



States Greffe: Scrutiny

Senator Lyndon Farnham  
Deputy Chief Minister  
Minister for Economic Development, Tourism, Sport and Culture

By email

11th March 2022

Dear Minister,

### **Corporate Services Scrutiny Panel**

#### **COVID Response & Recovery Review – Co-Funded Payroll Scheme Repayment**

You will be aware from the questions you received in the States Assembly sitting of the 1st March 2022 that there are ongoing issues in the administration of the Co-Funded Payroll Scheme (CFPS) specifically concerning the auditing and repayment of subsidies, primarily in relation to small business owners or the self-employed. The Corporate Services Scrutiny Panel [the Panel] is writing to gain your views on the matter, as both Deputy Chief Minister and Minister for Economic Development, Tourism, Sport and Culture.

For your reference the Panel has been in correspondence with the Minister for Treasury and Resources (the Minister) to highlight the issues that have been raised with us by Islanders and to seek resolution to what is, as you will appreciate, a stressful situation for those involved. Please note links to the correspondence are listed at the end of this letter. The Panel has highlighted the following points:

- **Inaccurate Guidelines**

Submissions continue to be received by the Panel which indicates that CFPS guidelines specifically called for “average monthly gross income” rather than net income and the application form guidance was worded as such (emphasis added):

39) Q. How should “**average monthly gross income**” be defined for the purposes of the subsidy that is claimed? Average monthly gross income **includes**:

- Any amount paid to the self-employed person by way of wages, salary, fees, bonuses, commission,
- overtime pay
- dividends paid by a company of which the person is a shareholder, where the income of the company is derived from the person’s self-employment
- distributions made by or drawings from a partnership in which the person is a partner
- business profits (a business’ trading income after deducting allowable business expenses) for a sole trader

The Panel suggests that gross income is commonly understood to mean a sum of all wages, salaries, profits, interest payments, rents, and other forms of earnings, before any deductions or taxes; the term “includes” does not limit the amount to be entered to one or more of those items listed in the above guidance.

The Panel would highlight that in a number of cases individuals questioned the provision of that figure in the calculation of their subsidy, to both Government Officers and Jersey Business, as

well as their own accountants, but had been assured that they were indeed required to provide their average monthly gross income, for which many directly used the figure stated their 2019 Tax Return.

It is apparent that despite the efforts to sense check the guidelines that have been outlined by the Minister, and the numerous changes imposed during the different phases of the Scheme, criteria for subsidy through the CFPS was unclear to many. As highlighted in the Minister's letter of the 11 February 2022, 416 businesses had had to repay monies to the Government, which was over 10% of the businesses that had successfully applied for at least one month of the CFPS.

The Panel has requested clarification of the applied criteria being used during audit of the CPFS subsidies, noting that the criteria and calculation of detriment changed over the various phases of the scheme and could have adversely effected business owners specifically.

The Minister stated in her letter of 7 March 2022 that "it is now clear that support people have not seen or have misinterpreted the Scheme guidance." It could be suggested as unfair that individuals are being castigated for providing information in good faith and on the basis of Government advice, especially as the audits have taken place well over a year following the applications.

- **Short timetable for repayments**

From the correspondence forwarded to the Panel it is apparent that the Government's approach to the timeframe in which repayments should be received has varied during the auditing process. Emails sent during 2021 indicate that it was anticipated repayment would be immediate. Later emails sent during 2021 have highlighted the opportunity to arrange payment over 30 days or resubmit a 2019 tax return within 10 working days, however, it was still indicated that "People who have claimed CFPS in error normally repay in full, immediately" despite no published data to support this.

The Panel acknowledges that repayment terms have been extended to up to two years, however, we have been informed that individuals have not been told of this extension. It would appear that the press release and publication on gov.je did not have the necessary communication reach and the Panel has suggested that all those in correspondence with the debt management team be forwarded the new terms, and that accountants and businesses be proactively contacted so that they can be made aware.

- **Customer Service Standards**

The Panel has also highlighted that it has received reports of hostile and accusatory communication, with applicants questioning repayments feeling accused of defrauding the government, lack of personal support or dialogue and delays in response, varying from days to months which may have been particularly concerning for individuals facing a 10-day deadline.

The Panel notes that you have expressed the view that if there have been mistakes by the Government of Jersey or officials they need to be addressed quickly, and that where funds are asked to be repaid it must be done in such a way that enables the business or the individual ample time to repay without putting their business or livelihood at risk.<sup>1</sup>

The Panel therefore surmises that each situation requires careful consideration and the repayment framework criteria should be reviewed. The Panel are concerned that a failure to do so may risk the Government of Jersey placing further undue pressure, financially or otherwise, on business owners. You will be aware that each situation will be different and can not be looked at in a binary way, instead a level of empathy and common sense should be applied.

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<sup>1</sup> [Hansard, 1 March 2022](#)

The Panel looks forward to your formal response and would request this information be received by Wednesday 16 March 2022.

Yours sincerely



Senator Kristina Moore  
Chair, Corporate Services Scrutiny Panel

cc. Chair – Public Accounts Committee  
cc. Chair – Economic and International Affairs Panel

**Correspondence with the Minister for Treasury and Resources**

- [Letter - to Minister for Treasury and Resources re Co Funded Payroll Scheme repayments- 11 March 2022](#)
- [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel re CFPS repayments - 7 March 2022](#)
- [Letter - to Minister for Treasury and Resources re Co Funded Payroll Scheme - 3 March 2022](#)
- [Letter - Minister for Treasury and Resources to Corporate Services Scrutiny Panel re Quarterly Hearing Follow-Up Questions - 11 February 2022](#)
- [Letter - to Minister for Treasury and Resources re Quarterly Hearing Follow-up - 8 February 2022](#)