

21.05.11

**2 Deputy S.M. Ahier of St. Helier of the Minister for Treasury and Resources regarding Public Funds through the Co-Funded Payroll (OQ.113/2021)**

Will the Minister advise the Assembly what oversight, if any, is in place in respect of companies who receive public funds through the co-funded payroll scheme?

**Deputy S.J. Pinel of St. Clement (The Minister for Treasury and Resources):**

There is a wide variety of controls and oversight in operation to help ensure that businesses in receipt of subsidies under the co-funded payroll scheme have claimed in accordance with the scheme's rules. These include various checks that are performed by Customer and Local Services before a claim is paid and others that are conducted retrospectively when claims are audited. These checks include the requirement to provide evidence of the fall in income, as has been experienced.

**2.2.1 Deputy S.M. Ahier:**

With many end-of-year accounts now being published, will the Minister be requesting funds to be returned to the Treasury by those companies who have made a healthy profit or increased their profits in 2020?

**Deputy S.J. Pinel:**

Yes, several businesses have had to repay funds, identified to date really relating to the co-funded payroll scheme phase 2, which ran from April 2020 until the end of August 2020. That phase of the scheme was open to any businesses that experienced a percentage fall in income of 30 per cent or more. In the majority of cases businesses have to repay had they miscalculated their percentage fall and a small number of business cases had voluntarily decided to repay also.

**2.2.2 Deputy R.J. Ward:**

Will any errors identified be made public and will they be chased up, somewhat like Social Security when most vulnerable individuals face overpayments which can track them for many, many years of their life?

**Deputy S.J. Pinel:**

Yes, as I mentioned in my opening remarks, the oversights of all the payroll scheme funding is very tight and obviously there are public health restrictions that have been in force as well when the legal side of the projects were sometimes ignored.

[10:00]

Yes, and I have not been aware, Deputy, if I understand the Deputy correctly, of any fraudulent claims; nothing has been reported.

**2.2.3 Deputy R.J. Ward:**

If we are in a situation where companies who claim from the payroll scheme in the coming years make significant increases in their profits, will the Minister be addressing taxation of those profits in order to pay back some of the money that was given to support them during this time?

**Deputy S.J. Pinel:**

That is not on the cards at the moment, on the basis that if they have not had the detriment to their company business that was expected, they are having to repay that back, as I mentioned in my last answer. If they have made profits, then they cease to be contenders for the payroll scheme.

**2.2.4 Deputy K.F. Morel of St. Lawrence:**

Is the Minister satisfied that the staff processing applications for the co-funded payroll scheme have a clear enough understanding of the way different businesses and different businesses of different sizes maintain their accounts and report their accounts? Because I am receiving reports of businesses where in interacting with the Customer and Local Services, where the staff are located, maintain that those staff clearly have no understanding of the way that businesses show their accounts.

**Deputy S.J. Pinel:**

So far with the scheme it seems to have been very successful and I am not aware of any shortcomings in Customer and Local Services dealing with the claims.

**2.2.5 Deputy K.F. Morel:**

I will be pleased to speak to the Minister for Treasury and Resources to advise her of such shortcomings. But is the Minister also satisfied that while it is important to process applications according to rules, that Customer and Local Services staff are at times acting in a manner which is so inflexible that they have put incredible pressure on very small businesses who have struggled through COVID and are struggling to maintain the levels of bureaucracy that are required?

**Deputy S.J. Pinel:**

If it helps the Deputy, I can say what some of the upfront controls include is confirming those business licences are in place, checking the employee eligibility against social security contribution schedules and confirming staff numbers are in line with the number of people employed at the start of the pandemic in March 2020. Those are some of the ones, there are obviously plenty more of the controls and oversight in place and there are also retrospective controls, which is cross-checking against other data submitted to Government such as tax and social security contribution submissions.

**2.2.6 Deputy M.R. Higgins of St. Helier:**

Could the Minister state whether it was permissible for employers who received 80 per cent of the wages of their employees from the States to once they receive those funds reduce the hours of their employees, so in fact they were only being paid the money that had been received from the States and nothing from the employer?

**Deputy S.J. Pinel:**

I cannot go into the details of each business, it would take the rest of the day. But they are very strongly audited to ensure that they have correctly declared the loss of income that they have suffered.

**2.2.7 Deputy M.R. Higgins:**

I know the Minister cannot go into individual cases but can she say: was it in the spirit of the co-funding scheme that firms, once they receive the Government's money, would not put any of their own money into paying the wages of their employees; it would all be coming from the States?

**Deputy S.J. Pinel:**

No, that was not foreseen because that was the way the funding scheme worked, is that a percentage was paid by the States and a small percentage by the employer and the percentage varied on the business description.

### **2.2.8 Deputy G.P. Southern:**

Can I ask about this detriment to the business? Who and how was it decided that the criteria for qualification for support should be a detriment to the business and not profits?

### **Deputy S.J. Pinel:**

That would be decided at the beginning of the scheme when we brought it into effect in March 2020. Every business is different, quite a lot of self-employed people did not realise that in order to claim they had to have a business licence, for instance. It has been obviously an experience of every business having a different portrayal of what their profit and loss is. It is not possible to give an overall answer to that.

### **2.2.9 Deputy G.P. Southern:**

Earlier on in her words she said that oversight was very tight. Can she explain to Members in detail what she thinks that very tight oversight was? What was happening?

### **Deputy S.J. Pinel:**

I thought that I would rather answer that in confirming again business licences were in place, the eligibility against social security contribution schedules, staff numbers are in line with the number of people employed, audits of businesses to ensure that they have correctly declared the loss of income that they have suffered. Then there are a range of controls that are employed somewhat behind the scenes sounds a little remote but that cannot be revealed because otherwise it would not be as effective as it currently is.

### **2.2.10 Deputy S.M. Ahier:**

Have there been any instances of fraud from the scheme and will companies be prosecuted if such evidence comes to light?

### **Deputy S.J. Pinel:**

No, is the answer. No fraudulent claims have been reported to me and I am sure they would have done had there been a case.