



States Greffe: Scrutiny

Deputy Susie Pinel
Minister for Treasury and Resources

By email

11th March 2022

Dear Minister,

Corporate Services Scrutiny Panel

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

The Corporate Services Scrutiny Panel [the Panel] are concerned at the dismissive nature of its concerns in your response to its letter dated [7 March 2022](#) in which you outlined your views on the issues faced by islanders challenged by repayment disputes relating to the Co-Funded Payroll Scheme (CFPS). The Panel asks that you reconsider your position based on the following evidence:

• **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 indeed 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 were 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.

In your letter to the Panel of 7 March 2022 you state 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 advise, especially as audits appear to have taken place a year after the application process in some instances.

In your letter to the Panel of the 11 February 2022 it was confirmed that 416 businesses have had to repay monies to the Government, this accounts for over 10% of the businesses that had successfully applied for at least one month of the CFPS. We would highlight that this figure is not broken down by sector or type of business, and may be a higher proportion for some segments. It is apparent to the Panel that despite the efforts to sense check the guidelines that you have outlined in correspondence, and the numerous changes imposed during the different phases of the Scheme, criteria for subsidy was unclear to many.

- **Applied Criteria**

The Panel understands that criteria and calculation of what constituted detriment changed over the phases of the Scheme. The Panel has been made aware that the calculation of detriment was somewhat inflexible in some cases and that further consideration on how this was applied could assist business recovery. It has been noted by the Panel that businesses continued to pay employees but that the owners of the businesses have suffered due to detriment calculations.

- **Customer Service Standards**

Despite Customer and Local Service's high customer service standards that you have highlighted, the Panel has been provided evidence that shows:

- Hostile and accusatory correspondence that has left individuals feeling accused of defrauding the government.
- That there are instances that telephone messages were not left to inform applicants of their situation.
- Delays in response, varying from days to months. This may have been particularly concerning for individuals facing a 10-day deadline.
- Emails being sent from generic email addresses, using first names only, if at all, without a direct number to call for further information, other than to schedule repayment. This would indicate that individuals did not have sufficient detail of a named contact.
- Indications by Government that individuals mostly paid immediately, a tactic that could be seen to be pressuring; and
- Refusal of further financial support until stated debt is settled, which has been identified by some submissions as tantamount to "black mail".

Also, the Panel would be grateful if the following evidence could be provided and also considered as part of your deliberations:

- Detail on timescales demonstrating request for repayment and repayment receipt.
- Update on figures to clarify number of businesses who have repaid monies to Government of Jersey, number of businesses who have challenged the request to repay and are either in the process of providing further evidence or in discussion with their accountants and/or Revenue Jersey regarding their 2019 tax submission and number of businesses which have had their requests for repayments revised down or cancelled. Please can this be broken down by sector and business type, for example sole trader, where possible; and
- Clarification on who is carrying out the audit of CPFS applications and payments, and against what criteria this is undertaken.

The Panel are pleased to note that repayment terms have been extended by 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 suggests that all those in correspondence with the CPFS and debt management team be forwarded the new terms, and that accountants and businesses be proactively contacted so that they can also be made aware.

The Panel surmises that each case requires careful consideration and that a review of the repayment framework should be undertaken. The Panel are concerned that a binary mindset in this instance could risk the Government of Jersey placing further undue pressure, financially or otherwise, on business owners at a time when they are still recovering from the impact of the pandemic and facing other factors of concern such as rising inflation and deferred GST and Social Security payments. The Panel is concerned to hear from businesses that loans will be required to cover a repayment to the CFPS.

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

Yours sincerely

A handwritten signature in black ink, appearing to read "Kristina Moore".

Senator Kristina Moore
Chair, Corporate Services Scrutiny Panel

cc. Chair – Public Accounts Committee