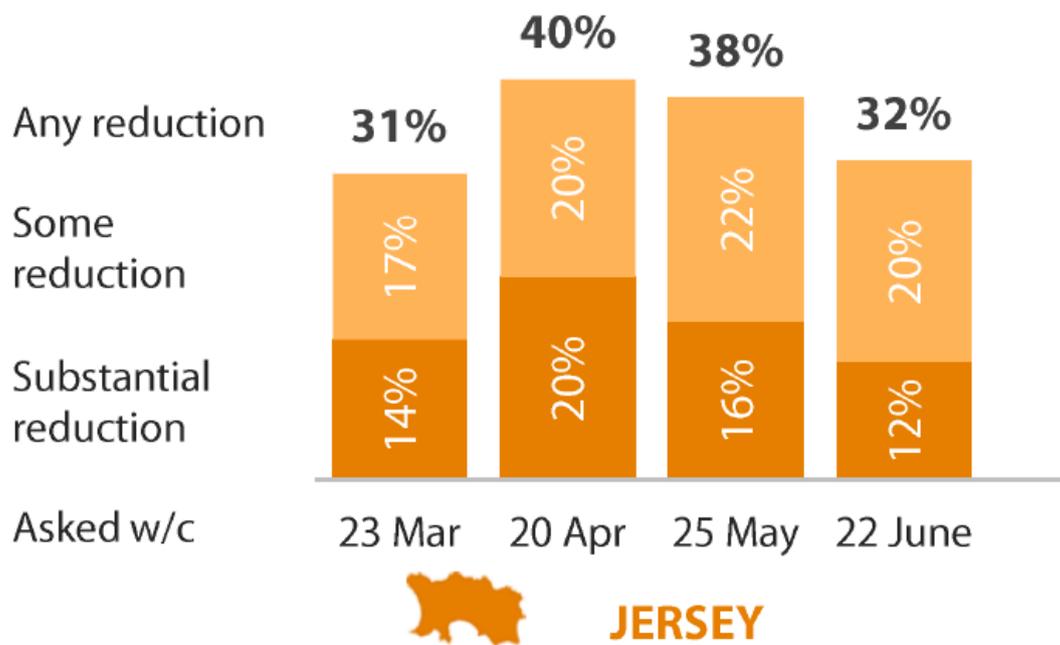
- have a low household income,
- pass the Income Support residence test and are working,
- looking for work or exempt from looking for work.

The benefit provides financial support towards the costs of housing, living, health needs and childcare. On 16th [August](#) 2020 there were 6,290 active Income Support claims which supported 8,100 adults and 3,190 children. Compared with the closest available date a year earlier (31 August 2019), the latest number of claims was 690 higher, the number of adults supported was 980 higher and the total number of children supported was 120 higher¹⁴. This shows that COVID-19 has impacted household incomes in Jersey.



The figures from August correlate with a survey undertaken by Island Global [Research](#) who asked respondents in Jersey whether COVID-19 has had a direct impact on their household income. The graph below shows the percentage of respondents who reported a reduction in household income in the weeks 23rd March, 20th April, 25th May and 22nd June:

¹⁴ Since individuals claim on a household basis, multiple individuals may be supported by a single claim.



The number of those reporting a reduction in their household income was higher in April and May, which may be because lockdown measures (Level 4) were introduced from 30th March – 11th May.

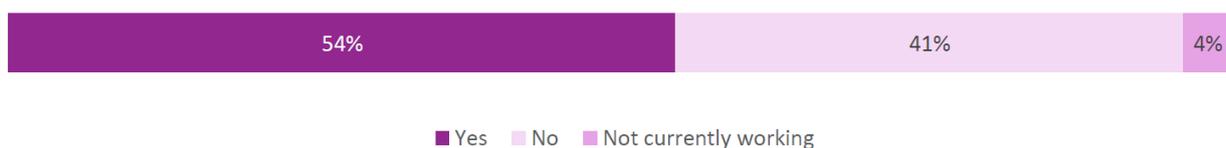
KEY FINDING 22: The number of people claiming income support was 690 higher in August 2020 compared with August 2019. This shows that COVID-19 has had a negative impact on household incomes in Jersey.

Working from home

The measures introduced in response to COVID-19 have changed Jersey’s workforce. Working from home became the “new normal”, particularly when Level 4 lockdown measures were introduced. The Jersey Opinions and Lifestyle [Survey](#) shows that over half (54%) of employed adults were working from home at least some of the time:

Work from home

Figure 1.2 Proportion of working adults who were working from home (at least some of the time)



Some businesses in Jersey are continuing with their remote working practices, even though Level 1 of the Safe Exit Framework enables employees to return to the office. The Chair of the Institute of Directors [wrote](#) to the Panel in April explaining that many of its members had introduced remote working measures:



Institute of Directors:

As difficult and uncertain as this new era is for everyone, it has been very encouraging to see and hear the speed and efficiency with which I had heard many

of our IoD Jersey Members have implemented business continuity schemes and remote-working solutions for all of their staff.

In a letter to the Chief Minister, the Institute of Directors commented that new ways of working should result in investment in the digital sector:



Institute of Directors:

...investing in our digital sector for instance is critical and is a must. From big multi-nationals to the self-employed, most of us have had to embrace new ways of doing things over the last few weeks. The changes we have experienced have opened the door on more flexible, and for many, beneficial ways of working. For the individual, the work/life balance has changed whilst businesses have also learned new ways to access skills and other resources. It is also a win-win for the environment too.



Although remote working will have environmental benefits, the Panel will expect to see an analysis by the Government to assess the economic impact of a working-from-home economy.

KEY FINDING 23: The measures introduced in response to COVID-19 have changed Jersey's workforce. Working from home became the "new normal", particularly when Level 4 of the stay at home measures were introduced. Statistics show that over half (54%) of employed adults were working from home at least some of the time.

RECOMMENDATION 7: Although remote working will have environmental benefits, the Minister for Economic Development, Tourism, Sport and Culture should ensure that an economic analysis is undertaken in order to assess the economic impact of a working-from-home economy. This should be undertaken before Q3 2021.

Impact on supply chain

In March, the Fiscal Policy Panel [identified](#) that there had not yet been any significant disruption to supply chains as a result of COVID-19. The FPP recognised that there had been some shortages in retail outlets, but this was attributed mostly to panic-buying of non-perishables and specific items to combat the virus (e.g. hand sanitiser). As most of Jersey's goods come from or through the UK, the FPP predicted that there would likely be some disruption to either the production or transport of goods.

On 18th March, the Government [reported](#) that critical work had taken place with the Island's logistics providers in order to create additional resilience in Jersey's supply chain. The Minister for Economic Development, Tourism, Sport and Culture explained that Condor had made improvements to Jersey's freight capacity. This included Condor offering a [freight only](#) service on one of its passenger ferries which had increased capacity in addition to one of its existing freight only services.

Although the disruption to the supply chain was minimal in Jersey in the early stages of the pandemic, the Fiscal Policy Panel [explained](#) that global trade has been severely impacted by COVID-19:



Fiscal Policy Panel

Global trade has been severely impacted by the coronavirus pandemic, with supply chains disrupted and significant reductions in demand. The World Trade Organisation (WTO) estimates that trade fell by 18.5 per cent in the second quarter compared to a year earlier. The WTO suggests that a quick recovery in world trade is not guaranteed, and will depend on fiscal, monetary and trade policies continuing to be supportive.

During a States Assembly [sitting](#) the Chief Minister explained that work had already been undertaken on the continuity of the supply chain through preparing for Brexit:



Chief Minister:

...we have been preparing for a Brexit day one no deal for the past 4 years and, therefore, although this is a different challenge, it is of the same type of challenge and, therefore, there have been plans being put in place for quite a long time around things like continuity of supplies and those types of areas.

When the Panel held a Public Hearing with the Minister for Economic Development, Tourism, Sport and Culture, the Group Director of the Economy elaborated further on the contingency plans in relation to the supply chain:



Group Director, Economy:

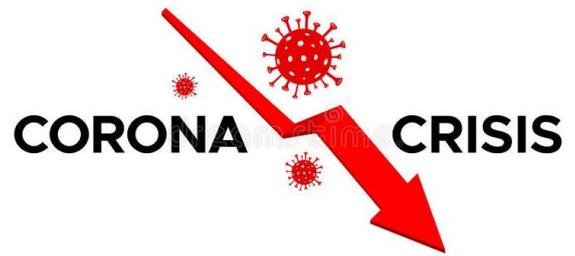
We have established a supply chain contingency and security group that meets on a weekly basis and for the first time we have got a consolidated contingency plan and risk assessment. To answer your question specifically, because we have been round the buoy a few times in terms of a potential day one no deal, we have been able to polish previous contingency measures to the extent that we are quite comfortable with the current position with the supply chain, not just in terms of things like domestic food supplies and medicines but also in the context of the infrastructure, the situation with Condor, the contingency that they have got in the U.K. Also we are quite well plugged into the U.K. Government in terms of horizon scanning, particularly around imports coming in through the short strait and particularly around things like traffic disruption in or around the ports that serve the Island. I think we feel at this stage that we are on top of this.

Brexit comes under the remit of a Brexit Review Panel, which will be examining the impact on the supply chain going forward.

KEY FINDING 24: The impact of COVID-19 on global trade could affect Jersey over the next few months, particularly as the transition period for Brexit ends in December 2020. The Government of Jersey has given its assurances that contingency plans are in place and have been since preparations for Brexit commenced.

13. COVID-19: Recovery

COVID-19 has caused significant disruption to Jersey's economy and its public finances. The Income Forecasting [Group](#) has reduced its spring forecast for total States income in 2020 by £106 million (12.1%). Although the duration and extent of the outbreak is uncertain, it is anticipated that recovering economically from the pandemic will take some time.



This section provides an overview of the governance structure for economic recovery; the Government's initial approach to the economic challenges presented by COVID-19 and the next Government Plan, which details the economic recovery proposals.

KEY FINDING 25: The COVID-19 pandemic has caused significant disruption to Jersey's economy and its public finances. The Income Forecasting Group has reduced its spring forecast for total States' income in 2020 by £106 million (12.1%). Although the duration and extent of the outbreak is uncertain, it is anticipated that recovering economically from the pandemic will take some time.

Recovery Plan: Respond, Recover and Renew

As part of the Government's recovery plan, it has introduced a COVID-19 Respond, Recover and Renew strategy:

Respond: Prioritisation of financial support to households and businesses through a range of measures.

Recover: Consideration of timely, targeted and temporary fiscal stimulus measures should be introduced to boost the economy.

Renew: The requirement for a more inclusive and sustainable growth agenda.

The Government has already implemented the **Respond** measures through providing a range of support packages to individuals, households, and businesses. As the Safe Exit Framework was implemented, the Government's focus has moved to the **Recovery** stage in order to develop a fiscal stimulus programme to offset the economic challenges brought on by the pandemic. The **Renew** part of the Government's economic well-being strategy will be to "*horizon scan the Island's economic opportunities and to establish a base for an inclusive recovery that benefits all Islanders*".¹⁵

The economic recovery phase is being co-ordinated by an Economic Recovery Political Oversight Group (POG) which was established in [April](#). This Group provides governance and oversight over the Government's approach to the economy (Respond, Recover and Renew) and comprises a number of Ministers, Government Officials and external stakeholders. The work of the Economic Council, mentioned earlier on in the report, is fed into the work of the POG.

¹⁵ 6-month progress [review](#): Government Plan 2020 - 2023

Government (Recovery) Plan 2021 - 24

Part of the Government’s “Respond, Recover and Renew” strategy has included incorporating economic recovery proposals in the next Government [Plan](#) (2021 – 2024). The plan was lodged on 13th October and is due to be debated in December 2020. The Panel will be undertaking a separate review of the individual projects within the Government Plan, but there will be a degree of crossover with this and any future work on COVID-19 recovery.

The Government Plan explains that the effects of COVID-19 on the Government’s income and expenditure is estimated at £255 million during 2020, with a further £87 million of costs anticipated during 2021. These assumptions have been based on Jersey remaining at level 1 of the Safe Exit Strategy and that schemes such as the Co-Funded Payroll Scheme continue throughout 2020/2021, albeit on a reducing level.

The Government Plan provides for a COVID-19 programme which identifies the proposed spend for individual projects for the years 2021 – 2024:

Covid Programme	2021 Allocation (£000)	2022 Allocation (£000)	2023 Allocation (£000)	2024 Allocation (£000)
Covid-19 Nightingale Field Hospital	8,380	0	0	0
Covid-19 Payroll Co-Funding Phase III	11,300	0	0	0
Covid-19 Revolving Credit Facility	3,746	7,136	8,730	7,803
Covid-19 - Other	4,475	2,205	1,220	250
Economic Recovery	15,500	12,000	12,000	0
Covid-19 Income Support Costs	7,498	5,249	3,692	4,549
Covid-19 Schools catch-up programme	904	0	0	0
Covid-19 Test & Tracing Programme 2	30,000	0	0	0
Covid-19 Vaccine	5,474	0	0	0
Grand Total	87,277	26,590	25,642	12,602

Table 6 - Profile of COVID-19 proposed spend

The COVID-19 programme will be reviewed as part of Scrutiny’s overarching review of the Government Plan, which involves all Panels.

Fiscal Stimulus Fund

The Minister for Treasury and Resources lodged a [proposition](#) (P.128/2020) on 6th October to establish and fund a Fiscal Stimulus Fund. The proposition was debated and passed on 17th November. It asked the States Assembly to approve financing of £50 million to establish the Fund in order to support the economy by financing projects to generate business activity and support local employment. Funding the Fiscal Stimulus package will use the Revolving Credit Facility entered into by the Minister under a Ministerial Decision.

The Council of Ministers has already approved a number of fiscal stimulus measures including direct payments of £100 to low income households (£1.3 million) and £100 Spend Local Cards for all adults and children (£12 million) which were introduced in July and September 2020 to encourage people to spend locally. On 29th October, it was reported that the cards had pushed £9 million into the economy.

The Fiscal Stimulus Fund will invite States Bodies, arm’s length organisations and not-for profit organisations, through a sponsoring States Body, to bid for funding for projects designed to stimulate the economy. Projects must be no more than £5 million in total and have a final completion date of

no later than December 2021. A Fiscal Stimulus Oversight Group will be set up to oversee the programme.

The proposition explains that for any final decision to be made where funding should be allocated, applicants will be required to develop business cases which must demonstrate how projects can satisfy the 3Ts i.e. Timely, Targeted and Temporary. The Panel notes that an aspect of “Targeted” relates to the capacity in the economy and the sectors within it to absorb stimulus without higher inflation. In sectors where demand is low, fiscal stimulus can promote output and employment. In sectors where output is close to full capacity, stimulus will likely have high “deadweight” costs and may also prompt high inflation.

The Panel received a briefing on the Fiscal Stimulus Fund proposition on 28th September and was concerned about the lack of framework for deciding upon projects. Although the proposition mentions that the effect on inflation will be taken into account, projects relating to some sectors which have not been hit as hard by the pandemic, such as construction, will inevitably feed into inflation.

Given that more females than males are actively seeking work, the Panel would also like to see the issue of gender being incorporated in terms of the likely recipient projects of stimulus funding. In that regard, an amendment accepted by the Assembly will ensure that an assessment of any project impacts on gender will be undertaken.

KEY FINDING 26: On 17th November, the States Assembly supported the approval of £50 million to establish and finance a Fiscal Stimulus Fund. The fund will be used to support the economy including projects to generate business activity and support local employment. Although the proposition mentions that the effect on inflation will be taken into account, projects relating to some sectors which have not been hit as hard by the pandemic, such as construction, will inevitably feed into inflation.

RECOMMENDATION 8: Given that more females than males are actively seeking work, the issue of gender should be incorporated into the decision-making process for projects requiring fiscal stimulus funding. An assessment of any project impacts on gender should be undertaken as part of the process.

14. Conclusion

The global COVID-19 pandemic has meant that the Government of Jersey has had to deal with two emergencies – the health of islanders and the challenges to the economy. As the Panel’s remit covers economic and international affairs, it has focussed its review on the economy and the impact the pandemic has had on the business community.

This report has focussed on the Government’s initial response to the pandemic within a time period of March through to October 2020. The Panel will now work with its expert advisor, looking at the recovery work undertaken by the Government and its “Respond, Recover and Renew” strategy underpinning some of the economic recovery proposals contained within the next Government Plan (2021 – 2024).

The Panel is satisfied that the Government sought to move quickly to respond to the economic challenges presented by the pandemic. There is little or no doubt that many more businesses would have failed had the Government not provided the range of business support packages that it did. The Co-Funded Payroll Scheme has played a particularly important role in offering a lifeline to businesses and maintaining a high level of support within the economy.

Whilst it is acknowledged that all things are easier with hindsight, there is a common theme describing a lack of consultation with businesses and business sectors. This has continued through all stages of the pandemic and the Panel would like to impress upon the Minister for Economic Development, Tourism, Sport and Culture, as well as all other relevant Ministers, the importance of close liaison with stakeholders.

There is no doubt that the Covid-19 pandemic will reshape the island’s economy and society long into the future. We are still not fully aware of all of these impacts and it is with this long tail in mind that several of the Panel’s recommendations focus on the need for better data-gathering in order to enable the Government to have a clearer sight of the Island’s economy and the effects of investment and crises on all islanders and groups of islanders.

15. Appendix 1: Panel Membership and Terms of Reference

Panel Membership



Deputy Kirsten Morel (Chair)



Deputy David Johnson (Vice-Chair)



Senator Kristina Moore



Deputy Kevin Pamplin



Deputy Inna Gardiner



Deputy Steve Luce

Panel constitution: The Review was undertaken between March 2020 and October 2020. Deputy Perchard resigned from the Panel on 8th September and Deputy Pamplin joined the Panel on 30th June. The Panel also welcomed Deputy Inna Gardiner and Deputy Steve Luce to the Panel on 22nd September 2020.

Terms of Reference

1. Economic Framework

Undertake an in-depth review of the Government's processes in relation to the preparation, response and recovery of COVID-19 considering:

- a. whether the use of Public Finance specific to the economic wellbeing framework is consistent and meets the requirements of the [Public Finance \(Jersey\) law 2019](#);
- b. adequacy of response and support packages for business;
- c. the impact to economy, businesses, jobs and affordable living for islanders;
- d. implication of COVID-19 on vital supply lines;
- e. emergency response structures and levels of resourcing, of all forms, allocated to COVID-19 response being sufficient or excessive to meet stated aims;
- f. lines of accountability during COVID-19 phased response;
- g. Jersey's response in comparison/contrast to other jurisdictions in relation to the economy and support for business;

h. any other matters the Panel believe relevant to the review within its remit.

2. Recovery Plan 2021-24

Review the Recovery Plan in relation to the impact for Jersey's economy and business community considering:

Budget

- the income raising proposals;
- how spending will be funded;
- how Government expenditure has evolved;
- individual departmental budgets and their feasibility;
- the viability and deliverability of capital projects;
- efficiencies being sufficient or excessive to meet stated aims;
- payback borrowing plans to Public Finances being sufficient or excessive.

Financial, economic and growth forecasts

- the levels of income against expenditure;
- the assumptions made for the economic forecasts;
- the impact of the financial and economic forecasts in Recovery Plan;
- timeline to replenish the Strategic Reserve and the source/s from which it will be replenished;
- the economic sustainability of the Recovery Plan.

Design and implementation of the Recovery Plan 2021-24

- allowances made for the deficit in 2021 and beyond the period of the Recovery Plan;
- reserves; their use, and how they are allocated;
- fiscal soundness of the Government's recovery plan.
- Given the fast-changing nature of the COVID-19 pandemic, the Panel may also need to consider any other matters it believes relevant to the review within its remit.



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