



**STANDING COMMITTEE
OF
TYNWALD COURT
OFFICIAL REPORT**

**RECORTYS OIKOIL
BING VEAYN TINVAAL**

**PROCEEDINGS
DAALTYN**

PUBLIC ACCOUNTS COMMITTEE

EMERGENCY SCRUTINY

HANSARD

Douglas, Friday, 8th May 2020

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Members Present:

Chairman: Hon. J P Watterson SHK
Mr C R Robertshaw
Ms J M Edge
Mrs J P Poole-Wilson

Clerk:

Mrs J Corkish

Assistant Clerks:

Miss F Gale
Mr S Wright

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Standing Committee of Tynwald on Public Accounts

Emergency Scrutiny (Department for Enterprise Business Support Schemes)

*The Court met virtually at 11.05 a.m.
Proceedings were conducted and broadcast live
from the Legislative Council Chamber.*

[MR SPEAKER *in the Chair*]

Procedural

The Chairman (Mr Speaker): Good morning everybody and welcome to this public meeting of the Public Accounts Committee. Can I thank you all for the delayed start so that everyone could participate in the two-minute silence to mark the 75th anniversary of VE Day.

As you know, this is the first in a series of meetings in which aspects of the response to the State of Emergency regarding coronavirus will be examined.

I am Juan Watterson, Chairman of the Committee, and with me are Mr Chris Robertshaw MHK, Mrs Jane Poole-Wilson MLC and Ms Julie Edge MHK. The topic today is the Department for Enterprise Business Support Schemes.

As you will have seen, the Committee invited public submissions and we have received 25 responses in four days. The prompt early response was recognised and appreciated and we received positive feedback, even where things have not worked as well as people had hoped.

We will still have a separate session next week focussing on the Treasury response, including Salary Support Schemes.

Before we commence could I just ask in terms of declarations of interest, I am the director of a charity that may be applying for one of the grants.

Mr Robertshaw.

Mr Robertshaw: Thank you, Mr Speaker.

Yes, my business has been in receipt of the DfE £3,000 initial grant and, it will not be discussed today, but it is also in receipt of the wage support scheme in connection with the Treasury's work.

Thank you.

The Chairman: Ms Edge.

Ms Edge: Thank you, Chairman.

Some family members have been in receipt of the £3,000 grant and have applied for the salary scheme.

The Chairman: Thank you.

EVIDENCE OF

**Minister for Enterprise, Hon. Laurence Skelly MHK;
Mark Lewin, Chief Executive;
Andrew Stewart, Head of Policy and Strategy,
Department for Enterprise**

Q41. The Chairman: Welcome all and before I invite Minister Skelly to make an opening statement, if I could just ask Mr Lewin and Mr Stewart if you could introduce yourselves with your job titles, please.

35 **Mr Lewin:** Good morning, thank you.
Mark Lewin, I am the Chief Executive of the Department for Enterprise.

The Chairman: Thank you, Mr Stewart.

40 **Mr Stewart:** Good morning, Mr Speaker.
Andrew Stewart, Head of Policy and Strategy at the Department for Enterprise.

Q42. The Chairman: Thank you very much.
Now, Minister Skelly, I would like you to give us your opening statement, please.

45 **The Minister for Enterprise (Mr Skelly):** Gura mie eu, Caairliagh and moghrey mie.
I thank the Committee for this opportunity to take a step back and actually reflect on where we are.

50 For me, there are two days that brought absolute clarity to this crisis that we have been living through, and those days are 18th March and 19th March.

The 18th March, when I attended with the Treasury Minister and a number of other Members, at the Palace Hotel with the tourism and the visitor economy, the impact of what was happening around us, there was a comment made there and it was like a light switch in terms of what the impact has been on that industry. And it was really quite telling for me and profound because that was the start of what really happened afterwards with regard to the impact on our economy. The following day, of course, which we will all remember, that fateful day, 19th March, was when coronavirus arrived on our Island.

60 Since then, which is only just over seven weeks ago, we as a Department have taken from concept, to workshops, to Council of Ministers, to legislation, five different schemes to try and help support our economy going through this crisis. We will focus today, of course, on the Business Support Scheme just for coronavirus. We have also got the Bank Loan Guarantee Scheme, we have the Strategic Capacity Scheme, which is targeted towards the tourism and visitor economy, the Adaptation Grant, and just this week in Tynwald, the amendment to and creation of the Strategic Investment Fund.

65 Collectively we have paid over £10 million on those schemes. We have always worked hand-in-hand with Treasury with regard to this support, because it is not just support for businesses it is support for workers too. The Salary Support Schemes do work hand-in-hand, and combined there is over £20 million that has been paid out to date. So it is well worth taking that point to reflect that it is just over seven weeks ago this all started.

70 I am very happy to now take questions and listen to what the Committee have to ask us.

The Chairman: Gura mie eu, Shirveishagh.
Mrs Poole-Wilson to start please.

75 **Q43. Mrs Poole-Wilson:** Thank you, Chair and thank you to the Minister.

I should say, the Committee was impressed with the speed of response following the declaration of the State of Emergency but for obvious reasons today we would like to spend a bit of time talking about perhaps some of the issues that people have raised that have concerned them or perhaps where people have not had the support they think would be helpful.

80 And I would like to start with the eligibility aspects of the schemes. Some of the comments we have received and have been about the exclusion of certain business types, such as IT and law firms, and I would like to ask the Minister how the criteria were decided and how that has evolved?

85 **The Chairman:** Minister.

The Minister: Thank you, Mrs Poole-Wilson, I appreciate that question.

Yes, I think initially it was felt that industry in the broad sense would not actually be affected as they had clearly identified the opportunity of mobile working. But, of course, as the situation unfolded it was quite clear a number of businesses within those sectors, which are very broad in their own right, were focused in and exclusively reliant upon the domestic market, and that is why ... What we have done from the start is keep all the schemes under constant review and made amendments to allow that. So we have made amendments to that and we believe that we have provided support for those different sectors that have been affected.

95 The feedback has been quite positive to be quite honest with you, but we did recognise when we introduced them there were sectors and people that did fall through, and we have tried to fix that as fast as we possibly could.

I do not know if Mark or Andy might wish to add anything further into that, please.

100 **Mr Lewin:** If I may, just to say, obviously the Minister has already said we had a range of responses we brought out and some of those were quite narrow. So the Business Support Scheme started very narrow indeed in terms of hospitality, tourism and hospitality, and then we expanded it through to construction, retail and then into self-employed etc.

105 So we did not necessarily exclude, for example, financial services and IT, certainly in that initial response. We developed it kind of from a bottom out as things developed, and then some of our other schemes are much more general and are much more available to broader sections of the economy.

110 As the Minister said, it is something we are still looking at. We are still relatively new in this. We are up to date with our processing, as far as we can be, and we are now going back through some of those original applications just to check that everyone who was eligible has actually received what they were entitled to do.

Q44. Mrs Poole-Wilson: Thank you.

115 We heard actually specifically from an IT firm on the specific point that because its local client base has not been working it has been badly hit. So would it be right to say that even in a case like that, a sector that is excluded from the Business Support Scheme, you are now looking at how you can open up the eligibility criteria to include that type of firm?

120 **Mr Lewin:** Certainly we are still under review and we are still making changes, as the Minister said there are some still more coming forward as we speak.

125 If we go back to the Business Support Scheme, it started from a narrow place and came out specifically focused on those businesses where they had had a catastrophic and immediate effect, and mainly had been issued with a close notice by Government. We told them to close down, they were therefore unable to work and we provided an interim piece of support pending something much appropriate for the medium term.

And hence, for example, the Salary Support Scheme has come along and MERA has come along as well to provide respite for businesses more generally across our economy.

130 So we are absolutely still looking and the intent is not to leave anyone out that has clearly had a significant effect. There should be something there that they are able to take support from and we will constantly look at it.

135 We have to remember that the £3,000 Business Support Scheme, which was designed many weeks ago, was recognised at the time to be just a temporary bit of respite. It mirrored, at the time, some of the conversations in the UK around initial cash payments to particularly the hospitality and tourism sectors, who had been starting to see some difficulty for some time. It was based on, again, a concept of a rates structure. Obviously business rates in the UK are far different. So it was not intended to be a long-term support scheme. Other schemes have now come along and are available for many of the sectors in our economy. But we are absolutely still looking at it and we are dealing on a case-by-case basis with businesses and we are still looking at areas where perhaps we need to adjust our thinking.

140 **Q45. Mrs Poole-Wilson:** Thank you.

And, to Mr Lewin, how many exceptions or exemptions require escalation and how do you ensure that these are being handled consistently?

145 **Mr Lewin:** If we just talk about the Business Support Scheme, we have a list of sectors that are eligible rather than exemptions that are not. So again it is a narrow list that builds out and we have added things as we have gone along.

150 We currently have processed about 99% of all the applications that have come through but currently on the Business Support Scheme we still have about 20% of applicants who have not received a payment. A proportion of those, and in fact the numbers I have got here are that out of the 3,200 we have processed so far 230 are not in an eligible sector. So they have applied but they are not in what the original scheme was designed for. There are other schemes that are available for some of them and, as I said before, many of them should be able to and may already have accessed the likes of the Wage Support Scheme.

155 But in terms of this one, in fact we are now on our eighth version of this scheme. It has had changes on a number of occasions as we have brought more sectors in. So we are still in that process now of going through those 230 out of the 3,200, just looking to see whether by way of a policy if we missed somebody that clearly was intended to be picked up.

160 One of things this whole process has shown us is it has been quite hard to design something that catered for everyone. We have talked many times before about how diverse our economy is and this has absolutely proven that, where we describe something by way of an intention and then when we get into a big process we have found so many different varieties of things within that that we have had to go back and relook at them. So hopefully that gives you some feeling of the numbers.

165 **Q46. Mrs Poole-Wilson:** Yes, and that is very helpful.

I think specifically we have heard from an osteopath who was not able to receive the £3,000 business support and a sports therapist who did, after appealing, and this would appear to be an inconsistency. Can you comment on that?

170 **Mr Lewin:** I can, and obviously every case may be different. There may be different reasons why they have not personally got it as a business. There are other reasons, from tax and structures that have caused us challenges in responding to this.

175 But if we think of where this came from, so when the decision was made to ask retail to close, and we issued the order to do that, we added retail in as a sector. So people who had retail premises, including hairdressers, beauticians, so therapies that may be on the high street or operate out of a physical premises, were brought into that process. We then brought in the self-employed and we have brought some other people into that process, but we have also found there are some disciplines and some areas of the economy that when we have gone

180 through the process it has not necessarily jumped out as being an eligible sector, they are more
services based and technically, in some cases, were still able to operate. We are going through
those now.

I know the Minister said it before, but if we can apologise to people who we perhaps have
missed from that first tranche going through it; we are going back through them. The principle
185 was that if somebody has had their business closed and has been unable to earn and they are in
one of the sectors that we have brought the support for then we will do our best to go back and
make sure they get that support.

Q47. Mrs Poole-Wilson: So just to be clear on that, where applications were declined initially
190 are they now being revisited as the eligibility changes?

Mr Lewin: Absolutely. We have been doing that all the way along, but now that we are on
top of the applications – and it has taken us a bit of time, with a lot of hard work for many
people to get to that point – we are now going back through all of those to double check and
195 particularly look at where the eligibility has changed over that time.

Q48. Mrs Poole-Wilson: And given the complexity that you have described, why would you
not now make the Business Support Scheme open to all who could demonstrate a loss of
business? We have heard from many who are suffering and who feel they fall through the gaps.
200

Mr Lewin: Our intention is not to have people fall through the gaps.

But I go back to that the support scheme was a narrow scheme to start with, to directly
respond on an interim basis to those businesses that had the impact straightaway. Other
schemes have now come on board for much more general parts of the economy.

205 And as the Minister said in his introduction, the economy has now seen, across every area to
an extent in some form ... so there are other schemes there. This was never intended to be a
long-term scheme but in the interest of absolutely providing support and being fair and
transparent that is what we have been doing.

It has been a real challenge to design many different things that could get cash out quickly.
210 That was one of the principles we were working on those weeks ago. But at the same time,
make sure we have a targeted approach to the people who need it most, and at the same time
also balance that this is public funds and we need to make when sure when we are giving it out
it is to those that need it. So it has been a balance all the way along.

We have delivered a lot of success. It was good to hear the comments before that you have
215 had some compliments and some good feedback, that is really good to hear, but we know that
not everyone got the support they needed when they needed it really, so we have been working
at that. But it was never designed to be a scheme, the Business Support, that would be available
to everyone in the economy.

Q49. Mrs Poole-Wilson: Yes, I have understood that, I suppose it is how it evolves as you get
220 the feedback.

Another aspect of the eligibility is that small business holders require a minimum profit for a
certain length of trading history. Now, accepting the point that Government should not be
paying businesses more than they make, has this in effect actually discriminated against
225 part-time workers and those, for example, with caring responsibilities? We have heard from a
business whose owner could only work on a part-time basis due to childcare responsibility and
so whose profit has been affected and has missed out on the support.

Mr Lewin: Profit was never really a requirement. Their ability to have been registered for
230 some time, so they were an active business as at the end of February, and that they were
registered and seen on the tax system so we knew they were a legitimate business was clearly

another requirement. Not so much profit as such, but again, it is finding the balance between businesses and making sure that the support goes out.

235 As I say, the £3,000 came as a proxy really in the early days. We knew for some people it would be really helpful and perhaps in some cases it was more than what they might need for 12 weeks to tie them through whilst we looked at broader support, and for others it would not be enough.

Mr Stewart was probably closer to that aspect; do you want to come in, Mr Stewart?

240 **Mr Stewart:** Thank you, yes.

Just a follow up on Mrs Poole-Wilson's point, it follows on from some of what Mark said, it is challenging to design a system which kind of treats equitably. For some the £3,000 will be a drop in the ocean and for others clearly it would be well in excess of perhaps what they would have earned. The scheme was designed to provide that set amount. If somebody had earnings of
245 perhaps less or would not qualify then the fall-back position based on their making National Insurance contributions would be falling back on MERA and the £200 a week support or some other enhanced benefit, instead of the £3,000.

The Chairman: Mrs Poole-Wilson.

250

Q50. Mrs Poole-Wilson: Thank you.

Just on the National Insurance point, some business owners take dividends, indeed one who wrote to us was advised to do so by the Micro Business Support Scheme when setting up and another no longer pays National Insurance due to age. Now, we understand that people are
255 expected to have contributed in order to be considered for a grant but we are concerned that Government advice has put them in this position. Could you make some comment on that please?

Mr Lewin: Again, I am happy to take that one is if that is okay. Addressing a couple of specific
260 points there: yes, the principle of people effectively paying in to the National Insurance pot with this scheme being funded out of it I think is one of the founding principles, one of the Treasury principles behind it as well.

The over pensionable age issue we are seeking to address that, it was not actually originally introduced purely based on age, although clearly it came across like that, it was about the ability
265 to track National Insurance contributions if somebody is not statutory liable to pay them. But we are seeking to address that issue where people have declared a self-employed income that they will be eligible. So that demonstrates where we are taking a look at these things we have developed quite quickly and making amendments where we can to be as equitable as we can back across the scheme.

270

Q51. Mrs Poole-Wilson: Thank you.

Do you have any specific comment on the fact that people have been advised though by Government to pay themselves through dividends?

275 **Mr Lewin:** Certainly the company structure element has been a challenge as well within this scheme and obviously those checks when they come back sometimes that is a result of some of the applications declining.

We have noted and discussed as a Department this particular point around the advice around company structures. It is certainly not my place to say in terms of a wider tax policy but I think
280 this will certainly prompt some follow-up conversations in terms of either advice that people get or the best way to structure companies and we will probably work on that as Department with Treasury as a follow up after this.

285 **Mrs Poole-Wilson:** Thank you.

The Minister: But there is –

Mrs Poole-Wilson: Sorry, Minister.

290 **The Minister:** Apologies, I was just going to come in there if I may, Mrs Poole-Wilson
Yes, this was picked up and I think quite early on and it has presented quite a challenge, as both Mr Lewin and Mr Stewart have highlighted.

It is an area that we are working through with Treasury. There has been a discretion element introduced into the schemes now that gives the opportunity – where it can be demonstrated that these businesses were set up legally, legitimately and appropriately advised by, I am not necessarily sure about Government, but certainly by professional accountants – so there is the mechanism to introduce the support for them depending, as I say, on which scheme, both our scheme and Treasury's. That discretionary element is there and the ability is for people to come forward and be qualified in that manner.

300 **Q52. The Chairman:** Thank you very much, Minister.

Accepting that the £3,000 grant for business support was a very quick and early response, can I just ask where that figure came from, please?

305 **The Minister:** That came from, we were looking at the UK at the time, and the UK had set up a figure based on a cash injection, which we recognised very early on, especially with our workshops that cash was going to be a real problem. Mark described it as being catastrophic for some businesses. It was very clear that was going to be the case, we needed that injection.

The UK looked at basically an average in terms of a pay-out based on business rates in the UK. Now we do not have the same rates here on the Isle of Man but we felt that that was the appropriate mechanism, and that is where the starting point was. So it was following the UK in that particular case and, as highlighted, presented us with problems because it was relatively narrow and we had to make a number of amendments, which was not easy.

315 But we have made those amendments and I think what is important to recognise here was we dealt with an absolute deluge, I think three and a half a thousand was the peak of inquiries and applications, but 99% are now processed.

Q53. The Chairman: Thank you.

320 In terms of the Isle of Man support that does seem to be about 40% of UK levels and based on a narrower criteria in the UK up to £2,500 a month for employees furloughed compared to £1,120 here, self-employed wages up to £2,500 a month in the UK, £200 a week here, grants to businesses there £10,000 for those in respect of certain rates reliefs in the UK and £3,000, so it looks about 40% of the UK rates, was that the intention? Minister.

325 **The Minister:** Yes, I think that was the intention.

Again, when we look at these particular schemes I think we need to look at the wage support as well, because that wage support in terms of where we set up with, I think it was the MERA, was looking at, I believe the figure was 75% of the living wage. So what we tried to do is look to see what was done elsewhere and then apply what we felt was the most appropriate support to fit our economy.

330 The general feedback was that it did provide the right support, and I do not know if Mr Lewin might want to add further information on this.

Mr Lewin: Just if I may. Again, with the Business Support Scheme we tried to do a number of different things at different times and different places. The original intent around rates was

based on a determinant of average rates on the Isle of Man, so it was not compared directly to the UK. The principle of it was based on a UK principle, but the amounts were different.

340 Then when we extended it to the self-employed, which we did way ahead of the UK, it was a different purpose, it was to get cash out to those small businesses that had been closed and had their earnings hit and it was based on apportionment of what average self-employed earnings were over a three-month period, and I think was around two thirds of an average one. So it was quite a broad tool, but it happened that both numbers were similar and the scheme was already available so it was the quickest way we could get cash out to the self-employed.

345 **Q54. The Chairman:** You will appreciate that business rates are a far smaller proportion of overheads in the Isle of Man than they are in the UK, and it was a speedy response, but are there any plans to refine this to take into account different circumstances, for example, going forward different business sizes and whether that is even enough for smaller businesses going forward?

350 **Mr Lewin:** Because it was a temporary initial relief we are now looking, and we have brought other schemes on board. We are continuing to look at those. If we think of the hospitality and tourism industry they need a completely different solution for the medium-term and long-term. The fact we have the salary support and the MERA now up and running and we are bringing
355 businesses steadily, on a phased basis, back into the economy. So we are continuing to look at it but have not necessarily gone back to the Business Support Scheme in adjusting it at this late stage.

Q55. The Chairman: How is the effectiveness of the response being judged, what data are
360 you looking at, Mr Lewin?

Mr Lewin: I guess the first criterion was: were we able to process everything? The Minister said we were deluged; we fought to deal with everyone and make sure they got in the right place. We have done that and we had a lot people working a long time to get that.

365 We also measured it in terms of was it making a difference? I am really pleased to see the Chamber of Commerce have been supporting through this by way of a weekly tracker to their businesses and we have been looking at those metrics in terms of have people received it and is it making a difference. And last week's survey that has come out has talked about businesses that have received it and there is a great statistic in there about the vast majority of businesses
370 that are expected to survive this, with the support that they have received from Government.

We have also had lots of individual conversations and discussions with industries, with businesses and with sectors so there is not a single measure and there was not a rulebook for this, we had to develop it out, but we are always listening and always looking to make sure what we have tried to do is having the right effect.

375 **Q56. The Chairman:** So the last Chamber of Commerce survey we saw was the week ended 23rd April, and at that point only about 40-50% of people had had the money. So what you are saying is you have caught up entirely in the last two weeks and now, as you say, up to 99% are processed, is that right?

380 **Mr Lewin:** For the Business Support Scheme, yes.
The Chamber is now on its fourth survey, which it released last week, so we can share that information with you.

385 **Q57. The Chairman:** And 80% of people have been paid as well?

Mr Lewin: On the Business Support Scheme, yes.

Q58. The Chairman: How much did you anticipate you were going to be spending on these schemes and how has reality stacked up against that?

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Mr Lewin: Again, the Business Support Scheme we estimated, based on the number of businesses – and bear in mind that we changed the eligibility as we went through – but our overall high level assessment was between £10 million and £11 million and we are about between £7.5 million and £8.5 million to £9 million by the time we finish paying processing, even including the ones that have not yet had it because the eligibility has perhaps needed to be changed and we are going back. So within the parameters we set we are slightly under.

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Q59. The Chairman: And how long are you anticipating it is going to take to turn around applications for those who are sitting at home listening to this and they have put their application in and have not heard back yet, from application to payment, how long is that taking? Perhaps one for Mr Stewart at that level of detail.

400

Mr Stewart: Yes, I am certainly happy to come in. It is a bit difficult to put my finger on something specific, certainly when we originally launched the scheme we were only expecting maybe 500 or 600 applications. Obviously as soon as we opened that up to self-employed workers clearly the numbers escalated rapidly.

405

So whilst we have caught up in terms of processing now, and literally applications that are coming now, and we are still receiving them, are turned around within one, two or three days. Some people were waiting too long – longer than we would have wanted – maybe up to a number of weeks, purely on the on the scale of applications, but certainly now we are turning them around.

410

The difficult cases that now may be eligible, as Mr Lewin was pointing out before, we will be going through those this weekend and we are hopeful we will have caught up with all our payments next week, fully up to date.

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Q60. The Chairman: And how many staff are we talking about here in terms of DfE supporting all the administration around these schemes?

Mr Stewart: So in total at peak we had up to 30 staff working across a number of areas all to do with the Business Support Schemes, mainly focused on this £3,000 scheme initially.

420

Also just to point out: we jumped early which has created a challenge for us undoubtedly, and we readily admit that. We also set up an enquiry line, a business enquiry form, telephone line and email address very early on in that first week, prior to anything being set up even on the general enquiry number or with the other support schemes. We handled an awful lot of inquiries for the salary support scheme or for MERA first of all. A total of about four and a half thousand inquiries we had into that area, so we had about 30 people at the peak spread across inquiries, applications and processing.

425

Q61. The Chairman: Thank you.

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Perhaps one for either the Minister or probably Mr Lewin, how are you getting on working with Treasury? Are they declining applications that you would have approved? Some respondents have advised being referred by you to Treasury, just if you could perhaps give us some colour on that, please?

435

The Minister: Yes, I am more than happy to comment.

As I have said, right the way along here we have worked very much hand-in-hand with Treasury because it is quite clear that our support scheme, which is the Business Support Scheme predominantly, but there are other schemes there as well, have to work with the Salary Support Schemes.

440 So yes, there have been a number of issues and there are still quite a few outstanding, not
vastly I would say, just smaller numbers now that come down to tax compliance issues, some of
it is structure issues, and they are being worked through and we are dealing with them.

And actually we are still continuing to deal with them, one of them, of course, which I would
like to highlight that we are trying to resolve is actually the age issue. So Council tomorrow is
445 going to consider a paper and hopefully next week we will look to work to fix another area going
forward, but we do need support from Treasury there and we do need support actually from
Tynwald to fix them. So I would say we have a very open and fluid relationship there with
Treasury, and have done right from the get go.

As Mr Stewart has highlighted, working through these schemes we have worked seven days a
450 week with our teams. I know as a Department we went fully mobile working literally within days
of this all happening, and it has actually proven to be very effective and productive, and whilst it
has taken time we have we have now cleared the vast majority. There is quite a lot covered in
there but I would say that it is ongoing the relationship as we work through these last few.

455 **Q62. The Chairman:** Thank you.

Mr Lewin, there have been issues raised about data sharing. Are we content now that those
have been ironed out and that Government Departments can talk to each other and then get
back to applicants?

460 **Mr Lewin:** Yes, I think, just to echo what the Minister said, everything that has been designed
has been designed hand-in-hand with DfE and Treasury, both officers, Ministers and Members
indeed.

In terms of practicalities case by case, if DfE comes across an application ... our process has
been designed with Treasury, with audit, with tax so that there are checks and balances at
465 different points and if there is an issue, particularly with the tax situation, then we tell the
applicant that and they speak to Treasury.

470 **Q63. The Chairman:** So in other words, actually they have not been sorted because you are
still getting back to the applicant to get them to get in touch with Treasury rather than being
able to sort it between you?

Mr Lewin: We are not tax experts and if there is a tax issue relating to themselves, either
their structure or perhaps they are not up to date with payments, they need to speak to the
people who are qualified and have the powers to do that.

475 Tax data, the Tax Act, it is very difficult to share that so even with consent we have had
advice in the past from the Information Commissioner that we should not be trying to get
consent for something that an applicant is applying for. So for many reasons, including the best
person to speak to is Income Tax if there is an issue over tax, that is who we need to get the
applicant speak to as quickly as possible.

480 **The Chairman:** Thank you.
I will hand over to Ms Edge for the next few questions.

Q64. Ms Edge: Thank you, Chair.

485 I would just like to follow up on the comment about data tracking and the Chamber of
Commerce and the work that they are doing. Can you confirm are they actually tracking all the
applicants, as in possibly three and a half thousand, up to four thousand, or is it purely only their
membership?

490 **Mr Lewin:** It is just their membership, Mrs Edge. It is a survey. It has gone out to their
members and reports back on a weekly basis by way of sentiment and specific questions.

Q65. Ms Edge: And how many members do they have? Is it up around 400 at the moment?

Mr Lewin: Yes, the tracker for the first few weeks was reporting over 400 responses.

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Q66. Ms Edge: Thank you.

Just moving on to communication, how does the Department feel that communication with the businesses, as eligibility and the criteria is changing, how is the Department actually doing that?

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The Minister: I will come in. It is a good question in terms of there is probably a level of confusion, I guess. Because we had such a vast volume, three and a half thousand applications in this one particular scheme come in, all sorts of people thought that they were eligible, and that is what we are onto now is the final few that may have not been caught, they may not have been eligible or may not have qualified for whatever reason so we are going through that.

505

But what we have found is that there are a number of different forums that have been created. Chambers is one, which is I guess a sentiment more than anything else. The most recent one I thought was very encouraging, just this last week, which said 96% of their respondents said that they do expect to survive this coronavirus economic crisis, which was encouraging.

510

There have also been Facebook groups come up. Claire Christian, a local retailer, has been very instrumental in bringing hundreds of people together and helping us actually in terms of getting that message out. Very often, I think we all know around this table, issuing Government notices they do not always get picked up so using all those mechanisms has been very helpful.

515

So we believe that we have captured just about everyone. But if anyone has not, please do contact us directly if they are listening today.

Q67. Ms Edge: So there is no intention by the Department to contact the businesses direct? They are expected to find it somewhere on social media etc.?

520

Mr Lewin: I am happy to come in on that one.

In communication generally, we all have a role to play there in terms of spreading the word.

For the ones who have applied and contacted us directly then we are reaching out and we are effectively going in and when we can change an eligibility criteria on an application, doing that directly. So for the ones who have been in touch we will be doing that.

525

Clearly, the wider issue is just getting the message out there as widely and as strongly as we can.

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Q68. Ms Edge: Inevitably in a small community some respondents have reported mixed messages from various areas where they are picking up the data. Where is it best for people who have made an application to get the most up-to-date and reliable information?

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Mr Lewin: All of the information is on the Government website, on the main coronavirus page, under business support. That contains the links to the latest schemes, links to the latest guidance, and the latest in respect of the £3,000 scheme, the latest Treasury notice which publishes quite explicitly the sectors.

Q69. The Chairman: Thank you.

540

Could I just ask what advice you would have for those who have reported difficulty getting a response, because we have heard reports of helpline numbers being swamped and emails going a few days without being responded to? Mr Lewin.

Mr Lewin: We apologise for that, but I think we are now at the point it is up to date enough that if somebody believes that they have contacted us and not had the answer that they were

545 looking for just please try it again. We now can respond, we are up to date and we will do our best to come back really quite quickly.

550 It was said before, in the peak of this, when we manned the helpline before we had any schemes open, we were deluged with all sorts of businesses looking for all sorts of advice, but we are not at that point now. We have staff that can deal with requests coming through. So please contact us again. I apologise for that, but we have the capacity now to deal with anyone that we might have missed.

The Chairman: Thank you.

I am going to hand over now to Mr Robertshaw.

555 **Q70. Mr Robertshaw:** Thank you, Mr Speaker, and good afternoon ladies and gentlemen. What lesson – I could add the letter ‘s’ and make it plural, but time is very short – do you think you have learned that jumps out and bites you, as it were, with regard to this extraordinary experience we have all been going through in recent weeks, and in fact now a couple of months. What is it that you are doing differently? Just a top couple of points, Mark.

560

Mr Lewin: Thank you, Mr Robertshaw.

565 Clarity is probably the thing that we have suffered with a lot. As we said before, when we first opened our phone line just to say ... and the Department has got a great track record in being there for businesses and giving advice and helping lots of different businesses at different stages. So with all good intent we launched our helpline to help people, but to be honest we just at that particular point in time did not foresee the rate, the scale and the breadth of everything that was about to happen and therefore our advice was quite difficult to get out.

570 I think clarity is the biggest thing. We have got better at this. As I said before, we have been working very well at an officer level, and a political level, with colleagues right across Government, with Treasury in particular. And when we all got in the room in the early days and we had a clear plan, once the parts all came together, we knew where we were going. But in those early days probably it was just about having some of that clarity.

575 As I said before, the confusion has come because we have taken one scheme that we got out quite quick, it was up and running and we added things to it and we went back and added more, and every time we did that it made it a little bit more complex.

580 **Q71. Mr Robertshaw:** You have said that the issue has shown itself to be increasingly complex. Do you think so far that you have been able to develop the necessary level of sensitivity and discretion that can, as it were, judge issues in a fairly individual way for businesses or is there some way to go yet?

585 **Mr Lewin:** I think it is interesting because often in a scrutiny context, which is obviously what we are in at the moment, we will be focused on accountability, transparency and use of public funds in a proper way. We have had to therefore build schemes, we have to write rules, we have to bring legislation forward and we have had to try and do that and then stick to it.

590 Invariably there are things that are not fully described in those, so we have introduced an ability of discretion. In the Salary Support Scheme, there is a discretionary process to try and capture those that require approval from the Chief Financial Officer. So we have tried to make it accountable and make it transparent. It is very clear what it is and what it is not. But absolutely where we can, we have had to look at can there be an element of discretion, but it has been a challenge for us.

Mr Robertshaw: Moving on then ... go on.

595 **The Minister:** I am happy to come in, if I may, Mr Robertshaw.

600 You asked what lessons were learned there, I would suggest what we have done ... it kind of follows on from I know your pet subject, but working together as a Government and across the piece of Departments. I have said it a number of times already and I will say it again, working very closely with Treasury clearly that has been the route to how we have managed to get to where we are today.

605 I do not think any government has got it right so far. You see changes, as we mentioned earlier with regard to this particular scheme, it was following a business rate scheme in the UK and they have changed it numerous times, and we made changes much quicker, like the self-employed, which Mr Stewart highlighted, to react to it. I think we have shown we can be nimble and we can react.

610 But the lesson is that we need more together thinking with regard to ... which is exactly where we are now. I know at some stage, maybe not at this session, you will get into that because we now need to look at the outlook. We will get the support out, we are doing with the last few at this stage, but now we need to look at what we need going forward.

615 Anyway, I just wanted to say that I do think working together is the secret to the success. We will not get it right all the time, but we will certainly try and get it right as much as we possibly can.

Q72. Mr Robertshaw: Thank you, Minister.

620 Going into this whole crisis was obviously, as many commentators, officers and politicians have stated, a fairly black and white process and a simple code to follow. But as you now start opening up the economy sector by sector it has to be recognised that the simplicity concept of social distancing will become increasingly difficult to achieve. And I think the evidence is already out there now that in some areas it is not possible.

625 Do you not now think that Government needs to start considering the whole concept of a new normal conduct and way of behaving? Because COVID-19 is not going to go away, it is going to be with us, but we have got to bring the economy back; it cannot be sustained, however, on the current social distancing model, it just will not work. Is anybody willing to comment on that point?

The Minister: Yes, more than happy to.

630 I think that is obviously one of the next phases, isn't it? I think, as announced yesterday by the Chief Minister, and if you heard Dr Ewart talking about the focus groups that are going to happen next week to discuss that very issue. So it is a huge step, there is no doubt about it. And it is one I think we want obviously our clinicians to tell us that they believe that we are have the capacity – and this is the whole point of this whole thing with regard to the health issue – is that we need the capacity within our health system to be able to cope with it. Increasingly they tell us that they do have that and that is why we have managed to make the necessary changes we have at the moment in returning parts of the economy.

635 I guess the social distancing is one of the last things that will need to be addressed. But yes, I am very conscious of it, because there are certain businesses and industries, particularly around the hospitality, where they will be seriously challenged.

640 But I can say that we are looking at other jurisdiction, we are taking feedback through our Agency and industry in this particular space to understand how they might be able to operate on a limited basis to begin with, and then hopefully be able to grow from that. And that is where the support mechanisms in the schemes will come into play, and they will need to continue to evolve and that is why they are under constant review with us and with Treasury.

Q73. Mr Robertshaw: Thank you.

645 At the start of this session one of you did actually touch on the special circumstances that surround the hospitality sector. Effectively the 2020 season has now been lost to us. Will there

be a serious consideration about recognising that loss beyond the end of May with regard to financial support for that sector?

650 **Mr Lewin:** If I may, absolutely, that is a live conversation at the moment with the Visit Agency, businesses, industry and the Chamber of Commerce.

Again, going back, our initial scheme was focused on the first 12 weeks to get some respite out there for the hotels and the tourism industry in particular, to take them through an element towards the end of June. But we always said it was only a temporary one, so we are absolutely
655 live now working with industry and working as a Department and with Treasury over what are the options, what do we need to do and how best to do that to serve that industry in a much more medium-term through to next year.

Q74. Mr Robertshaw: And when do you think we will have that information to give people
660 the confidence that Government understands those special difficult circumstances, Mark?

Mr Lewin: I am hopeful that is in the next couple of weeks. Again, it is quite complex. It is a big industry, it is really important to us and there are a lot of people involved in that. But we do recognise the speed at which we need to now deal with this and we have been turning our
665 attention to that. So it is measured in weeks, not months.

Q75. Mr Robertshaw: Tynwald will soon be asked to consider extensions to the Salary Support Scheme will this then also apply to Business Support Schemes in certain areas?

670 **Mr Lewin:** So the Strategic Capacity Scheme already has the powers, it can make further payments under that. We need to make sure we understand what they would be before, how they would be applied, what is the business case for it and on what basis do we do that. So there is already ... rather than coming back for a further scheme as such, we have the capability to do that. But clearly, again, we may need to do something completely different for a much
675 longer-term basis, and that is what we have to look at.

Q76. Mr Robertshaw: Thank you, Mark.

You will be surprised if I do not ask this question, but when the crisis started it started on a given day, the scheme started on a given date and has remained as it were solid week by week.
680 But as the process of unpicking this crisis and sectors of the economy coming back in, I am sure you accept that applying the schemes becomes more complicated and difficult, almost opaque at this stage for many people. How will you be explaining to people how you are going to unpick the support schemes as a new normal returns?

685 **Mr Lewin:** I do agree with the challenge and the complexity. We have said it a few times we see that some of these initial schemes will disappear, they have served their purpose. But much broader, simpler and more strategically focused schemes will be available for those people that need it. That is what we are working on.

690 **Q77. Mr Robertshaw:** In preparing for this particular meeting I did of course contact the Chamber of Commerce and I was made more aware than I had previously been, that the significant impact of this whole thing, in a whole plethora of areas, the impact on the retail sector. Can you assure me that the Department is fully conversant with the myriad of issues that the retail sector is going to face as we try to wind out of the crisis, Mark?

695 **Mr Lewin:** I can assure you that we are in regular dialogue both with businesses, with people involved in the industry, with the Chamber and we have done focus groups. So the decision to

start to bring back some of the retail sector has been done in conjunction with many of those in developing the guidance, in developing the risk assessments.

700 The Minister said before about some businesses that have applied for adaptation and have come up with some great innovative ways of how they can kind of deal with this.

But I do not underestimate, and I do not think any of us does, the challenges that we are still facing and are still to face, and we will keep that dialogue going and we will keep trying to do our best to respond to that.

705

Q78. Mr Robertshaw: Thank you.

You have very honestly stated that the original £3,000 grant scheme was a very first step. Are you likely to go back and review that to see if there are some areas, as I am sure there are, that currently do not fit any other schemes but the £3,000 level was just simply a start.

710

Are you willing to go back and look at that?

Mr Lewin: Well, as the Minister said, we are constantly looking and as we work through those that have been declined for whatever reason and we make sure everyone has had a proper resolution on that. We are still finding gaps and we are still therefore reviewing that.

715

So it is always under review and we will continue to do that, Mr Robertshaw, yes.

Q79. Mr Robertshaw: Thank you.

I think we are all becoming more and more aware now that the magnificent response of the public with regard to what was required of them to burn out, if that is the right word, as far as possible the COVID infection and transmission. But increasingly now we are recognising the fact that there is a confidence issue about bringing people back into work, back into consuming if you like. What consideration is your Department – this to Laurence perhaps – giving to that very significant challenge about re-establishing confidence?

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725

The Minister: Yes, thank you for that question.

Confidence is a big issue; there is no doubt about it. There has been a lot of talk with regard to travel and tourism. You read probably some of the journals and wires that I read in this particular space and this may take some time I think for the public in general.

730

But I do think here on the Isle of Man, I will say it again, I think the public have demonstrated that they can change: they can change their social behaviour, they can change their working habits. And I come back to Government, how we have actually changed, and what we are doing here today, scrutiny by virtual means, which is showing that our parliament can change, the oldest parliament in the world. So we are adapting.

735

I think what we have got to do, and it gets back to your earlier question, is lessons learned. We need to learn from these lessons to see what is the new normal? The new normal is how we socially behave, the new normal is how we actually business transact, and will come back to this final point here is the new normal for us, and it should always be, is that pound spent needs to stay on this Island, as much as possible.

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Q80. Mr Robertshaw: Thank you, Minister, and my last question, Mr Speaker.

As we start to emerge from this we will be increasingly aware of where things are not going to return to where they were. Is it therefore in your mind to extend the adaption scheme on once evidence becomes clear and the data is available to us that certain areas really need some very significant changes, so is there perhaps a willingness to run the adaption scheme on somewhat into the future?

745

The Minister: Absolutely. We have had some really fascinating and wonderful innovative ideas already emerging, this is sort of where we are at now; we are already at that stage. There is a host of workshops which I think you participated with this week with regard to where we go

750 forward. And part of that process will be understanding how our support schemes and our grant schemes have worked.

We were in the process, prior to COVID, of looking at climate change issues with regard to our grant scheme so how do we incorporate some components in those going forward?

755 Similarly here I think we will be looking at our support mechanisms and schemes in general, how they can be applied going forward. So the Adaptation Grant I think has been a great starting point and I hope that we will be able to build out on that.

Mr Robertshaw: Thank you.

760 **Q81. The Chairman:** Thank you very much.

If I could just pick up on one other point that was raised, in terms of the figures that you have provided us, it says that the total number declined was 677 and, Mr Stewart, the number you cited earlier was 200 to 300. Could you perhaps just give us a bridge of the difference between those numbers please?

765 **Mr Stewart:** Certainly, Mr Speaker. The comment before on circa 200-230 applications, those are the ones which effectively were either not in an eligible sector or the ones we were reviewing to see whether they can be brought back in, and in fact a number of those have already within that criteria.

770 The others, the balance, as they go through the process and are approved by the Department and then go through certain Treasury checks and quite a number of those have failed Treasury checks at that stage.

The Chairman: So 230 fell outside the sector of eligibility, about 100 for tax issues, that still gives me about the other half so have I missed something?

780 **Mr Stewart:** So those will be all the matters which have been effectively declined because of their tax status. This touches on some of the points that were touched on before, whether it is the structure of their business, whether it is National Insurance payments, they would fall into those categories.

Q82. The Chairman: Thank you very much.

785 If I could turn to the Minister for my final question please. We had discussed this before the meeting started, just about the logic behind cancelling the Senior Race Day Bank Holiday and whether that was for economic purposes or what it might be, so if you could perhaps just expand on the thinking there please, Minister.

The Minister: Thank you for that, I appreciate that, Caairliagh.

790 Yes, obviously there has been quite a reaction to that and there was discussion raised in the Council of Ministers regarding this issue.

795 First of all, I think we need to recognise what Senior Race Day is, it is for the bikes, of course, a lot of disruption around business and therefore it has an impact. So bike fans have traditionally enjoyed it and, of course, for Manxies – a day off and a holiday, which is great too. But there was also a lot of international businesses, I believe, that still conducted their business on that day, they did not actually observe it.

800 I understand and appreciate the reaction but what I would say is it has always been the Council of Ministers' intention, whilst we believe that it is appropriate to actually cancel it as a public holiday now, but to actually introduce a one-off public holiday in the back end of summer when we will hopefully be able to celebrate, people like our frontline workers, our National Health Service and hopefully, if the weather stays well, that we can actually spend that pound,

as I said earlier, very importantly, in our local economy and perhaps within our hospitality industry, which may be able to operate at that time.

805 So that extra holiday at the back end was the intention by Council of Ministers. I do not know jumping ahead because there is no agreement but it has certainly being discussed and I am sure the Treasury Minister will be coming forward with a statement very shortly.

The Chairman: I think news is hot off the press in an email that has just arrived from the Treasury Minister looking at Friday, 28th August.

810 **The Minister:** Wonderful. That is exactly what I would like to do, personally, because that fits and makes now a four-day holiday at the back end of August. And what I would say to the great Manx public is that is a wonderful opportunity to spend in your local economy.

The Chairman: Wonderful.

815 Minister can I thank you, Mr Lewin and Mr Stewart for joining us today for this evidence session. It has been very interesting to pick apart some of the issues and challenges that you face with regard to business support at this difficult time.

Thank you very much for your virtual attendance. The Committee will now sit in private.

The Committee sat in private at 12.03 p.m.