

COVID-19 Response: Spend Local Scheme

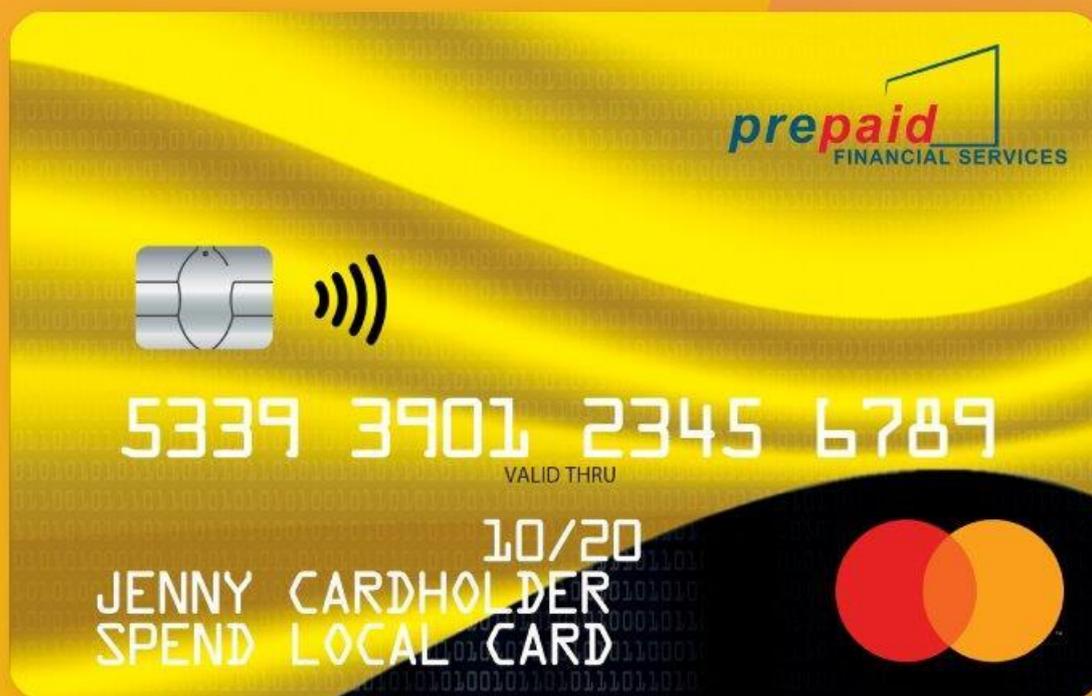
Public Accounts Committee

11th October 2021

P.A.C. 2/2021



Spend local.
Support our economy.



States of Jersey
States Assembly



États de Jersey
Assemblée des États

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Section 1 - Chair's Foreword

Purpose of this Report

One of the important facets of the Public Accounts Committee's role is to assess whether public funds have been applied for the purpose intended.

The Committee is aware that the rapidly evolving nature of the COVID-19 Pandemic called for an extraordinary response from the Government of Jersey as it has sought to save lives and protect health and livelihoods on the Island. The PAC commends the Government on its use of cutting-edge technology to deliver a much-needed boost to Islanders in need during the emergency. However, whilst public financial management systems need to be responsive and flexible during such a time of emergency, the principles of good governance, transparency, value for money, effective internal control and accountability for the use of public funds remain.

The PAC investigated whether the implementation of the multi-million-pound 'Spend Local' scheme, designed to give every adult and child in Jersey £100 and to encourage them to spend it locally (and not online), represented value for money. There has been public engagement and interest in the Scheme, hence the PAC decided to undertake a short examination of the scope, execution and lessons learned from this key part of the Island's Fiscal Stimulus for the local economy during the COVID-19 Pandemic.

The Public Accounts Committee (PAC) scrutinised several aspects of the Spend Local Scheme, from the procurement of the prepaid card production, to the delivery, implementation and spend uptake. It examined whether the Scheme had met its primary objective to stimulate the local economy during the pandemic and what could be done differently if the Government decide to launch a second tranche. It concluded that delivering its findings and recommendations in this short report would be useful in improving future Government policymaking and effective monitoring of its results.

The Committee notes that the C&AG is continuing to report on the Government of Jersey's use of public finances in response to the COVID-19 pandemic. The PAC's own [review](#), launched in September 2021, will further examine evidence from relevant senior public sector officials, stakeholders and individuals impacted by the pandemic and examine the Government's response to it, including fiscal stimulus measures and the support provided to small businesses. As a cashless society is becoming more predominant, it will also consider whether the Government could develop the Scheme to deliver targeted funds for specific members of society. The Committee expects to present a final comprehensive report by February 2022, with updates on progress provided in between.

I would like to thank the members of the Public Accounts Committee and its officers for their hard work in producing this report.



Deputy Inna Gardiner
Chair, Public Accounts Committee

Section 2 - Key Findings and Recommendations

Key Findings



FINDING 1: Consideration of the Spend Local Scheme's risk was undertaken by the Investment Appraisal Team, with consideration given to the mitigation of these risks.



FINDING 2: The Spend Local Scheme resulted in a very high level of engagement from Islanders, at 91%.



FINDING 3: Some of the money provided through the Spend Local Scheme was likely to have been used by Islanders to purchase essential goods.



FINDING 4: The exact effectiveness of the Spend Local Scheme is difficult to evaluate due to the lack of available data on whether the Cards contributed to spending above £100, the nature of the Scheme as a 'standalone' event, and the difficulty in modelling a counterfactual 'do nothing scenario'.



FINDING 5: Islanders generally appear to have treated the Spend Local Cards as additional spend, leading to a boost for sectors heavily affected by the COVID-19 Pandemic, such as Retail and Hospitality.



FINDING 6: The restriction of expenditure to purchases made physically on-Island ensured that Jersey businesses largely retained their 'mark-up' or profit.



FINDING 7: The Spend Local Scheme is likely to have been a one-off event, despite consideration being given to a second tranche.



FINDING 8: The Spend Local Scheme was not specifically targeted to maximise the positive impact on sectors most affected by the economic downturn.



FINDING 9: The Spend Local Scheme has attracted considerable interest from policymakers in Northern Ireland and Scotland, with the former using Jersey as a model for its equivalent to the Spend Local Scheme.

Key Recommendations



RECOMMENDATION 1: A future scheme should consider the use of data-gathering mechanisms such as a survey in order to improve understanding of Islanders response to and use of the Spend Local Cards, including their precise use of these cards.



RECOMMENDATION 2: The Government of Jersey should undertake further work to understand the behavioural changes in Islanders using the Spend Local Cards to improve development of future High Street Strategies.



RECOMMENDATION 3: The Government of Jersey should investigate ways to target sectors most affected by the downturn, whilst still supporting household incomes and other businesses.



RECOMMENDATION 4: The Government of Jersey should monitor the use of schemes such as Northern Ireland's High Street £100 Voucher Scheme, to further assess their economic benefits, as a means to consider additional policy innovations to drive the Island's economy and improve the finances of Islanders, particularly those on lower incomes and hardest-hit industries.

Section 3 - Background

From 9th September 2020, Spend Local Mastercards¹ were provided to every 'eligible' adult and child in Jersey. Each card contained a value of £100, and were designed to be spent in shops, restaurants, and businesses in Jersey.

Rollout Costs

As outlined in the 2020 Annual Report and Accounts, the total cost of the Spend Local Scheme, alongside the associated 'Benefits Stimulus', included a total cost of £11,637,800². It has been confirmed to the PAC that the operational rollout costs of the scheme were £395,573,³ this was broken down as £155,548 on postage, agency staff, telecommunications and advertising with the remainder £240,025 on pre-paid debit cards⁴. In total, 105,964 cards were produced for Islanders⁵, in partnership between the Government of Jersey and the FinTech and payment provider Prepaid Financial Services Ltd. The cards themselves were produced by the plastic card production firm Thames Technology⁶.

Procurement Process

The PAC wanted to be assured that proper procurement processes had been undertaken in accordance with the Public Finances Manual.⁷ The Public Finances Manual, along with the Public Finances (Jersey) Law 2019, forms a key part of the requirements for regularity, that is, spending public money for the purposes that funding was allocated by the States Assembly. It provides the framework within which all States financial transactions must take place. The Director General, Customer and Local Services advised the PAC⁸ that, although there was a need to "move quickly through the supplier selection" so as to deliver the fiscal stimulus into the economy after the summer season and before Christmas shopping started (September-October 2020), timelines for card production, distribution, testing and business readiness were also to be considered. The biggest expenditure for this project would be on the supply and operation of pre-paid cards. Having identified that there was no existing supplier on island, a shortened timeline selection process was agreed with Commercial Services that would still ensure value for money, by using existing suppliers on the UK Crown Contracts pre-approved supplier list. All five suppliers were approached, with Prepaid Financial Services Ltd providing the most financially advantageous proposal, plus it was able to meet the very short fulfilment deadlines. An exemption from a formal tender process was completed as per the Public Finance Manual.⁹ The Director General, CLS also advised that all other expenditure relating to the Scheme was through existing Government suppliers/contracts.

Activation

Once these cards had been received, Islanders were required to activate them over the phone or online through instructions contained in an accompanying letter. A deadline of 11:59pm on

¹ ['World's first card-based stimulus scheme launched to tackle economic impact of COVID-19' – Mastercard – 11 September 2020](#)

² [2020 Annual Report and Accounts – 20 May 2021, p.147](#)

³ Email from Director General Customer and Local Services, 28 September 2021

⁴ Further breakdown of costs supplied by Director General CLS via email 5 October 2021

⁵ [Report - Spend Local Scheme – Customer and Local Services, p.1](#)

⁶ [Thames Technology produces Jersey's 'Spend Local' card – Thames Technology](#)

⁷ [Public Finances Manual \(gov.je\)](#)

⁸ Information supplied by Director General CLS via email 5 October 2021

⁹ [Best Practice Procurement Guide](#) (including exemptions, Invitation to Tender and quote thresholds)

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31st October 2020 was assigned, after which the balance would expire and render the cards worthless. The cards could not be spent online or at bookmakers.

Card recipients were identified by cross-referring Social Security, Tax, Health and Education records where appropriate, with Islanders required to be registered for Social Security and/or through the Control of Housing and Work Law purposes on 30th June 2020. All recipients were required to be currently resident in Jersey when the cards were issued. The PAC notes that the report issued by Customer and Local Services confirmed that cards were not sent to people where there was a “low confidence” in their residency in Jersey, but that cards could be applied for online, either online or via the phone¹⁰.

During a public hearing between the Corporate Services Scrutiny Panel and the Minister for Treasury and Resources on the 14th September 2020, the Minister outlined that Islanders on Income Support and selected pensioners would receive a direct additional payment of £100, in addition to the Spend Local Cards¹¹.

In a statement to the States Assembly on 14 December 2020, the Chief Minister commented:

“We have mobilised, with the support of this Assembly, an unprecedented level of financial support and developed a fiscal stimulus package that will assist local businesses not only throughout the most challenging months but also into our recovery phase... Our Spend Local Card – developed with MasterCard and PFS – injected more than ten million pounds directly into our local economy.”¹²

Consideration of Risk

The PAC is aware that the Investment Appraisal Team (“the Team”) provided a risk assessment of the Spend Local Scheme in July 2020, during the development of this policy. This risk assessment was prepared as part of the business case for the package of fiscal stimulus support that included Spend Local, the Fiscal Stimulus Fund and a temporary reduction in Social Security contributions. The PAC notes that the Team identified two key risks for the Scheme, those being “Leakage” and “Capacity/Inflation” and recommend “a strong and effective communications strategy” to reduce these risks.¹³

The first risk, identified as “Leakage”, referred to the risk that Islanders would reallocate their budgets to use the voucher on goods and services that would already be purchased and spend those savings on imports such as internet purchases or from overseas, “such that no incremental increase in demand has been experienced in the local economy where this takes place.”¹⁴ The Team assigned this risk with Probability and Impact scores of 3 on a scale of 0-5, with 0 representing low risk and 5 representing high risk.

However, the PAC further notes that the Team had concluded that the Scheme had a “clear advantage over increases in income through Social Security Contributions”, that the risk highlighted was “not likely to be realised extensively”, and that the spending of these cards

¹⁰ [Report - Spend Local Scheme – Customer and Local Services, p.1](#)

¹¹ [Transcript – Corporate Services Scrutiny Panel Public Hearing with the Minister for Treasury and Resources – 14 September 2020, p.20](#)

¹² [Statement to be made by the Chief Minister - 14 December 2020, p.1](#)

¹³ [Ministerial Decision – Fiscal Stimulus Package direct payments and vouchers: Reserve funding \(MD-TR-2020-0090\) – 21 July 2020](#)

¹⁴ [Ministerial Decision – Fiscal Stimulus Package direct payments and vouchers: Reserve funding \(MD-TR-2020-0090\) – 21 July 2020](#)

likely be used for incremental purchases or to bring forward purchases using the Card, and that, in these circumstances, “the voucher will be an effective stimulus”.¹⁵

The second highlighted risk of Capacity/Inflation was assigned a Probability Score of 2 and an Impact score of 3. The Team outlined that the Cards’ may not be absorbed by the economy before their expiry date, and that the Cards could increase prices and be inflationary.

The PAC notes that the Team concluded that the Autumn usually represents lower demand, and that “capacity is not considered to be a substantial problem”, with “firms benefitting from higher prices will still support the flow of income within the economy” and that the problem was unlikely to be “extensively realised.”¹⁶



FINDING 1: Consideration of the Spend Local Scheme’s risk was undertaken by the Investment Appraisal Team, with further consideration given to the mitigation of these risks.

Use of the Spend Local Cards

The PAC notes a report published by Customer and Local Services that examines the impact of the Spend Local Cards. The PAC has further received in confidence the economic analysis of the Scheme as undertaken by the Government of Jersey’s Chief Economist and correspondence between the PAC and the interim Chief Executive.

The PAC notes that the report published by the Customer and Local Services¹⁷ identifies that, of the 105,964 cards that had been issued, 103,364 were activated, with £10.12 million spent, yielding an activation rate of 97.5% and 95.5% of the total allocations spent. There was an average of 97.94% spent per card, with an average of £2.06 remaining on each card after the cards became redundant on 1st November 2020. The report further outlines that 4,300 cards were returned to Customer and Local Services, either because Islanders had moved address or had left the Island, with 1,000 of these redirected back to the new addresses.¹⁸

Undelivered Spend Local Cards

The PAC sought further details about the 3,300 Spend Local Cards which were undelivered. The Director General, Customer and Local Services advised that¹⁹, during and after the course of the Spend Local period, the department had become aware of cards delivered to individuals who had left Jersey. Records were updated and the cards destroyed. Where a card was returned because of an incorrect address, the corresponding records were also updated, to avoid any further correspondence going to that address. In the few cases where contact could not be made with an individual and their whereabouts were unknown, the (200) cards belonging to adults remain in secure storage within the department. The cards have an expiry date of October 2022, and so if the scheme were to be repeated, these could be accessed and used. Children’s cards were not retained as they expired at the end of October 2020.²⁰

¹⁵ [Ministerial Decision – Fiscal Stimulus Package direct payments and vouchers: Reserve funding \(MD-TR-2020-0090\) – 21 July 2020](#)

¹⁶ [Ministerial Decision – Fiscal Stimulus Package direct payments and vouchers: Reserve funding \(MD-TR-2020-0090\) – 21 July 2020](#)

¹⁷ [Report - Spend Local Scheme – Customer and Local Services, p.1](#)

¹⁸ [Report - Spend Local Scheme – Customer and Local Services, p.1](#)

¹⁹ Email from Director General Customer and Local Services, 28 September 2021

²⁰ Email from Director General, Customer and Local Services 5 October 2021

Spending

Of the public-facing data provided, 52,940 cards had a zero balance at the end of the scheme, with a total of 359,812 transactions undertaken. A total of £10,123,361 was spent through the Spend Local Cards, with Wholesale and Retail receiving the biggest spend of the Island's Merchant Industries, a sum of £4,074,557.²¹ The second biggest spend was on supermarkets and food retailers. The PAC queried why 'fast food' was added to the category 'Supermarkets, Fast Food and Food Retail' instead of 'Hotels, Restaurants and Bars' and was advised that grouping of merchant industry areas for reporting purposes during scheme operation was aligned with Mastercard Merchant Classification Codes (MCCs).²²

During a public hearing between the Corporate Services Scrutiny Panel and the Minister for Treasury and Resources on 8th January 2021, the Minister stated her belief that the Scheme had been "extremely successful", with the Assistant Minister for Treasury and Resources noting that a number of Islanders may have used the Cards to contribute to purchases of a higher value, and that this therefore represented a higher impact on the Island's economy than the information available to the Government of Jersey.²³

The Minister for Treasury and Resources confirmed to the Chair of the Corporate Services Scrutiny Panel in October 2020²⁴, that "a wealth of valuable data" was being gathered as Islanders made use of their 'Spend local' cards, all compliant with the Data Protection (Jersey) Law 2018.



FINDING 2: The Spend Local Scheme resulted in a very high level of engagement from Islanders, at 91%.

During the public hearing between the Corporate Services Scrutiny Panel and Minister for Treasury and Resources, the Panel noted that The Grace Trust (a local charity) had noted that it had seen a "recognisable dip" in the use of their food bank during this period, and that many had used their Spend Local card to purchase food and similar goods during this period. The Minister noted that Islanders were free to spend the £100 provided how they wanted to, and that many other Islanders were encouraged to "spend more than that".²⁵



FINDING 3: Some of the money provided through the Spend Local Scheme was likely to have been used by Islanders to purchase essential goods.

²¹ [Report - Spend Local Scheme – Customer and Local Services, p.2](#)

²² Email from Director General Customer and Local Services, 28 September 2021: There was, and is, no standard index for mapping between Mastercard data, and other common industry sector groupings used by the Government of Jersey. Merchants are not always consistent in identifying the right MCC for their undertaking, and so an approximation of sector grouping from the MCCs was used instead. This is why most forms of 'food retail' were listed together.

²³ [Transcript – Corporate Services Scrutiny Panel Public Hearing with the Minister for Treasury and Resources – 8 January 2021, p.2](#)

²⁴ [Letter - Minister for Treasury and Resources to CSSP re hearing follow up questions - 07 October 2020.pdf \(gov.je\)](#)

²⁵ [Transcript – Corporate Services Scrutiny Panel Public Hearing with the Minister for Treasury and Resources – 8 January 2021, p.3](#)

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The following graphics and details were included in the report on the Spend Local Scheme, and have been included to improve readers' understanding of the use of the Scheme during its rollout:

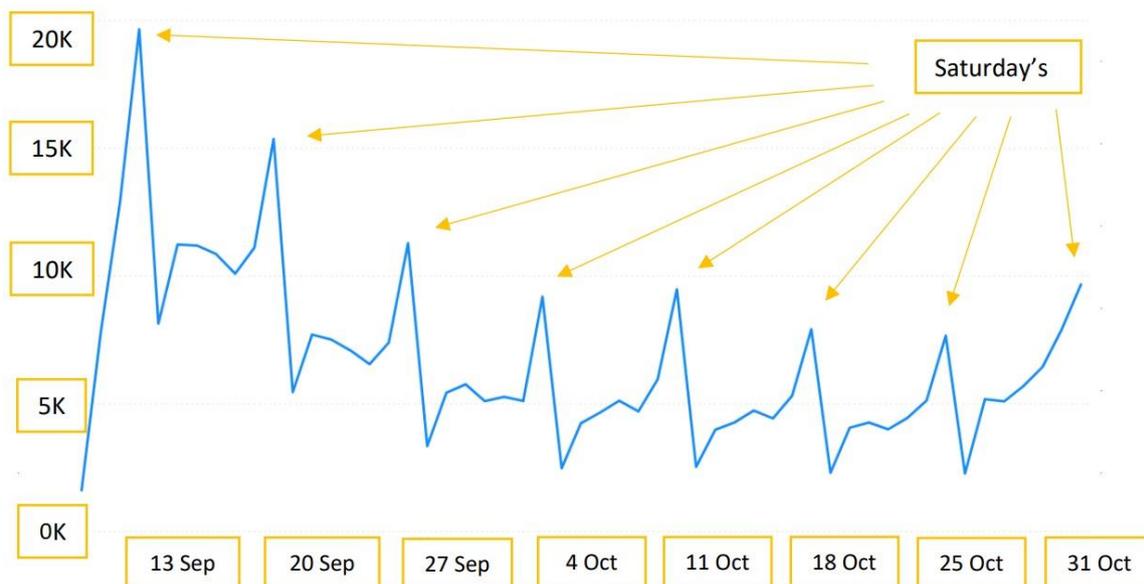


Figure 1: Number of card transactions per day of the scheme 9/9-31/10/2020²⁶

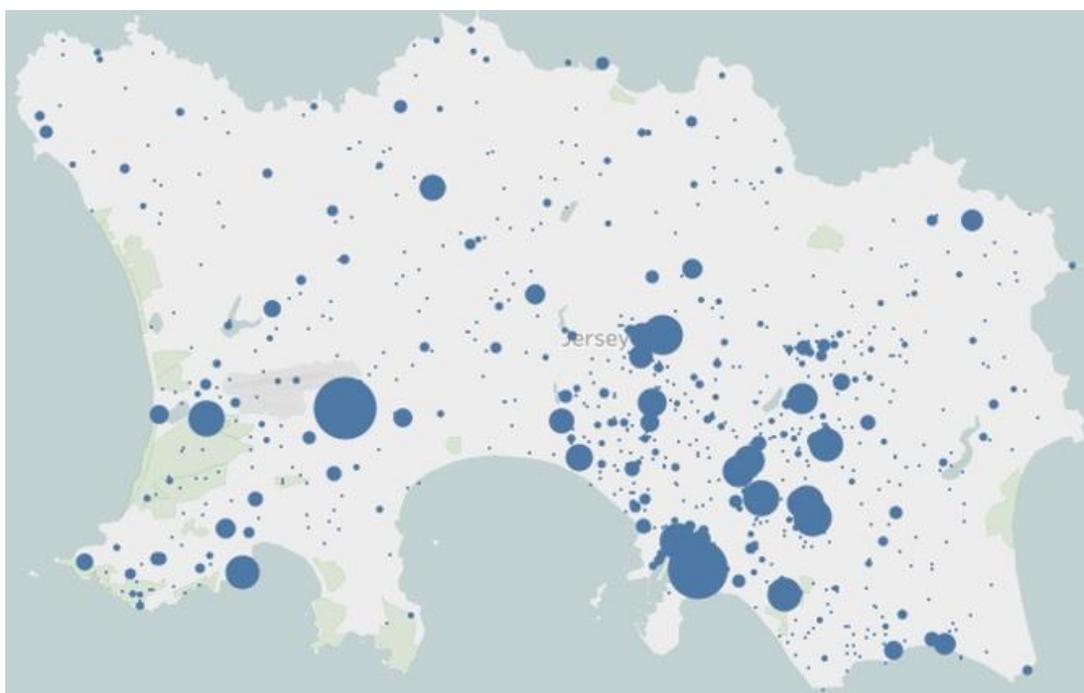
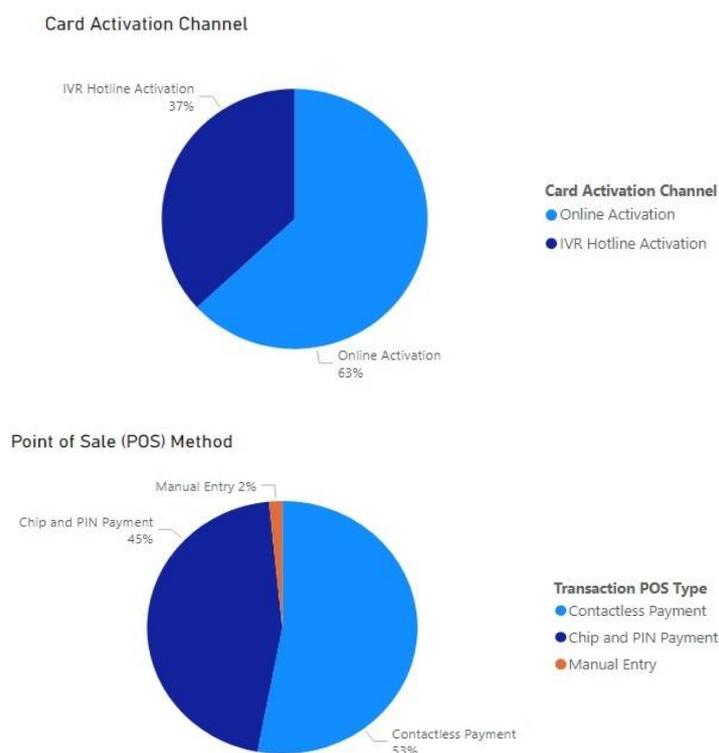


Figure 2: Approximate map of distribution of businesses who accepted a Spend Local card transaction (Data grouped at post code level and based on the post code of the registered address of point of sale terminals. Source PrePaid Financial Services).²⁷

²⁶ [Report - Spend Local Scheme – Customer and Local Services, p.3](#)

²⁷ [Report - Spend Local Scheme – Customer and Local Services, p.3](#)

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Figures 3 and 4: Activation routes and card payments used by Islanders²⁸

Merchant Industry Area Category Group	Number of Transactions	Total Spend
Agriculture and Fishing	7,700	£262,908
Construction and Quarrying	1,534	£52,289
Education, Health and Other Services	16,170	£510,088
Financial and Legal Activities	80	£6,876
Government, Parishes and Courts	572	£20,261
Hotels, Restaurants and Bars	53,272	£1,577,741
Information and Communication	1,750	£143,210
Miscellaneous Business Activities	16,831	£727,350
Supermarket, Fast Food and Food Retail	132,890	£2,203,078
Transport and storage	13,343	£198,252
Utilities and Waste	4,924	£346,750
Wholesale and Retail	110,746	£4,074,557
Grand Total	359,812	£10,123,361

This merchant industry segmentation analysis is based on Mastercard merchant category codes.

Figure 5: Level of Spend²⁹

²⁸ [Report - Spend Local Scheme – Customer and Local Services, p.4](#)

²⁹ [Report - Spend Local Scheme – Customer and Local Services, p.4](#)

Section 4 - Assessing the Impact of the Spend Local Scheme

Further Evidence Gathered

The Public Accounts Committee sought further information and clarification on the Spend Local Scheme from the (interim) Chief Executive who responded in March and May 2021. As previously noted, the Committee has also privately reviewed a report by the Chief Economist, who focussed on the extent to which funding was successfully transmitted into the economy and the extent to which the spend could be considered 'additional'. The Committee wanted to know how the Scheme had been monitored and measured and what steps would be taken to ensure it had been successful before a further scheme was introduced.

The interim Chief Executive advised that a project board had been established to oversee the implementation of the Spend Local Scheme, comprising representatives from the Department of Customer and Local Services (CLS) and the Treasury, with input from other stakeholders such as representatives of Commercial Services and Modernisation and Digital (M&D). He assured the Committee that if the scheme were to be repeated, it would be supported by a business case, including analyses of the costs and benefits of the initial scheme.

The States of Jersey Annual Report and Accounts 2020, which was published in May 2021, linked the Spend Local scheme to a central tenet of its [Common Strategic Policy](#), namely, 'We will create a sustainable, vibrant economy and skilled local workforce for the future', and described it as a success.³⁰

It reported that spend that would normally have been taken off-island by Islanders travelling for holidays had been, to a large extent, replaced with local spend, 'which has more than offset the GST impact of the lost tourism trade and potentially boosted revenue in certain sectors'.³¹ The Committee noted that the scheme had resulted in payments being made throughout every sector of the economy, but that it was difficult to evaluate its effectiveness as a 'standalone' factor.

The Committee was mindful that 'proving' additionality definitively is difficult as spend is considered 'additional' if it would not have occurred at that time under a counterfactual 'do nothing' scenario.³²

The Chief Economist considered a range of supporting evidence that '*allowed expert judgements to be made about the scale of additionality generated.*'. This included consideration of the marginal propensity to consume across income bandings, risks related to substitution with essential expenditure and evidence from behavioural economy theory that indicates consumers treat 'windfalls' differently to conventional income (therefore leading to higher 'additionality').³³

The Committee was pleased to note some of the advantages of the Spend Local Scheme over options such as direct cash payments to households (e.g. through social security, or cuts in direct tax) because the monetary benefit from the card could not be saved, had to be spent in a limited time and could not be spent on imports.

³⁰ [2020 Annual Report and Accounts – 20 May 2021, p.38](#)

³¹ [2020 Annual Report and Accounts – 20 May 2021, p.130](#)

³² Confidential Report of Chief Economist on the Spend Local Scheme, attached to letter of Chief Executive 27 May 2021 to PAC

³³ Letter from interim Chief Executive to Public Accounts Committee, 30 March 2021



FINDING 3: The Spend Local Scheme was overseen by a project board comprising of representatives from relevant departments.



FINDING 4: The exact effectiveness of the Spend Local Scheme is difficult to evaluate due to the lack of available data on whether the Cards contributed to spending above £100, the nature of the Scheme as a ‘standalone’ event, and the difficulty in modelling a counterfactual ‘do nothing scenario’.



RECOMMENDATION 1: A future scheme should consider the use of data-gathering mechanisms such as a survey in order to improve understanding of Islanders response to and use of the Spend Local Cards, including their precise use of these cards.



RECOMMENDATION 2: The Government of Jersey should undertake further work to understand the behavioural changes in Islanders using the Spend Local Cards to improve development of future High Street Strategies.

Key Concerns

A key concern of the Committee when appraising the Spend Local Scheme was that it could have been an expensive ‘intervention’ which did not materially alter the outcome, for example where the provision of additional financial resource did not lead to any additional spending to boost demand in the economy. The Committee was therefore keen to understand if recipients used their £100 card for purchases they would have made without it, and saved the money they would otherwise have spent.

In theory, households could have used the scheme to finance planned expenditure (for example a weekly food shop) instead of other payment methods and so save the benefit. A similar concern was previously expressed by the Investment Appraisal Team, as noted in this report. However, statistics seemed to show that most people used the £100 as additional spend, therefore, for a short time at least, boosting the local economy and local businesses. Evidence from the evaluation shows that over 95% of the SLC benefit was spent in the time available, providing direct demand and spending in the local economy, with the particularly hard-hit retail and hospitality sectors benefitting.

However, as food retailers received a high proportion of spend and arguably benefitted through lockdown when restaurants were closed, the PAC considered that the Scheme had not been targeted to maximise the positive impact on sectors most affected by the downturn.

The Committee was pleased to see that the Scheme’s risks, as highlighted by the Investment Appraisal Team, had been weighed ‘leakage’ through imports which could lessen the demand for goods and service in the local economy. For a small island economy like Jersey, with extensive household purchases made over the internet as ‘imports’, this was a larger risk compared with other jurisdictions. However, the capability to restrict expenditure to purchases made physically on-Island and not over the internet ensured that Jersey-based businesses largely retained their ‘mark-up’ or profit.

Finally, the PAC was pleased to note the positive reception that the Spend Local Scheme has received in comparison to similar fiscal stimulus policies and notes the conclusion of the Resolution Foundation that it delivered a “broader and less time-limited model” than the ‘Eat

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Out to Help Out' policy pioneered by the UK Government during the Summer of 2020.³⁴ The influence of the policy in other jurisdictions is explored in Section 7 of the report.



FINDING 5: Islanders generally appear to have treated the Spend Local Cards as additional spend, leading to a boost for sectors heavily affected by the COVID-19 Pandemic, such as Retail and Hospitality.



FINDING 6: The restriction of expenditure to purchases made physically on-Island ensured that Jersey businesses largely retained their 'mark-up' or profit.



FINDING 7: The Spend Local Scheme was not specifically targeted to maximise the positive impact on sectors most affected by the economic downturn.

³⁴ ['Explaining Economics Through Rivers, Mountains and Concrete' – Resolution Foundation – 11 September 2020](#)

Section 5 - The Future of the Spend Local Scheme

A Potential Second Scheme

The PAC understands that a second Spend Local Scheme was to be considered after the rollout of the first Scheme, as confirmed during a public hearing between the Corporate Services Scrutiny Panel and the Minister for Treasury and Resources on 14th September 2020, with the Minister noting that they would “ascertain by January next year as to whether there should be a further-top up to these cards to stimulate the economy further if it is required at the beginning of the year.”³⁵ The PAC further note that Islanders were encouraged to “keep hold” of the Spend Local cards in the event that they would be topped up for a second tranche of the Scheme.³⁶

The Minister confirmed as part of [Written Question 463/2020](#), asked by Deputy R.J. Ward of St Helier No. 2, that consideration on a repeat of the Scheme would be jointly undertaken by officials from the Economics Unit, Treasury & Exchequer and Customer & Local Services following an evaluation of its impact. The Minister further outlined that no funding had been provided to the Scheme as part of the Government Plan 2021-24, and that funding would be taken from the COVID-19 Response Head of Expenditure for the Economic Recovery, or through an allocation of the COVID-19 Reserve, subject to a business case.³⁷

The Minister confirmed during a further public hearing with the Corporate Services Scrutiny Panel on 19th March 2021 that the Government of Jersey would “hold back” on a second Spend Local Scheme and noted the cost to the taxpayer of the scheme. The Minister further detailed that a second Scheme would “be for 16 years of age and over and probably directed more at hospitality rather than just left across the Board.”³⁸ The Minister further confirmed to the Panel that work had not been undertaken on the effects of a new Spend Local Scheme.³⁹

The PAC note that there has not been further public discussion of a second phase of the Spend Local Scheme following Spring 2021 and has not received any private communications from the Government of Jersey to suggest that a second Spend Local Scheme will be launched. The PAC concluded that should a new Scheme be launched, the Government should investigate ways to maximise the positive impact on sectors most affected by the downturn, whilst still supporting both household incomes and other local businesses



FINDING 8: The Spend Local Scheme is likely to have been a one-off event, despite consideration being given to a second scheme.



RECOMMENDATION 3: The Government of Jersey should investigate ways to target sectors most affected by the downturn, whilst still supporting household incomes and other businesses.

³⁵ [Transcript – Corporate Services Scrutiny Panel Public Hearing with the Minister for Treasury and Resources – 14 September 2020, p.23](#)

³⁶ [‘People in Jersey urged to use Spend Local Cards to avoid ‘last minute rush’ – ITV - 29 October 2020](#)

³⁷ [WQ.463/2020 – 30 November 2020](#)

³⁸ [Transcript – Corporate Services Scrutiny Panel Public Hearing with the Minister for Treasury and Resources – 19 March 2021, p.18](#)

³⁹ [Transcript – Corporate Services Scrutiny Panel Public Hearing with the Minister for Treasury and Resources – 19 March 2021, p.19](#)

International Developments

The PAC notes that the Spend Local Scheme has attracted interest from other jurisdictions considering new methods of fiscal stimulus. In July 2021, the Northern Ireland Executive (the devolved government of Northern Ireland), announced that it would provide vouchers worth £100 in September 2021 to all residents of Northern Ireland aged 18 and over - as confirmed by its electoral register⁴⁰. This will be known as the High Street Voucher Scheme⁴¹. This follows an initial announcement in November 2020 by the then-Minister for the Economy as part of a multi-million-pound fiscal stimulus package⁴².

These were available to spend in local shops and restaurants and noted to have been influenced by the Spend Local Scheme in Jersey and the Voucher Scheme in Malta, which introduced its second tranche on 7 June 2021⁴³.

As recorded in the Jersey Evening Post in August 2021, the Jersey Chamber of Commerce had previously undertaken discussions with the Belfast Chamber of Commerce to promote the Spend Local Scheme⁴⁴.

The PAC further understands that the Scottish Labour Party included a commitment in its Manifesto for the 2021 Scottish Parliamentary Elections to provide a £75 prepaid card to every adult in Scotland, and explicitly cited Jersey as an influence in the proposed policy.⁴⁵ However, the PAC further notes that the Scottish Labour Party does not participate as a member of the Scottish Government, and that it is therefore unlikely that this scheme will translate into explicit policy.

The PAC concluded that the Government of Jersey should monitor the use of schemes such as Northern Ireland's High Street £100 Voucher Scheme, to further assess their economic benefits, as a means to consider additional policy innovations to drive the Island's economy and improve the finances of Islanders, particularly those on lower incomes and hardest-hit industries.



FINDING 9: The Spend Local Scheme has attracted considerable interest from policymakers in Northern Ireland and Scotland, with the former using Jersey as a model for its equivalent to the Spend Local Scheme.



RECOMMENDATION 4: The Government of Jersey should monitor the use of schemes such as Northern Ireland's High Street £100 Voucher Scheme, to further assess their economic benefits, as a means to consider additional policy innovations to drive the Island's economy and improve the finances of Islanders, particularly those on lower incomes and hardest-hit industries.

⁴⁰ ['Northern Ireland gives out £100 vouchers to aid high street recovery' – The Guardian – 29 July 2021](#)

⁴¹ [DfE briefing on the High Street £100 Voucher Scheme – Northern Ireland Council for Voluntary Action - 16 August 2021](#)

⁴² ['Coronavirus: NI ministers agree lockdown financial support' – BBC News – 23 November 2020](#)

⁴³ ['New round of consumer vouchers from June 7' – Times of Malta – 9 May 2021](#)

⁴⁴ ['Success of Jersey's £100 'Spend Local' cards inspired Northern Ireland version' – Jersey Evening Post – 6 August 2021](#)

⁴⁵ [Scottish Labour's National Recovery Plan \(2021 Election Manifesto\), p.26](#)

Section 6 - Conclusion

The Committee, having considered the delivery and implementation of the Spend Local Scheme, concluded that overall, most elements worked well although there was room for improvement should a second scheme be considered. The Committee is pleased to note the positive impact the Scheme appears to have had on Jersey's reputation for innovative policymaking and its impact on other jurisdictions. However, it urges the Government to undertake a full cost-benefit analysis so that lessons can be learnt from delivering the scheme.

The Committee also noted that the Chief Economist, in his report, had advised that not all the card balances were spent, and it would be worth considering additional guidance for recipients and merchants on how smaller balances could be used in part payment for a larger purchase. In the event of a further scheme, the Committee would also like to see if the 'balance' could be added to any future top-ups.

Furthermore, as food retailers received a high proportion of spend and arguably benefitted through lockdown when restaurants were closed, the PAC urges the Government to investigate ways to better target and maximise the positive impact on sectors most affected by the downturn, whilst still supporting household incomes and other local businesses.

The Committee notes that the C&AG is continuing to report on the effects of the COVID-19 Pandemic and the Government of Jersey's use of public finances in response to it. The PAC's own [review](#) will examine further evidence from relevant senior public sector officials and stakeholders on all aspects of the Covid-19 Response and fiscal stimulus measures, including the support provided to small businesses. As part of that review the Committee will also consider whether the Government could develop the Scheme to deliver targeted funds for specific members of society given that a cashless society is becoming more prevalent. The Committee expects to present a final comprehensive report by February 2022, with updates on progress provided in between.



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