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Deputy Sam Mezec
Chair
Corporate Services Scrutiny Panel
By email

04 August 2022

Dear Deputy Mezec ,

Corporate Services Scrutiny Panel

**Co-Funded Payroll Scheme Report (S.R.9/2022): Response of the Minister for
Treasury and Resources (S.R.9 Res)**

Thank you for your letter dated the 25th of July 2022.

Having reviewed the legacy report of the Corporate Services Scrutiny Panel on the Co-Funded Payroll scheme and reconsidered the panel's findings and the response of my predecessor, I do take a different view on the recommendations of the panel's report S.R.9/2022, which I outline below;

Recommendation 1 – ACCEPT

I agree that an appeals process should be introduced. The Chief Minister included the introduction of an appeal process within as part of her 100 Day Plan and I am in the process of working with her and other ministerial colleagues to establish a process within the first 100 days of the new Government.

Recommendation 2 – ACCEPT

I agree with the intent of this recommendation that claimants for any business support scheme should have the opportunity to challenge decisions made under that Scheme. In the event that Treasury and Exchequer establishes further business support schemes I will commit to include an appeals process and to ensure that appeal processes are appropriately reported to the Assembly. However, I am conscious that business support schemes are usually established by the Department for the Economy, and some are of such a small scale that a more in-depth and continuous dialogue is possible. In those cases, an appeals process may be disproportionate for both the claimant and the Government so I wish to make clear in accepting this recommendation that I will not take any steps that would commit other ministers where circumstances may be different.

Recommendation 3 – ACCEPT

The Co-Funded Payroll Scheme was established during an emergency, and it was developed and launched in 6 weeks when an equivalent scheme would normally take

months if not years of development before it went live. The Stay at Home Order also put severe limitations on the extent of user testing that could take place. Despite this context, I agree with my predecessor that extensive efforts were made to ensure that the rules of the Scheme could be well understood. Of course, there are always things that we could do better. With the benefit of hindsight and the experience of running the Co-Funded Payroll Scheme I am sure that an even better job would be done next time so I can commit to doing further user testing in the, hopefully unlikely, event that new business support schemes are needed. In a non-emergency context, we already undertake detailed user testing, which is why schemes often require many months before they are ready to launch.

Recommendation 4 – REJECT

I should stress that it is highly unusual for Government to establish a Scheme like the Co-Funded Payroll Scheme that would apply so many controls through a retrospective audit. Usually, Schemes would require all of the relevant evidence for tests to be supplied before any payments are made. Consistent with advice from international institutions like the World Bank, OECD and the IMF, we reversed this process during the initial economic emergency brought about by Covid-19. I would hope that we will not be in such a stark situation as that again during my time in office.

Should similar audit mechanisms be necessary, I will certainly commit to ensuring that they are conducted on a timely basis. However, the exact time should be determined by a variety of factors including risk and the availability of data. For key elements of the CFPS audit, the baseline tax data to perform the audit was not available for at least 6 months. I therefore cannot commit to a specific timeframe as that will always be dependent on the nature of the Scheme. However, I entirely agree with the intent underlying this recommendation and will commit to ensuring that audits are undertaken on a timely basis.

Recommendation 5 – ACCEPT

This recommendation was implemented prior to the Panel's report and so is accepted.

Recommendation 6 – ACCEPT

This recommendation was also implemented prior to the Panel's report so is accepted.

Yours sincerely



Deputy Ian Gorst
Minister for Treasury and Resources

