

# **Economic, Social and Health-related Recovery from the COVID-19 pandemic**

**25 September 2023**

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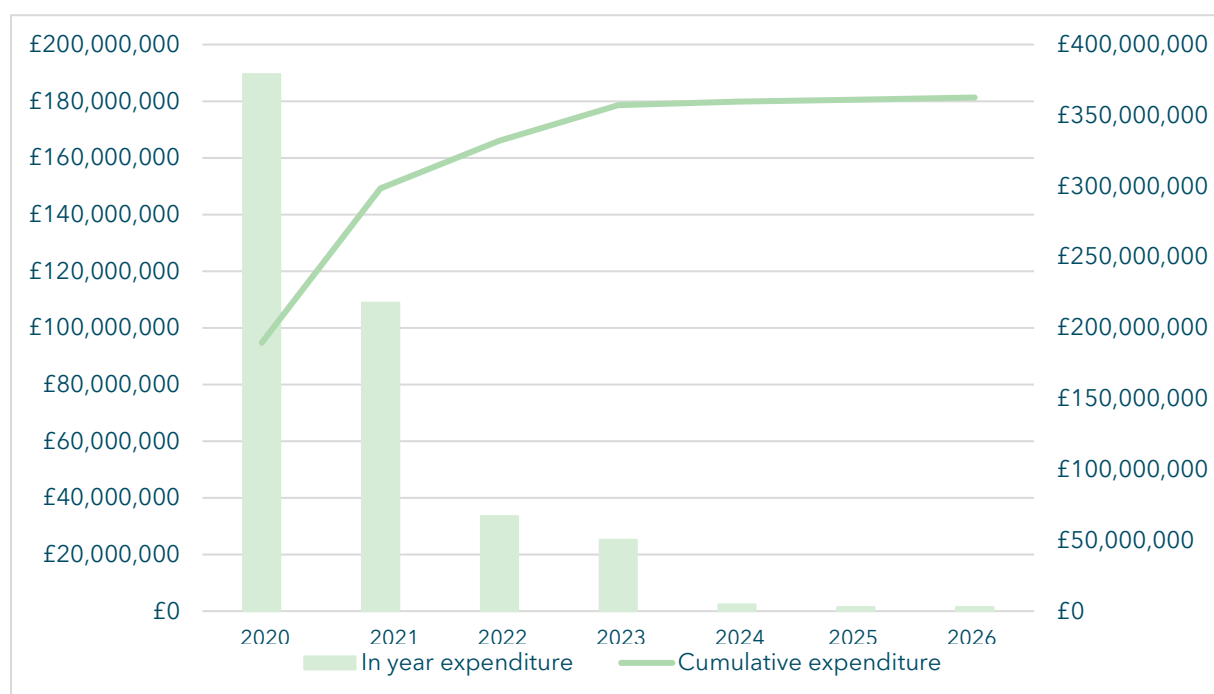
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# Summary

## Introduction

1. The rapidly evolving nature of the COVID-19 pandemic, particularly during 2020 and 2021, called for an extraordinary response from Government as it has sought to save lives and protect health and livelihoods in Jersey. During 2020 and 2021 the primary focus of Government was on implementing emergency measures to protect Islanders. Towards the later stages of 2021 the focus shifted to include recovery and, in particular, addressing the impact of the COVID-19 pandemic on the economy, on social issues and on health-related issues.
2. The total projected costs of the Government response to the COVID-19 pandemic between 2020 and 2026 is estimated as £363 million as shown in Exhibit 1.

### Exhibit 1: COVID-19 related projected expenditure



Source: Jersey Audit Office analysis of States of Jersey Accounts and Government Plans

3. The key elements of the expenditure that relate to economic, social and health-related recovery from the COVID-19 pandemic between 2020 and 2023 are summarised in Exhibit 2.

## Exhibit 2: Costs relating to economic, social and health-related recovery from the COVID-19 pandemic

	2020 £000	2021 £000	2022 £000	2023 £000
<b>Economic measures</b>				
COVID-19 income support and Co-Funded Payroll Scheme	106,120	30,690	5,301	-
Economic recovery	-	12,448	3,703	-
Economic stimulus	11,638	-	-	-
Economic support	1,997	-	-	-
Fiscal stimulus projects*	-	4,467	6,961	-
<b>Social measures</b>				
Social recovery allocation	-	-	2,394	2,670
Children's mental health and wellbeing	214	955	-	-
Schools catch up package	199	1,082	-	-
<b>Health-related measures</b>				
HCS** service recovery costs due to COVID-19	-	1,716	1,300	2,570
HCS COVID-19 recovery			6,476	

\* excluding projects undertaken by Government departments and States of Jersey Group entities. The total expenditure on fiscal stimulus projects including internal projects was £19.6 million

\*\* Health and Community Services Department (HCS)

Source: Jersey Audit Office analysis of States of Jersey Accounts and Government Plans

4. This review builds on previous reports I have issued relating to the COVID-19 pandemic. It evaluates:
  - whether clear and measurable objectives were set out for schemes and funds established to achieve economic, social and health-related recovery from the COVID-19 pandemic

- whether appropriate controls were put in place to implement the schemes and funds in an effective way
- how the Government managed and monitored the delivery of the schemes and funds; and
- whether the schemes and funds have achieved their stated aims.

## Key findings

5. The key findings from my review are as follows:

### **Economic measures**

- the Government moved at pace to introduce a range of measures aimed at supporting economic recovery from the COVID-19 pandemic. These measures included schemes to support businesses directly, the Spend Local Scheme and the Fiscal Stimulus Fund (FSF)
- there is a high rate of overclaims for two of the schemes introduced (Visitor Accommodation Support Scheme: 24% and the Fixed Cost Support Scheme: 22%). The rate of overclaims for the Co-Funded Payroll Scheme was lower at 7.87%. At the time of my review £6.4 million of overclaimed money was still to be recovered. The significant time lag between payment of claims and audit of claims has increased the risk of non-recovery of overpayments. These lessons should be taken into future schemes established by Government to support businesses and individuals. In particular, where post payment audit testing forms a key part of scheme controls, the timely completion of that testing and subsequent recovery action are imperative; and
- strong governance procedures were put in place for the FSF. Less than 40% of the agreed FSF was eventually utilised. While all submissions had a business case, the evidence supporting the rationale for decisions taken was not always clear and the alternative options were not always well presented. Many of the schemes undoubtedly resulted in improved facilities and buildings although some were delivered outside of the target timeframe.

### **Social recovery measures**

- the Government decided very early in the COVID-19 pandemic that it needed to invest in schemes to improve the chances of recovering social welfare quickly, and also to do as much as possible to prevent the gap widening between those who were at a greater disadvantage in society and those who were deemed to be less at risk. Working under significant pressure the Children, Young People, Education and Skills Department (CYPES) succeeded

in establishing schemes and distributing the initial support to relevant delivery organisations quickly

- overall, the funding and scheme delivery responsibilities allocated to CYPES were well managed. Each of the projects which I examined was supported by a business case or agreement. There were good controls and documentation on the projects; and
- HCS was responsible for two social recovery schemes –the children’s dentistry scheme and the Long COVID clinic. HCS was successful in attracting dental practices to take part in the children’s dentistry scheme, and about 1,300 appointments have been generated since the start of the scheme. Since January 2021 the Long COVID clinic has reviewed and managed affected Islanders, with over 450 appointments in 2022. This has led to many Islanders being successfully managed, treated and subsequently discharged from the service.

### **Health-related measures**

- I have been provided with limited financial information and evidence of performance for some of the health-related measures managed by HCS. For some schemes, how the funding was spent and how well the schemes' objectives were achieved were not monitored. I am therefore unable to assess how well some of the schemes were managed and what resources the funding was spent on.

## **Conclusions**

6. The measures put in place to protect businesses and individuals from the economic impact of the COVID-19 pandemic appear to have achieved the objectives established by Government. There have been relatively few business failures and employment has remained at or is better than pre-pandemic levels. There are early signs that the economy is recovering. It is however difficult to assess what would have happened to businesses without the support from the Government.
7. The education-related schemes put in place to stimulate social recovery from the COVID-19 pandemic have achieved the objectives set to date. In particular, the education outcomes to date demonstrate no deterioration from what would have been expected if there had been no pandemic. This compares favourably with the performance in England.
8. The COVID-19 pandemic recovery monies have helped to add capacity to Child and Adolescent Mental Health Services which has enabled the service to maintain

waiting times at a fairly consistent level despite a significant increase in the level of referrals.

9. I have not been able to assess the results of some of the health-related schemes managed by HCS due to the lack of sufficient financial and performance information.

# Objectives and scope of the review

10. The review has evaluated:
  - whether clear and measurable objectives were set out for schemes and funds established to achieve economic, social and health-related recovery from the COVID-19 pandemic
  - whether appropriate controls were put in place to implement the schemes and funds in an effective way
  - how the Government managed and monitored the delivery of the schemes and funds; and
  - whether the schemes and funds have achieved their stated aims.
11. The review has also included a follow up on the recommendations made in the following Comptroller and Auditor General (C&AG) reports:
  - *The COVID-19 Related Emergency Support Scheme* (June 2021)
  - *Government support to businesses during the COVID-19 pandemic - Co-Funded Payroll Scheme* (November 2021); and
  - *Government support to businesses during the COVID-19 pandemic - other schemes* (November 2021).
12. In addition, it has touched on some of the relevant key findings referred to in the following C&AG reports:
  - *Child and Adolescent Mental Health Services* (September 2022); and
  - *Grants to Arts, Heritage and Culture Organisations* (December 2022).



# Detailed findings

## Economic recovery schemes

13. The Government implemented a number of measures aimed at economic recovery from the COVID-19 pandemic, as summarised in Exhibit 3.

### Exhibit 3: Economic Measures

	2020 £000	2021 £000	2022 £000	2023 £000
COVID-19 income support and Co-Funded Payroll Scheme	106,120	30,690	5,301	-
Economic recovery*	-	12,448	3,703	-
Economic stimulus	11,638	-	-	-
Economic support	1,997	-	-	-
Fiscal stimulus projects*	-	4,467	6,961	-

\* values shown exclude project funding provided to Government Departments and States of Jersey Group entities

Source: Jersey Audit Office analysis of States of Jersey Accounts and Government Plans

### Co-Funded Payroll Scheme

14. The most significant measure put in place by Government was the Co-Funded Payroll Scheme (CFPS). I reported on this scheme in my November 2021 report *Government support to businesses during the COVID-19 pandemic - Co-Funded Payroll Scheme* and made six recommendations, all of which were accepted by Government. Progress in implementing these recommendations is summarised in Exhibit 4.

#### Exhibit 4: Progress in implementing previous C&AG recommendations

Recommendation	Current position	Evaluation
<p><b>R1</b> Introduce enhanced controls to ensure that public announcements provide clarity as to the status of the announcement and related Ministerial Decisions.</p>	<p>The CFPS was extended twice after the period covered by my previous report:</p> <ul style="list-style-type: none"> <li>• October 2021 (MD-TR-2021-0123); and</li> <li>• for the months of December 2021 and January 2022 (MD-TR-2021-0155).</li> </ul> <p>The public announcements correlated with related Ministerial Decisions for the two further extensions.</p> <p>The Ministerial Code of Conduct has been updated to enhance procedures around public announcements. In addition, enhanced controls now exist between officers, private secretaries and Ministers.</p>	<p><b>Implemented</b></p>
<p><b>R2</b> Introduce a clear and transparent process to provide and consider feedback on scheme proposals that are announced in 'draft' in advance of final decisions being taken. Ensure that the announcement is clear in such instances that the scheme is 'draft' and is open for consultation comments.</p>	<p>The two further scheme extensions were not announced in draft and therefore this recommendation was not relevant to them.</p>	<p>Not applicable</p>
<p><b>R3</b> Enhance the documentation supporting Ministerial Decisions to include clear forecasts of expenditure against previous funding allocations.</p>	<p>The Ministerial Decisions for the two further extensions included a forecast of expenditure against previous funding allocations.</p>	<p><b>Implemented</b></p>

Recommendation	Current position	Evaluation
<p><b>R4</b> Prioritise the completion of the reconciliation of CFPS claims made to other records held in respect of the employers making the claims. These reconciliations should be carried out as soon as possible.</p>	<p>Reconciliations of contribution schedules to CFPS claims were carried out by the Customer and Local Services Department (CLS) for 539 firms (31.3% of firms receiving payments). Seventeen firms required further investigation and where necessary the firms were instructed to update their schedules and to re-submit their claims.</p>	<p><b>Implemented</b></p>
<p><b>R5</b> Prioritise the completion of post payment audit testing of claims and ensure that final audit reports are issued promptly relative to the month of the claims tested.</p>	<p>Post payment audit testing was completed with two separate reports issued in May 2022, one for payments for September to December 2020 and the other for payments for January 2021 to January 2022.</p> <p>The overall error rate identified was 7.87%. The total of overclaims was £11.12 million of which £4.46 million was still to be recovered at the time of my fieldwork.</p> <p>A process for appealing against recovery of overclaims was introduced by the Government in October 2022.</p>	<p><b>Partially implemented</b></p> <p>The significant time lag between payment of claims and audit of claims has increased the risk of non-recovery of overclaims. There is a need to ensure that lessons are learned for any future schemes. Where post payment audit testing forms a key part of scheme controls, the timely completion of that testing and subsequent recovery action are imperative.</p>
<p><b>R6</b> Reduce the time lag in publishing data on payments made and jobs supported under the CFPS.</p>	<p>Final data for the whole period of the scheme has been published.</p>	<p><b>Implemented</b></p>

Source: Jersey Audit Office analysis

- Most of the recommendations made in 2021 have been implemented by Government. There is one recommendation from my previous report that was partially implemented. As a consequence, there remains a risk that payments relating to overclaims made will be harder to recover. There are clear lessons to be learned from the implementation of the CFPS. These lessons should be taken into future schemes established by Government to support businesses and individuals.

## Recommendations

- R1** Enhance procedures to ensure that post payment audit checks take place on a timely basis for all benefits, grants and support schemes that rely on such checks as a key element of internal control.
- R2** Document the lessons learnt from the implementation of the Co-Funded Payroll Scheme in a final report and ensure they are used when considering the design of future benefits and other schemes established by Government to support businesses and individuals.

## Economic recovery schemes

16. In addition to the CFPS, other economic recovery schemes were established and other grants were awarded and paid to individual entities. These included the schemes and grants summarised in Exhibit 5.

### Exhibit 5: Economic recovery schemes

Scheme	Expenditure (£000)
<b>Schemes to support businesses</b>	
Visitor Accommodation Support Scheme (VASS)*	8,945
Fixed Costs Support Scheme (FCSS)	3,273
Visitor Attraction and Events Scheme (VAES)	1,186
Visitor Hire Car Support Scheme (VHCSS)	391
<b>Grants to individual entities</b>	
Jersey Business Ltd	1,460
Ports of Jersey	832
Jersey Finance Ltd	299
Highlands College additional grant award**	213
Digital Jersey	251

\* original scheme expenditure gross of subsequent overclaims identified

\*\* part of CYPES. Awarded in 2022 but carried forward to 2023

Source: Jersey Audit Office analysis

17. I reported on the VASS, FCSS and VAES in my November 2021 Report *Government support to businesses during the COVID-19 pandemic - other schemes* and made nine recommendations. Progress in implementing these recommendations is summarised in Exhibit 6.

**Exhibit 6: Progress in implementing previous C&AG recommendations**

Recommendation	Current position	Evaluation
<p><b>R1</b> Introduce enhanced controls to ensure that public announcements provide clarity as to the status of the announcement and related Ministerial Decisions.</p>	<p>The Ministerial Code of Conduct has been updated to enhance procedures around public announcements. In addition, enhanced controls now exist between officers, private secretaries and Ministers.</p>	<p><b>Implemented</b></p>
<p><b>R2</b> Review the criteria for preparing a business case to include schemes which expose the States to a potential liability of more than £100,000 (such as guarantee schemes).</p>	<p>The Business Disruption Loan Guarantee Scheme (BDLGS) ended on 31 December 2021. Two loan defaults have occurred to date (1.5% of total loans).</p> <p>Operational procedures for business case requirements have been updated.</p>	<p><b>Implemented</b></p>
<p><b>R3</b> Introduce a requirement for a formal Ministerial Decision to be taken to extend schemes that have been established with a fixed end date.</p>	<p>The VASS, FCSS and VAES were extended to 31 March 2022. There were no formal documented Ministerial Decisions approving the extensions.</p> <p>There is a Ministerial Decision (MD-E-2021-0048) expanding the FCSS to include additional sectors in December 2021 and January 2022. This Ministerial Decision did not include formal costings.</p> <p>A requirement for a formal Ministerial Decision to be taken to extend schemes that have been established with a fixed end date has not been introduced.</p>	<p><b>Not implemented</b></p> <p>Officers have stated that amending the Public Finances Manual to include such a requirement was considered impractical and that they consider there to be sufficient safeguards to prevent a support scheme operating without formal Ministerial approval.</p>

Recommendation	Current position	Evaluation
<p><b>R4</b> Prioritise the completion of VASS post payment claims testing and recovery of overclaims.</p>	<p>The report on the audit of claims from October 2020 to April 2021 was issued in May 2022. The audit of claims from May 2021 to March 2022 was issued in February 2023.</p> <p>The error rate in relation to the calculation of detriment was so high (24%) that all claims were checked. The total of overclaims was £2.15 million and £1.6 million was still to be recovered at the time of my fieldwork.</p>	<p><b>Not implemented</b></p> <p>The significant time lag between payment of claims and audit of claims has increased the risk of non-recovery of overclaims. There is a need to ensure that lessons are learned for any future schemes. Where post payment audit testing forms a key part of scheme controls, the timely completion of that testing and subsequent recovery action are imperative.</p>
<p><b>R5</b> Undertake a review of the effectiveness of the VASS in meeting its intended objectives and report publicly the results of the review.</p>	<p>An end of scheme report was produced in December 2022 and published on the Government website. The report notes that:</p> <p><i>Bed stock has reduced between 1991 and 2021, although the pace at which this is happening has slowed in recent years.</i></p> <p><i>Anecdotal evidence suggests that there were no large number of business failures during the past two years and that most hotels continue to operate.</i></p> <p><i>It is difficult to assess the "counterfactual" i.e. what would have happened to these businesses without the support from the Government. However, 61 businesses were reached by the VASS and many also benefitted from the CFPS and other recovery schemes.</i></p>	<p><b>Implemented</b></p>

Recommendation	Current position	Evaluation
<p><b>R6</b> Enhance the procedures for Ministerial Instructions to include documentation and agreement of any processes to be put in place to monitor issues raised by Accountable Officers.</p>	<p>One economic recovery scheme required Ministerial Instruction. Again, it is difficult to assess the 'counterfactual' but the objectives of the scheme have been achieved to date.</p> <p>However, procedures for Ministerial Instructions have not been enhanced as recommended.</p>	<p><b>Not implemented</b></p> <p>Officers have considered the recommendation and have taken a view that amending the Public Finances Manual would introduce an additional requirement that would be difficult to monitor and audit and would not be of sufficient value to justify the work involved.</p>
<p><b>R7</b> Prioritise the completion of FCSS post payment claims testing and recovery of overclaims.</p>	<p>The scheme ended at the end of March 2022. The internal audit summary report on post payment claims testing was issued at the beginning of February 2023 when testing was completed.</p> <p>The testing undertaken identified a high error rate in the calculation of detriment (22%); however only 21.2% of claims by value were tested. The errors identified were described as mainly due to insufficient evidence provided by claimants. The total of overpayments identified was £150,868 of which £36,000 was still to be recovered at the time of my fieldwork.</p> <p>The total number of claims under the FCSS was 1,753. The average value per claim was £1,867. There is a risk that other overpayments have taken place but have not been identified.</p> <p>It is also not clear how claims were approved in the first instance without sufficient evidence being available to support the claims.</p>	<p><b>Not implemented</b></p> <p>The significant time lag between payment of claims and audit of claims has increased the risk of non-recovery of payments made in respect of overclaims.</p> <p>In addition, a relatively low level of testing has taken place which increases the risk that there are further overclaims or fraudulent claims that may not have been identified. There is a need to ensure that lessons are learned for any future schemes. Where post payment audit testing forms a key part of scheme controls, the timely completion of that testing and subsequent recovery action are imperative.</p>

Recommendation	Current position	Evaluation
<p><b>R8</b> Undertake a review of the effectiveness of the FCSS in meeting its intended objectives and report publicly the results of the review.</p>	<p>The end of scheme report was produced in December 2022 and published on the Government website.</p> <p>The report states that:</p> <p><i>It is difficult to assess the “counterfactual” i.e. what would have happened to these businesses without the support from the Government.</i></p> <p>I note that 557 businesses were reached by the FCSS and many also benefitted from the CFPS and other recovery schemes. The potential error rate creates some doubt as to whether the scheme fully met its intended objectives.</p> <p>The assessment of the number of business licences suspended or closed compared to the previous two years which was planned for 2022 could not be undertaken due to the data being unavailable.</p>	<p><b>Implemented</b></p>
<p><b>R9</b> Undertake a review of the effectiveness of the VAES in meeting its intended objectives and report publicly the results of the review.</p>	<p>A report on the VAES was published on the Government website on 4 July 2022. The report states:</p> <p><i>It is difficult to assess the “counterfactual” i.e. what would have happened to these businesses without the support from the Government. However, 18 businesses were reached by the VAES and many also benefitted from the CFPS and other recovery schemes. Further, it may have been possible to improve the targeting of the support through greater interrogation of accounts or through different detriment tests, however, this would have had the trade-off of likely being slower, having larger administration costs and potentially being less efficient.</i></p> <p><i>Economic infrastructure remains strong in organising large scale events in Jersey.</i></p>	<p><b>Implemented</b></p>



Recommendation	Current position	Evaluation
	<i>Anecdotal evidence suggests that there were no large number of business failures during the past two years and that visitor attractions in Jersey continue to operate such as La Mare Vineyards and Jersey Pearl.</i>	

Source: Jersey Audit Office analysis

18. In addition to the schemes I reported on in November 2021, a further scheme was implemented by Government (the Visitor Hire Car Support Scheme (VHCSS)). Funding was also provided to five arm’s-length organisations and a loan was provided to Blue Islands. Exhibit 7 contains more details, including details of the controls put in place.

### Exhibit 7: Other economic recovery schemes and funding

Scheme/ recipient	Spend (£000)	Documentation and approval of objectives	Aims	Commentary on delivery controls
VHCSS	391	Business case produced with Key Performance Indicators (KPIs). Approval shown in the Economic Recovery Political Oversight Group (ERPOG) minutes 26 March 2021.	Support for visitor car hire business. End of scheme report produced.	Good control system established.
Jersey Business Ltd	1,460	Business case produced with KPIs. Approval by the Economy Department (top up grant) and the ERPOG minutes 26 March 2021.	Continued administration support for businesses.	Reporting requirements and KPIs closely monitored.
Ports of Jersey	832	Grant agreement sets out conditions of grant. A Letter of Instruction was issued by the Deputy Chief Minister to Office of Chief	Support for continuation of ferry services.	Conditions of grant are being met currently but will require continued close monitoring.

Scheme/ recipient	Spend (£000)	Documentation and approval of objectives	Aims	Commentary on delivery controls
		Executive in accordance with Public Finances Manual.		
Jersey Finance Ltd	299	Business case produced with KPIs. Approval by Economy Department (top up grant) and ERPOG minutes 16 November 2021.	New staff to develop new business in emerging markets and London and to expand the economy.	Reporting requirements and KPIs closely monitored as part of half yearly grant payments.
Highlands College additional grant award	213	Business case produced with KPIs. Approval by Economy Department (top up grant) and ERPOG minutes 5 May 2022.	Additional adult education courses re workforce re-skilling and acquisition of digital skills.	This had been budgeted to be delivered in 2022. However due to a delay this was carried forward to 2023 and was included in the end of year flexibility process. Approval for all grant draw downs.
Digital Jersey	251	Business case produced with KPIs. Approval by Economy Department (top up grant) and ERPOG minutes 5 May 2022.	Additional adult education courses re workforce re-skilling and acquisition of digital skills.	Approval for all grant draw downs.
Blue Islands Loan	10,000	Business case produced with due diligence report and loan agreement. Approval was by Ministerial Decision MD-TR-2020-0081.	Support for air travel to and from the Island.	Regular reports monitoring achievement of business case and financial projections. Conditions of loan agreement reported as being met.

Source: Jersey Audit Office analysis

19. Funding for the grants was initially approved by the Economy Department under the Scheme of Delegation and subsequently approved by the ERPOG, which was established under MD-C-2020-0038 and agreed terms of reference on 5 February 2021. Each scheme had clear objectives, good controls over delivery and achieved the aims set out in the initial business case or other agreement.
20. The end of scheme report for the VHCSS acknowledges that it is difficult to assess how many of the businesses supported needed financial aid and what the optimal level would have been, due to lack of counterfactual - that is what would have happened without the support. The report notes that *'it is likely that the benefiting firms would have survived without the economic support'*. However, it was considered by officers within the Economy Department that without Government intervention, there would be insufficient cars available to hire. The report also concludes that *'this would have had a knock-on effect on both the ability to attract tourists to the Island in the summer of 2021 (car hire is often an integral part of a package holiday) and the associated spend on Island. Without an easy way to travel round the Island, the more remote hotels and visitor attractions may have not be visited as often.'*
21. In addition to the economic recovery and economic support schemes, the Government agreed a loan to Blue Islands to support air travel to and from the Island. The business case in support of the loan referred to significant financial support being provided by other government jurisdictions to protect their aviation industry, recognising the critical importance of air connectivity to their economies. My review indicates that the conditions of the loan agreement are being met.
22. Expenditure on economic recovery schemes is continuing in 2023, with clear objectives and satisfactory delivery controls.

## **Recommendation**

- R3** Review the lessons learnt from the implementation of all COVID-19 support schemes when considering the design of future benefits and other schemes established by Government to support businesses and individuals.

## **Work planned that should be prioritised**

- P1** Carry out a retrospective review of the VAES final accounts that are submitted for filing purposes to ensure that the applicants have met all the requirements for the months for which claims were paid.

## Economic stimulus

23. The most significant element of the economic stimulus expenditure related to the Spend Local Scheme implemented during 2020. Under this scheme, Spend Local Mastercards were issued to eligible people in Jersey containing a value of £100. The cards were designed to be used in shops, restaurants and other businesses in Jersey.
24. The Public Accounts Committee (PAC) issued a report on the Spend Local Scheme on 11 October 2021. The PAC found that:
- *Consideration of the Spend Local Scheme's risk was undertaken by the Investment Appraisal Team, with consideration given to the mitigation of these risks.*
  - *The Spend Local Scheme resulted in a very high level of engagement from Islanders, at 91%.*
  - *Some of the money provided through the Spend Local Scheme was likely to have been used by Islanders to purchase essential goods.*
  - *The exact effectiveness of the Spend Local Scheme is difficult to evaluate due to the lack of available data on whether the Cards contributed to spending above £100, the nature of the Scheme as a 'standalone' event, and the difficulty in modelling a counterfactual 'do nothing scenario'.*
  - *Islanders generally appear to have treated the Spend Local Cards as additional spend, leading to a boost for sectors heavily affected by the COVID-19 Pandemic, such as Retail and Hospitality.*
  - *The restriction of expenditure to purchases made physically on Island ensured that Jersey businesses largely retained their 'mark-up' or profit.*
  - *The Spend Local Scheme is likely to have been a one-off event, despite consideration being given to a second tranche.*
  - *The Spend Local Scheme was not specifically targeted to maximise the positive impact on sectors most affected by the economic downturn.*
  - *The Spend Local Scheme has attracted considerable interest from policymakers in Northern Ireland and Scotland, with the former using Jersey as a model for its equivalent to the Spend Local Scheme.*
25. The PAC made four recommendations, three of which were accepted by Government. I have not carried out detailed work on the Spend Local Scheme as part of my review due to the previous work on the Scheme undertaken by the PAC.

## Economic support schemes

26. Direct economic support was provided to specific organisations during 2020. Exhibit 8 provides more details.

### Exhibit 8: Summary of Economic support schemes 2020

Scheme/ Recipient	Spend (£)	Documentation and approval of objectives	Aims	Delivery controls
Jersey Heritage	1,100,000	Grant agreement supported by business case. Approval by the Department for the Economy (top up grant).	The aim was going concern support for Jersey Heritage. My 2022 Report <i>Grants to Arts, Heritage and Culture Organisations</i> comments on this in more detail.	Monitoring of achievement of five KPIs.
Jersey Business Ltd	438,500	Business case includes KPIs. Approval by the Department for the Economy (top up grant).	Continued administration support for businesses.	Performance report and monitoring of achievement of KPIs.
Blue Islands Travel	180,786	Business case includes KPIs. Approval was granted in three Ministerial Decisions: MD-TR-2020-0037 MD-TR-2020-0074 MD-TR-2020-0147.	Maintenance of air travel to and from Island for key workers.	Reconciliation of invoices to air travel schedules and passengers.
Fisheries Support	252,600	Business case includes KPIs MD-TR-2020-0069.	Grants for fishermen to protect their livelihood.	Grants made to known boats using independent evidence.

Scheme/ Recipient	Spend (£)	Documentation and approval of objectives	Aims	Delivery controls
Blue Islands due diligence report	25,000	Assessment of Blue Islands. MD-TR-2020-0081 financial position.	Report used for decision making.	Report produced.
<b>Total</b>	<b>1,996,886</b>			

Source: Jersey Audit Office analysis

27. Two schemes were top up grants to Arm's Length Organisations approved by the Economy Department under the Scheme of Delegation. The remaining schemes were approved by Ministerial Decisions. Each scheme had clear objectives, good controls over delivery which were implemented and achieved the aims set out in the initial business case or other agreement.
28. My report *Grants to Arts, Heritage and Culture Organisations* issued on 23 December 2022 concluded that Jersey Heritage Trust had a clear business plan for 2022. The report also concluded that the documented grant appraisal should be based on an assessment of need which includes an analysis and interpretation of reserves as one of the factors in determining grant need. The top up grant of £1.1 million to support going concern replaced the shortfall in commercial income for 2020, contributing to £2 million of unrestricted funds held by Jersey Heritage Trust at 31 December 2020 (£1.4 million at 31 December 2019).

## Fiscal stimulus schemes

29. The Fiscal Stimulus Package, including the establishment of the Fiscal Stimulus Fund (FSF), was proposed to the Council of Ministers and approved on 8 July 2020. The Treasurer recommended to his Minister the lodging of the report and proposition to request the States Assembly to allocate £50 million, funded by borrowing, to establish the FSF.
30. The FSF was set up to provide stimulus into the economy as part of a package of measures to enable the economy to recover more quickly than would otherwise be the case. The intention was that the stimulus would be provided on a timely and temporary basis, targeted towards projects that would support local employment and local business and, as a subsidiary aim, further the States Corporate Strategic Priorities. The FSF was established with an initial funding level of £50 million. It was

available in two tranches with the first £25 million for projects from November 2020 and the second tranche available for projects from February 2021.

31. The FSF process invited applications for projects up to £5 million each, designed to stimulate the economy through:
  - employment support
  - business support
  - skills training
  - infrastructure and property improvements; and
  - maintenance and investment in productivity improvements.
32. Each project needed to demonstrate that it could, in the period after the COVID-19 pandemic:
  - assist in reducing the fall in output and employment in the short-term; and
  - provide opportunities to assist in reducing the damage to the economy in the medium to long-term.
33. All projects were required to have a completion date of 31 December 2021.
34. The application process and requirements were advertised on the Government of Jersey website. The draft recommendation for prioritisation of fiscal stimulus projects, including those projects not recommended (both those rejected and those withdrawn at the initial stage) was considered and reviewed by the ERPOG and the Corporate Services Scrutiny Panel (CSSP). Both bodies were able to comment on the outcome and this was considered by the Minister for Treasury and Resources before notifying the Council of Ministers.
35. Evaluation criteria determined by the Fiscal Stimulus Oversight Group (FSOG) were as follows:
  - timely - can the project be delivered by 31 December 2021?
  - temporary - not recurring and the project must be stand alone, not be reliant on another scheme which may/may not have funding; and
  - targeted - does this stimulate the local economy and businesses? How much of the request is for off Island purchases/resources? What are the long-term economic benefits?

36. There were strong governance procedures in place with a project manager for the scheme and clear guidelines on how the scheme would operate. Key controls were in place over the expenditure. It is less clear from the minutes how different projects were ranked and then supported. Many of the schemes undoubtedly resulted in improved facilities and buildings although some were delivered outside of the target timeframe. Less than 40% of the agreed fund was eventually utilised.
37. All submissions had a business case. However the evidence supporting the rationale for decisions taken was not always clear and the alternative options were not always well presented. The evaluation of submissions was undertaken by a Board with cross Government and external representation, which challenged submissions where appropriate. However, the documented evidence of decisions was more limited and it is not particularly clear from the minutes why some projects were awarded funding and not others, particularly as compliance with the criteria seemed to be weak in a number of instances. It was also apparent in places that some schemes were dependent on planning permission and so risked not be completed by the target date.
38. A high percentage of tranche one schemes related to construction, refurbishment and improvement – seen to be important in supporting the construction industry. However, given the obvious constraints imposed by the COVID-19 pandemic, it is difficult to see how these schemes would be delivered in the timescales needed to inject resources into the economy quickly. The FSOG tried to address the balance of schemes across industries in tranche two.
39. My report *Grants to Arts, Heritage and Culture Organisations* (December 2022) included a review of FSF grants awarded in those sectors. I concluded that quantifiable benefits for the preferred option were limited and alternative options were dismissed with minimal analysis in most cases. The minutes of key meetings indicate that many projects were agreed by FSOG in a short space of time.
40. Declarations of interest were requested at the start of every FSOG meeting, but these are not documented in the minutes. FSOG members were asked for declarations of interest by separate email in advance of the first FSOG meeting. I understand that, where relevant, conflicted parties removed themselves from decision making and/or discussions of the relevant bids. While there is no suggestion that members were not transparent, recording this in minutes would be beneficial for open and transparent governance.
41. FSF awards of £22.8 million were allocated in tranche one and £6.8 million in tranche two, leaving £20.4 million unallocated. The States Assembly then decided to limit the total available to the FSF to the amounts allocated in the first two tranches. The actual spend over the two tranches was £19.2 million (including



amounts awarded to Government Departments) - less than 40% of the original sum allocated to the FSF. In total 47 projects were granted funding although four projects were subsequently withdrawn due to no longer meeting the criteria for the FSF:

- Oakfield community sports centre
- Jersey Spartans Athletics Club
- Jersey Arts Centre Association (JACA); and
- Jersey Opera House.

42. As noted in my *Grants to Arts, Heritage and Culture Organisations Report* (December 2022) although the funding for JACA was withdrawn in early 2022 as the timing criterion could not be met, a sum of £2.1 million from the FSF was advanced to JACA in November 2021. At the time, it would not have been possible for a project of this nature to be completed by the deadline of 31 December 2021 and I fail to understand why it was advanced. The JACA accounts for 2021 disclose the amount held as a liability to be paid to the States and this was repaid in March 2022.
43. Exhibit 9 illustrates the controls in place over the 14 schemes I have reviewed and the outcomes achieved. All of the schemes I reviewed followed proper approval processes.

#### Exhibit 9: Summary of sample of FSF schemes reviewed

Scheme	FSF Spend (£000)	Objectives	Delivery controls	Commentary on achievement of aims
Acorn collections and processing facility	808	Construction of an additional processing facility to maintain construction industry jobs and provide a facility to assist business in the future.	Contract and PRINCE2 methodology used to monitor delivery.	The project helped local construction companies and supported those who had disabilities and have been out of work for some time. It also created jobs and will provide additional employment in the future. The increased revenue is showing promising signs but is not yet at the anticipated level.

Scheme	FSF Spend (£000)	Objectives	Delivery controls	Commentary on achievement of aims
Unemployment support - Recruit Local campaign	673	This was one of many schemes to help the long term unemployed jobseekers. The scheme was designed to help 190 jobseekers.  The money was awarded to CLS.	Agreement in place and monitoring meetings.	The project created subsidised labour for over 100 employers, supporting them through the recovery. It also provided the opportunity for 118 long term jobseekers to gain employment. It is unclear whether there is duplication in all the employment support schemes with the same people being the focus of different schemes.
Beaulieu Convent school	1,500	To build an additional facility at the school to make the school more inclusive and improve ease of access.	Tendered contract.	This was a construction project with the aim of helping local builders. The scheme overran.  While this scheme was approved it is unclear as to how the scheme fulfilled the FSF criteria.
First Tower Youth project development	1,500	To improve and enhance facilities.	Tendered contract.	This was a construction project that improved and enhanced facilities. The scheme overran by five months.
Retrain skills	1,700	To enable many young people to retrain and gain additional skills.	Awarded to Highlands College, Skills Jersey and Digital Jersey.	The scheme delivered in excess of forecast and helped hundreds of young people obtain skills. The scheme ran into 2022 but was closely managed and controlled over a six month period.
Refurbishment of the Kenneth Faucon Hall - Jersey Scouts	51	To improve facilities.	Quarterly KPIs to Accountable Officer.	This was a construction project which was mainly about improving the building.  The scheme overran.

Scheme	FSF Spend (£000)	Objectives	Delivery controls	Commentary on achievement of aims
Jersey Scouts - Refurbishment of St Lukes Hall	50	To improve facilities.	Quarterly KPIs to Accountable Officer.	This was a construction project which was mainly about improving the building. The scheme overran into late 2022.
Jersey Scouts Association - Refurbishment of Jersey Scout Centre, St Ouen	244	To improve facilities.	Tendered contract.	The scheme was completed much later than planned as it needed planning permission.
Help at Home Scheme (Domiciliary Care Market Stimulation)	207	To stimulate the market through recruitment and training.	Monthly KPIs to Accountable Officer through steering group. Weekly shortlisting of candidates with providers.	The aim was to create an environment which encourages domiciliary care providers to recruit and train new staff members to provide home care services. The estimate was that around 100 new posts could be created through this scheme. The scheme completed later than planned. 57 applicants came though the recruitment scheme with 38 offered employment. 28 accepted the role.
Recruitment and Training of five Health Care Assistants	45	To appoint and train staff. The money was awarded to Jersey Hospice Care.	Monthly KPI meeting and monthly invoices on delivery.	The scheme aimed to train five individuals who had never worked in healthcare and bring as new members of staff into the system- only three were recruited and trained. The appointment and training seem to have followed normal processes. As such, it is unclear how this achieves the aims of the FSF.
Coronation Park Paddling Pool	750	To renovate a facility that had been unused for over 20 years.	Tendered contract.	The new facility was opened on time and was within budget.

Scheme	FSF Spend (£000)	Objectives	Delivery controls	Commentary on achievement of aims
Jersey Heritage - Hamptonne Agricultural Museum	1,142	Renovations and improvements.	Full tender process.	Timescales have been revised a number of times and now work will not finish until late 2023. The project has multiple funding streams.
Jersey Heritage - La Hougue Bie Gallery and Workshop	271	Renovations and improvements.	Full tender process.	<p>The contract was originally expected to finish in December 2021. It set out to renovate the Gallery and Outbuildings at a cost of £271,000. The scheme has overrun - it did not start until January 2022, ending in October 2022 and has only renovated the Gallery. It will have exceeded the budget originally set by at least £150,000 and this was funded by other sources. The final sum spent on the project is yet to be confirmed.</p> <p>It is yet to be seen whether visitor numbers increase as it is not yet open.</p>
The National Trust for Jersey - Morel Farm	2,167	Renovations and a glamping site.	Full tender process.	The investment has delivered a facility that would not otherwise have been affordable. The contract overran by six months and cost £300,000 more than budget which was covered by alternative funding.
Springfield	1,964	Replacement of Fort Regent facilities.	Full tender process.	Project was supposed to be completed by December 2021 but was completed in March 2023. The Springfield renovation costs were over £3 million with the fiscal stimulus representing 62% of the entire budget for the project.

Scheme	FSF Spend (£000)	Objectives	Delivery controls	Commentary on achievement of aims
Oakfield	403	Replacement of Fort Regent facilities.	Full tender process.	This project was awarded £3.2 million from the FSF. However, the complexity of the project and the impact of the delays due to the planning process meant that the project ceased to meet the requirements of the FSF and alternative funding mechanisms were then sought. £403,000 was spent from the FSF.

Source: Jersey Audit Office analysis

## Recommendations

- R4** Enhance procedures to ensure that the existence of potential conflicts of interest and the mitigation actions taken are recorded in minutes of all oversight and decision making groups.
- R5** Enhance procedures for awarding grants, to document clearly how the criteria for the grant award are met or are expected to be met.

## Overall impact of economic recovery schemes

- 44. The Government Plan for 2023-26 refers to the early signs of improvement in the economy. Since a pandemic peak in the lockdown of spring 2020, the number of people Actively Seeking Work (ASW) in Jersey has fallen from 2,290 to just over a quarter of that figure at 620, at 30 June 2022, the lowest number on record. This, combined with approximately 1,000 job positions being available, places the economy in a position of near-full employment and suggests a strong recovery from the pandemic. The number of people ASW at 31 March 2023 was 610.
- 45. The Business Tendency Survey (June 2022) provides strong evidence for economic recovery post-pandemic. The proportion of businesses reporting an increase in activity was 20% higher than those reporting a decrease. Where previously the hospitality industry was lagging behind other areas on a return to trend 'business activity' levels, due to extended periods of inactivity through the

pandemic, it has now caught up with other sectors. In March 2023, the all-sector business activity indicator was moderately positive, with a value of +12%.

46. One of the main objectives of the economic recovery schemes was to increase Gross Value Added (GVA) to above pre-pandemic levels. The economy contracted sharply in 2020. The 2020 GVA for the Island was £4,636 million compared to £4,972 million in 2019. The next report, 'Measuring Jersey's economy: Gross Value Added (GVA) 2022', will be released on 4 October 2023.
47. I have reviewed the reports issued by the National Audit Office (NAO) on the UK economic recovery schemes. Those schemes had similar objectives and have similar outcomes to date to Jersey's schemes in terms of providing essential support to the economy during the COVID-19 pandemic and achieving their primary objectives of preventing job losses and delivering financial support to businesses quickly during the COVID-19 pandemic. In addition, like Jersey, a risk was identified for the business support grant schemes that some of the support provided to some companies might not be needed or make a difference.
48. Key points from the comparison of the Jersey schemes and the findings of the NAO in respect of the UK schemes are that:
  - unlike the Jersey CFPS, the Coronavirus Job Retention Scheme in the UK (CJRS) did not require a calculation of reduction in turnover as part of assessing the benefit payment, which meant that several billion pounds were distributed in grants to employers whose incomes were not significantly affected by the COVID-19 pandemic
  - the estimate of CJRS fraud is based on limited data and it is unlikely ever to be known how much was paid incorrectly for furloughed employees. Jersey has carried out a significant amount of audit and testing of its CFPS claims and has a good understanding of the scheme's error and recovery rates; and
  - in relation to business support grant schemes, in the UK there was a similar delay to Jersey in conducting follow up checks. The delay in following-up has made the recovery of amounts wrongly paid more difficult to achieve.

# Detailed findings

## Social recovery schemes

### Establishment of social recovery schemes

49. The States of Jersey recognised that if they were to recover from the impact of the COVID-19 pandemic, economic measures on their own would not be enough. The States of Jersey recognised that attempting to ‘level up’ through physical and economic infrastructure, whilst neglecting social infrastructure, risked making inequality even worse.
50. Therefore social recovery monies were allocated for four years from 2020 to 2023 covering a wide variety of schemes, as shown in Exhibit 10.

#### Exhibit 10: Social recovery measures

	2020 £000	2021 £000	2022 £000	2023 £000
Social recovery allocation	-	-	2,394	2,670
Children’s mental health and wellbeing	214	955	-	-
Schools catch up package	199	1,082	-	-

Source: Jersey Audit Office analysis of States of Jersey Accounts and Government Plans

51. The Government decided very early in the COVID-19 pandemic that it needed to invest in schemes to improve the chances of recovering quickly, at the same time doing as much as possible to prevent the gap widening between those who were at a greater disadvantage in society and those who were deemed to be less at risk.
52. The disparity in how different groups experienced the COVID-19 pandemic has been a stark illustration of the impacts of entrenched inequality. This was particularly evident in the school population where learners had huge disruption to their lives. The pandemic also exacerbated other challenges such as for those experiencing poor mental health and wellbeing, resulting in a greatly increased demand for services.
53. Schemes focussed on children’s mental health and wellbeing and on schools catch up covered the 2020 and 2021 financial years. Further social recovery monies

were agreed in the 2022-25 and 2023-26 Government Plans. The largest shares of this social recovery allocation went to CYPES and HCS with some small amounts (not reviewed as part of this work) to other departments.

## Social recovery – education

### Scheme objectives

54. It was not expected that the disruption to children’s learning could be resolved quickly or easily. International reports continue to identify the significant impact that the COVID-19 pandemic has had, and continues to have, on children’s education and wellbeing. The Government identified a further £1.4 million for 2022 and £1.9 million for 2023. The programme is still live and the final report will be published in 2024.
55. The social recovery fund is delivering the following programmes:
  - Jersey Tutoring Programme (JTP)
  - Reading Recovery Training
  - Art and Wellbeing Project; and
  - Mathematics Recovery Programme.
56. The objectives of the schemes are to continue to support the development of children and young people particularly targeting resources on those who need the most support.

### Scheme controls

57. All schools are able to demonstrate how the funding was used to support groups of pupils (Special Educational Needs or Disabilities, Multilingual Learners and those eligible for Jersey Premium funding). Schools also identified other individual pupils who had been impacted by disruption to schooling and those who were identified as vulnerable.
58. In measuring impact, it is important to measure both quantitative and qualitative data. As the schemes have progressed systems have been developed within schools and there has been a significant increase in gaining pupil, parent and teacher ‘voice’. This has helped to continue to shape the programme for the future.



## Effectiveness of achievement of scheme objectives

59. The latest *COVID-19: Jersey Education Recovery Report* from the School Improvement and Advisory Service (SIAS), published in March 2023 evidences the real and continued impact of the four programmes that have been set up using COVID-19 Recovery funding. All of the schemes have made a positive impact on Jersey's pupils.
60. Pupils in all 34 Government of Jersey non fee-paying and fee-paying schools have been supported by the JTP. The test data used to measure the impact of the JTP programme indicates that all groups have made progress despite the challenges of the COVID-19 pandemic.
61. The Reading Recovery Programme is on target to deliver training to more new teachers in order to have a number of specialist teachers.
62. The success of the Art and Wellbeing Project has been the combining of several component programmes which complement each other and culminated in an exhibition open to the public.
63. The Mathematics Recovery Programme has trained four 'Numbers Count' teachers and 18 teaching assistants, who can deliver specialist intervention programmes supporting pupils with the greatest needs.
64. These interventions were clearly monitored and the controls that are in place have enabled, and continue to enable, a full evaluation. The performance in Jersey compares favourably to the findings of NAO on similar interventions in England. The NAO found that the schemes in England:
  - were inconsistent in addressing pupils' learning loss
  - were not particularly successful in closing the attainment gap which had grown since 2019
  - did not specify what success would look like; and
  - were not clear on whether the resources were targeted to disadvantaged pupils.
65. The funding for Jersey's education schemes is expected to end in 2023. CYPES will need to ensure that there is an on-going plan to maintain the gains made as a result of the interventions.

## Social recovery – further education

### Scheme objectives

66. The health and the economic impacts of the COVID-19 pandemic have served to reveal and magnify pre-existing social and economic challenges and inequality. This further education project gave financial support to help increase the capacity and capability of Highlands College and its partners to support the anticipated demand from stakeholders for interventions to support social recovery.
67. The following key priorities were expected to be addressed through interventions within this scheme:
  - mental health improvement
  - child and family wellbeing
  - reducing health and economic inequalities; and
  - workforce wellbeing.
68. Highlands College was funded to put on a number of different programmes to address these, each one spanning between seven and ten courses, starting in April 2022 and continuing into 2023. The College also received economic support funding to provide additional further education courses for skills and learning for adults under the economic recovery programme.

### Scheme controls

69. The College put in place a Social Recovery Board to oversee the governance, development and delivery of the Government funded social recovery programme activity, in line with the decisions of the Political Oversight Group (POG). Progress reports were provided to the Board on a quarterly basis and to CYPES.
70. To streamline the programme and enable the delivery to be managed, a four-tranche delivery approach was adopted:
  - Tranche one - March to July 2022
  - Tranche two - August to December 2022
  - Tranche three - January to March 2023; and
  - Tranche four - April to June 2023.
71. At the time of my review, this programme was still in delivery and reported to be on track.

## **Effectiveness of achievement of scheme objectives**

72. To June 2023, the programme has successfully delivered to 384 students over four Tranches, with 146 students engaged in classroom learning until mid-July 2023. The number of students starting courses over Tranches one to three was 238. This grew to the end of Tranche three where 247 students had completed a 12-week class and achieved a completion certificate. The average attendance across the project over Tranches one to three (March 2022 through to March 2023) was 78%, with the highest class attendance sitting at 100% attendance over 12 weeks.
73. Following the course, 15 students sat Mathematics and English exams and 12 students who were not in education or training, were re-engaged in learning.

## **Social recovery – community dentistry**

### **Scheme objectives**

74. In January 2022 a business case totalling £416,000 was submitted to the POG to enable children who had not been able to have a dental appointment to receive the care they required. As most of the children's dentistry was administered through the hospital service, additional capacity needed to be provided to allow for each of these children to have an initial examination.
75. The funding was to enable the 2,800 children that were identified as having missed an appointment to be able to access dental care from a private general dental practitioner. Dental services providers underwent a pre-qualification process and followed a fixed fee pricing schedule.

### **Scheme controls**

76. An open expression of interest to all Jersey registered dental practitioners was published inviting them to be pre-qualified and awarded a framework agreement, with a set fee pricing schedule. This was for 12 months with the objective of completing the project by 31 December 2022 but allowing for any delays or extension of the project into 2023.
77. Contact was attempted by HCS staff with all of the children who had not been able to access dental care, to inform them of their eligibility. Eligible children are recorded as one of opting in / out / un-contactable, to ensure a robust process of inclusion was completed. Data was collected on a weekly basis from all the practices to assess the impact and to monitor how the scheme was being delivered.

## **Effectiveness of achievement of scheme objectives**

78. HCS was successful in attracting dental practices to take part in the scheme, and about 1,300 appointments have been generated since the start of the scheme. While successful in this regard, the demand continues to outstrip capacity. Consideration needs to be given to how the service addresses this very challenging situation going forward.

## **Social recovery – Long COVID**

79. In October 2020 a joint initiative was established between Public Health and HCS to cater for Islanders affected by Post-Acute Sequelae of COVID-19 (PASC or Long COVID). A clinic was founded at the General Hospital in January 2021 with a lead clinician and an administrative assistant.
80. Since January 2021 the clinic has reviewed and managed affected Islanders, with over 450 appointments in 2022. This has led to many Islanders being successfully managed, treated and subsequently discharged from the service. The service is planned to close in December 2023 when the care of remaining patients will be managed within primary care services.

## **Children’s mental health and wellbeing**

### **Scheme objectives**

81. In 2020 a total of £536,000 was allocated to CYPES to help to address the impact of the COVID-19 pandemic on children’s mental health and wellbeing. Only £214,000 (40%) of this was spent in 2020 due to difficulties in recruiting professionals. In 2021 the budget allocated was £955,000, all of which was spent. The money was intended to address key wellbeing and mental health issues that had been exacerbated by the pandemic and to enable Child and Adolescent Mental Health Services (CAMHS) to increase capacity to meet the higher number of children and young people requiring support. The money was also intended to implement a system-wide solution that aimed to prevent a further deterioration in service performance at modest cost, through emphasis on early intervention and enhanced resources for assessment.
82. A four-month Children and Young People Wellbeing and Recovery Plan was put in place by CYPES to deliver:

- the immediate emergency funding requirement to increase children’s, young people’s and families’ access to emotional wellbeing and mental health support
  - support, tools and techniques for parents, carers, children and young people to promote self-management and to manage their own mental health; and
  - a wellbeing support package for front-line services to support practitioners to manage their own mental health and to provide them with the tools to better support both the increase in need and complexity of children, young people and families as they recover from the effects of COVID-19.
83. The 2021 business case focussed on investment in CAMHS in order to respond to a substantial increase in demand for mental health services through 2020 due to the COVID-19 pandemic. It focussed on supporting wellbeing and recovery for children, young people and families.
84. The main objectives of the scheme were to:
- reduce average waiting times from referral to treatment (average 2020 waiting time was 12 weeks)
  - avoid a further growth in the number of children on the waiting list (in December 2020 there were 122 children on the waiting list)
  - reduce the number of children’s mental health related inpatient bed nights by 10% (from 527) by increasing the availability of treatment sessions; and
  - increase the availability of treatment sessions.

### **Scheme controls**

85. Expenditure was closely monitored on the schemes and projects with partners such as MIND Jersey and KOOTH (a commissioned online support service for children and young people) were reviewed regularly. Data on CAMHS was collected on a monthly basis with trends monitored.
86. While there was detailed analysis of spend, there was less information on the risks on an on-going basis for both children’s and young people’s mental health and wellbeing schemes. It was difficult to see the liaison between CYPES and HCS to deliver the expected holistic ‘family’ interventions. It was also unclear what the planned and actual outcomes from the wellbeing programme were, as there was no final report produced on the scheme.

## **Effectiveness of achievement of scheme objectives**

87. The COVID-19 pandemic recovery allocated monies have helped to add capacity to CAMHS which has enabled the service to maintain waiting times at a fairly consistent level despite a significant increase in the level of referrals

## **Schools catch up**

### **Scheme objectives**

88. A total of £1.2 million was spent on schools catch up over the 2020/2021 period. This was deployed to address the loss of schooling experienced by pupils and students at primary and secondary school and the resulting impact on their learning. It was also used to establish a tutoring programme in addition to normal schooling as a means of reducing the impact of lost learning and to invest additional funding into tutoring, teacher training and other recovery programmes.
89. The programmes included:
- Jersey Tutoring Programme
  - OLEVI Teaching Programme (OLEVI is an awarding organisation for the Accreditation of Educational Coaches and Facilitators)
  - Reading Recovery Training; and
  - Mathematics Recovery Programme.
90. The four support and training programmes were delivered by teachers, teaching assistants and members of the SIAS. The next phase of the programme was delivered - and continues to be delivered - through the social recovery monies.

### **Scheme controls**

91. Two reports were produced on this scheme which was monitored throughout, both in terms of financial cost and outcomes. The second report was produced in March 2022 which set out clearly what had been achieved by the schools catch up money and recommended that the scheme be continued. This was taken on board by the Government in the allocation of social recovery monies to continue with similar interventions.

## Effectiveness of achievement of scheme objectives

92. The schemes were evaluated as they were being implemented and early assessment of effectiveness was undertaken. Progress in Reading Assessment (PiRA) and Progress in Understanding Mathematics (PUMA) tests were undertaken three times during the programme (November 2020 to December 2021). This provided a valuable benchmark within standardised assessments in reading and mathematics. Progress was analysed across the whole primary phase, within individual schools and for different groups of pupils across and within schools. In summary, 4.56% of pupils achieved at 'greater depth' for their age and there were fewer pupils 'working towards', meaning they are now working at the required standard.
93. Within Government non fee-paying schools, 30% of pupils have been supported by the JTP. This has targeted those groups identified in the first SIAS report (children eligible for Jersey Premium, English as an Additional Language, and Special Education Needs or Disabilities). As a result, the test data used to measure the impact of the JTP programme indicates that all groups have made progress despite the challenges of the COVID-19 pandemic.
94. The Reading Recovery Programme delivered training to five teachers across the year. This not only provided a short-term solution, but it now means that Jersey has nine specialist reading teachers. This demonstrates the long-term benefits to such an investment. The 2023 programme will continue with this investment so that by the end of 2023, there will be 14 trained Reading Recovery teachers working across Jersey schools.
95. The OLEVI programme intends to assist all teachers through a carefully crafted training and support programme that puts the importance of coaching at its heart. This has received many positive comments and is continuing in 2023.
96. The Mathematics Recovery Programme trained over 200 teachers and teaching assistants in mathematics for children in Early Years/Key Stage 1 across all Government of Jersey schools. The programme aims to address any differences in learning between pupils as early as possible. There were early gains from this investment which continued into 2022 and 2023.

# Detailed findings

## Health-related recovery schemes

### Establishment of scheme objectives

97. The COVID-19 pandemic has been and continues to be a major disruptive force this decade, affecting health and care systems worldwide. The virus has increased the influx of patients in hospitals. Healthcare organisations are facing unprecedented constraints and resourcing issues in their operations to deal with increased demand, backlogs and pressed capacity.
98. Jersey is in a similar position to other countries, where the pressure on the service from treating COVID-19 patients along with potential reluctance to come forward for treatment, coupled with a staffing crisis, has resulted in unprecedented challenges for the delivery of health and care. Money has been allocated for health-related COVID-19 pandemic recovery measures from 2021 as shown in Exhibit 11.

#### Exhibit 11: Health-related measures

	2020	2021	2022	2023
	£000	£000	£000	£000
HCS service recovery costs due to COVID-19	-	1,716	1,300	2,570
HCS COVID-19 recovery			6,476	

Source: Jersey Audit Office analysis of States of Jersey Accounts and Government Plans

99. In 2021 HCS put forward a business case for service recovery costs. The business case for 2021 was for £1.7 million and for 2022 was for £1.3 million. The requested funding was expected to cover waiting lists and service delivery. Specifically the high-level objectives were:
- recovering from backlog positions created by COVID-19 by end of 2022; and
  - reconfiguration of services from COVID-19 configurations, back into sustainable business as usual positions by end of 2022.
100. The resources were expected to cover:
- Primary, Preventative and Intermediate Care



- Medical Services
- Surgical Services
- Therapy Services
- Mental Health Services
- Social Care; and
- Support Services.

101. I have been provided with information on how the priority for application of the funds was determined, the risks that were associated with the schemes, the controls over delivery of the schemes and limited information on the performance of some of the schemes.

102. A further business case was put forward and signed in April 2022 for COVID-19 recovery costs relating to 2022 of £6.4 million. The business case set out the objectives which were to:

- start the sustained recovery of elective surgical care and cancer screening through introduction of a different operating model
- continue to provide Islanders with access to emergency and specialist care in the UK; and
- ensure HCS can maintain flow, safe care and that staff are supported both operationally and in their wellbeing.

103. The business case also stated that the investment could not be met from existing budgets. The main headings in the business case are set out in Exhibit 12.

#### **Exhibit 12: HCS business case for 2022 COVID-19 recovery costs**

<b>Area</b>	<b>£</b>
Cost Service Recovery:	1,602,422
- Cancer care	
- Surgery waiting lists	
COVID-19 Services	172,205
Temporary staffing	3,503,486
COVID-19-led demand - Social care beds	800,800

Area	£
Operational management	300,363
<b>Total</b>	<b>6,379,276</b>

Source: Government of Jersey business case

## Controls over the delivery of the schemes and achievement of scheme objectives

104. I have been provided with information on how the priority for application of the funds was determined, the risks that were associated with the schemes, the controls over delivery of the schemes and limited information on the performance of some of the schemes. For some schemes, how the funding was spent and how well the schemes' objectives were achieved were not monitored.
105. I am therefore unable to assess how well some of the schemes were managed and what resources the funding was spent on.
106. I am also unable to assess whether some of the schemes achieved the objectives set out in the approved business cases.

### Recommendation

- R6** Review current and implement enhanced procedures to improve performance and financial management information in HCS. Ensure that management information reports that are produced relate finance to service outputs and service outcomes.

## Appendix One

### Audit Approach

The review approach included the following key elements:

- review of relevant documentation provided by the States of Jersey
- interviews with key officers in: Economy; Treasury and Exchequer; Children, Young People, Education and Skills; Health and Community Services; and Customer and Local Services Departments; and
- an interview with the Chief Internal Auditor.

The documents reviewed included:

- Analysis of CFPS payments and jobs supported for phases 6 and 7
- Business cases, documentation on controls and performance reports for all economic support schemes
- Business cases, documentation on controls and performance reports for a sample of fiscal stimulus schemes
- Business cases, documentation on controls and performance reports for social recovery schemes managed by CYPES
- Business cases, documentation on controls, performance reports and relevant loan/grant agreements for all economic recovery schemes
- Covid-19 reports from other Government jurisdictions (mainly NAO reports for UK Government)
- Economic Recovery Political Oversight Group minutes
- End of scheme reports for VASS, FCSS and VAES
- Fiscal Stimulus Oversight Group minutes
- Independent audit firm reports on detriment testing of scheme claims
- Internal audit advisory note on the Technology Accelerator Fund
- Internal audit report on summary of detriment testing for CFPS, VASS and FCSS
- Jersey Government Plan 2023-2026

- Outline Economic Strategy for Jersey - *A vision for 2040* published in May 2022
- Relevant Jersey Statistics reports
- Relevant Ministerial Decisions
- States of Jersey Annual Report and Accounts 2020, 2021 and 2022
- The PAC report on the Covid-19 Response: Spend Local Scheme published on 11 October 2021; and
- The report of the Independent Covid-19 Review Panel published in July 2022

The following people contributed information through interviews or by correspondence:

- Associate Director for Innovation, Transformation and Business Support, CYPES
- Chief Economic Advisor
- Chief Internal Auditor
- Chief Officer, Department for the Economy
- Chief Officer, HCS
- Director of Clinical Services (Interim)
- Director of Improvement and Innovation, HCS
- Director, Treasury and Investment Management
- Head of Business Management and Governance, Department for the Economy
- Head of Finance, HCS
- Head of Investment Appraisal, Treasury Department
- Head of Office of the Chief Executive, Cabinet Office
- Investment Appraisal Advisor
- Manager, Investments
- Senior Business Planner, HCS
- Senior Manager, Pensions and Care
- Treasurer

The fieldwork was carried out by affiliates working for the Comptroller and Auditor General, from March to July 2023.

## Appendix Two

### Summary of Recommendations and Current work planned that should be prioritised

- R1** Enhance procedures to ensure that post payment audit checks take place on a timely basis for all benefits, grants and support schemes that rely on such checks as a key element of internal control.
- R2** Document the lessons learnt from the implementation of the Co-Funded Payroll Scheme in a final report and ensure they are used when considering the design of future benefits and other schemes established by Government to support businesses and individuals.
- R3** Review the lessons learnt from the implementation of all COVID-19 support schemes when considering the design of future benefits and other schemes established by Government to support businesses and individuals.
- R4** Enhance procedures to ensure that the existence of potential conflicts of interest and the mitigation actions taken are recorded in minutes of all oversight and decision making groups.
- R5** Enhance procedures for awarding grants, to document clearly how the criteria for the grant award are met or are expected to be met.
- R6** Review current and implement enhanced procedures to improve performance and financial management information in HCS. Ensure that management information reports that are produced relate finance to service outputs and service outcomes.

#### Work planned that should be prioritised

- P1** Carry out a retrospective review of the VAES final accounts that are submitted for filing purposes to ensure that the applicants have met all the requirements for the months for which claims were paid.



JERSEY AUDIT OFFICE

LYNN PAMMENT

Comptroller and Auditor General

Jersey Audit Office, de Carteret House, 7 Castle Street, St Helier, Jersey JE2 3BT  
T: +44 1534 716800 E: [enquiries@jerseyauditoffice.je](mailto:enquiries@jerseyauditoffice.je) W: [www.jerseyauditoffice.je](http://www.jerseyauditoffice.je)