



States Greffe: Scrutiny

Lynn Pamment
Comptroller and Auditor General

By email

11th March 2022

Dear Comptroller and Auditor General,

Corporate Services Scrutiny Panel

COVID Response & Recovery Review – Co-Funded Payroll Scheme

The Corporate Services Scrutiny Panel [the Panel] is writing to you in relation to ongoing issues in the administration of the Co-Funded Payroll Scheme (CFPS) primarily concerning the auditing and repayment of subsidies, in relation to small business owners or the self-employed.

The Panel understands that in your report “Government support to businesses during the COVID-19 pandemic – Co-Funded Payroll Scheme” identified that the risks associated with the Scheme have generally been well managed, although management of some of these risks remains dependent on post payment audit checks that are now being performed.

The Minister for Treasury and Resources (the Minister) has subsequently identified, in a letter to the Panel dated 11 February 2022, 416 businesses have 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 been corresponding with the Minister to highlight a number of issues that have been raised with us by Islanders regarding the amounts of monies being requested to be repaid. These issues cover a range of aspect including:

- Lack of clarity in repayment correspondence and calculations
- Short timetable for repayments to be appealed
- Hostile and accusatory communication with applicants questioning repayments
- Lack of reasonable timeframe under which repayments could be achieved
- Lack of personal support or dialogue

However, the principal issue raised in cases that the Panel have been reviewing relate to the Government of Jersey’s online guidance and Officer advice to business owners and the self-employed. It appears that applications specifically called for “average monthly gross income”, it seems that this was duly provided in the cases being reviewed by the Panel. To note 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.

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.

The Panel understands that you have a busy timetable, however, wishes to enquire as to whether you will be carrying out any further review of the Co-Funded Payroll Scheme, specifically the terms, guidance issued and repayments policy.

As you will appreciate this is an emotive subject for those involved, as the situation is impacting upon both their livelihoods and lives. As such the Panel would appreciate any confirmation of any further work that you may undertake, and clarification of your view on the matter, as soon as possible.

Yours sincerely



Senator Kristina Moore
Chair, Corporate Services Scrutiny Panel

cc. Chair – Public Accounts Committee