



House of Commons  
Public Accounts Committee

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# Whole of Government Response to COVID-19

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**Thirteenth Report of Session 2019–21**

*Report, together with formal minutes relating  
to the report*

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## Summary

The UK government has mobilised a wide-ranging response to the COVID-19 pandemic, with initiatives worth over £120 billion so far to support the health and social care sector, businesses and individuals through the crisis. We give the UK Government credit for moving fast to deliver this. However, we are astonished to have heard in evidence that, despite a pandemic having been one of the government's top risks for years, it failed to consider specifically in advance how it might deal with the economic impacts of a national disease outbreak. HM Treasury (the Treasury) waited until mid-March before designing the economic support schemes it would put in place, creating initial uncertainty for many businesses and individuals.

We would have expected the Cabinet Office and the Treasury to have a better grip of the overall government response to the COVID-19 pandemic. Government co-ordination and decision making is having major and long-lasting impacts on people's lives. For example, there will need to be concerted efforts to ensure that the lengthy school closures do not have long-term or irreversible effects on children and young people's future health and education. School closures were predicted in pandemic planning, yet there seems to have been no plan or support for how schools and pupils would be supported to continue to learn.

Government emphasised that it never ran out of central PPE supplies. However, it acknowledged that there were daily examples of local shortages. Procurement and delivery of PPE is vital in a pandemic and we will consider this in a separate report.

Central government has not given local authorities the clarity or support they need over long-term funding. As we have previously seen with Brexit, the government's initial approach to supporting businesses in order to speed up the response has been one-size-fits-all, leaving sectors of the economy without the bespoke support they need. We are concerned that the government should learn the lessons from its cross-government response to the COVID-19 pandemic and undertake the necessary preparatory work to ensure it doesn't make similar mistakes again in the event of a second spike in infections or novel pandemic outbreak. Overall there has been unclear planning and advice for lifting lockdown in a number of sectors. We recognise that decisions are not easy and that the trajectory of the pandemic within the population is not in the Government's control, but there are many lessons from this first phase of the pandemic that the Government must learn. Government decisions have an impact on how the spread of infection is controlled.

## Introduction

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The UK Government implemented an extensive range of measures in response to the COVID-19 pandemic. The final costs of the government's response are large and uncertain at this time and will depend on the continuing health and economic impacts of the pandemic. At the time we took evidence for this inquiry it was on the basis of the Comptroller and Auditor General's report in May, which set out that, between 31 January and 4 May 2020, the government made more than 500 announcements on its response to the pandemic, and had announced £124.3 billion of government programmes, initiatives and spending commitments. That £124.3 billion included: £6.6 billion for health and social care measures; £82.2 billion for financial support to businesses, including support for retaining jobs, loans and grants; £19.5 billion for individuals, including benefits and sick pay and support for vulnerable people; and £15.8 billion for other public services and the wider emergency response, including funding for local government services, education and children's services.

## Conclusions and recommendations

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1. **We are astonished by the government’s failure to consider in advance how it might deal with the economic impacts of a pandemic.** A pandemic has been the government’s top non-malicious risk for years and it undertook a pandemic simulation exercise in 2016 known as Exercise Cygnus. While it has made some use of this planning in responding to COVID-19, for example using the draft pandemic legislation and its contingency plans for dealing with the deceased at a local level, its preparations did not include the economic impact of a major disease outbreak. Exercise Cygnus may have been health-focused but it is astounding that the government did not think about the potential impact on the economy, and that the Department for Business, Energy and Industrial Strategy (the Department) was not even aware of the exercise. Despite the first reported case of coronavirus being confirmed by the Chief Medical Officer in England on 31 January 2020, the Treasury did not announce plans for significant funding to support businesses and individuals until the budget on 11 March, and it did not become clear to the Treasury until the following week that a furlough scheme would be needed. The lack of prior thinking on the types of schemes that may be required led to a delay in implementation because the government needed to design the schemes from scratch, particularly in relation to the self-employed scheme where it lacked sufficient, reliable information on who the recipients should be, causing unnecessary uncertainty for businesses and individuals. Nonetheless, it should be recognised that HMRC successfully delivered the Coronavirus Job Retention and Self Employment Support schemes to assist over 10 million individuals.”
  
2. We understand and acknowledge that the usual processes for scrutinising and approving spending decisions may need to be relaxed when urgent action is needed during an emergency. In the following paragraph we criticise the transparency over ministerial directions, not the fact that they were necessary in the circumstances. But with more economic scenario planning in advance, while a pandemic was a known risk to plan for, there could have been more consideration in advance of the types of intervention that would be required and time to build in effective scrutiny and value for money.

**Recommendation:** *The Cabinet Office should review its contingency planning for the most serious risks and ensure that these consider whole-of-government impacts, including economic modelling. It should report back to the Committee on what action has been taken by September 2020.*

3. **We are concerned that lessons have not been learned ahead of a potential second spike of infections.** It is not clear that the government is undertaking the necessary preparatory work for a second peak of infections. The Department for Business, Energy and Industrial Strategy still has nothing convincing to say about what lessons it might have learned from the implementation of its business support schemes. These issues are compounded by a lack of transparency by government on critical issues relating to its decision making in responding to the pandemic, such as delays in publishing the 12 ministerial directions received on COVID-19 spending, including the government’s business support schemes.

**Recommendation:** *The Cabinet Office and the Treasury must be open and transparent about the planning and preparations across government for a possible second infection peak, particularly the lessons being applied from the first wave of infection. As part of these plans, we expect to see more detail on the specific issues highlighted below on procurement of essential medical supplies, support for individuals and businesses, and funding to local government.*

4. **Effective coordination and command structures are critical for good decision making in any ongoing emergency.** The government set up four ministerial implementation committees to coordinate the pandemic response across government, reporting into the COVID-19 group chaired by the Prime Minister, and subsequently replaced these with operations and strategy committees. However, decision making on important issues, such as introducing the Test and Trace programme, has been slow. The government's response in some areas has been poorly coordinated and has not adequately taken into account long-term impacts on people and communities. For example, the government's 'stop-start' approach to school closures risks major harm to many children's life chances, exacerbating already existing inequalities. There are still gaps in support for individuals and some businesses, including those who are newly self-employed and cannot access the self-employed income support scheme. Robust data is also essential to identify those in greatest need and ensuring properly informed decision making in future. At the time of our hearing in June local authorities were developing their local outbreak plans, but did not have the detailed information they need on individuals identified through the government's Test and Trace scheme.

**Recommendation:** *The Cabinet Office should review crisis command structures to ensure that longer-term decision making, as well as the immediate operational response, is properly informed and coordinated effectively across government. The Cabinet Office should update the Committee on the outcome of its review by 1 September 2020.*

5. **There were fundamental flaws in the government's central procurement and local distribution of vital goods and equipment.** We recognise that the government was faced with a massive challenge to procure a huge quantity of personal protective equipment (PPE) for 58,000 separate sites including hospitals and care homes. But despite a pandemic being identified as the government's top non-malicious risk, it failed to stock up in advance. The Cabinet Office claims that it was taken by surprise by the need for a huge quantity of PPE and emphasises that it did not run out of PPE centrally, although there were local shortages of PPE, particularly of aprons. It matters very little that the government had enough PPE centrally if these vital goods and equipment are not getting to those who need them locally. The Department of Health and Social Care was not focused enough on the challenge of how to identify need in the care sector and ensure supply of PPE.
6. The unit cost paid by the government for PPE and medical equipment is higher than it would have liked but it considers the purchase of this equipment value for money given the alternative of not having enough equipment. However, it could have lessened the impact of this if it had stocked up on PPE sooner or had UK-based alternative supply options. It now plans to build up larger stocks of PPE for future shocks, including identifying manufacturers who can produce PPE quickly.



**Recommendation:** *In line with our previous recommendation from our 2020 report on NHS capital expenditure and financial management, the Cabinet Office should review the lessons learned in relation to the government’s procurement of PPE and how far it was able to deliver and distribute essential equipment to where it was needed in good time. The Cabinet Office should update the Committee on the outcome of its review by 1 September 2020.*

7. **The majority of business support measures have been one-size-fits-all, but some crucial sectors of the economy need more bespoke support.** The government’s grants and loans schemes to support businesses through the pandemic have directed large sums of money to affected businesses, with the Department estimating that over one million businesses have benefited. For example, the main government-backed loans schemes have extended over £35 billion of finance to businesses. The largest support measures, such as the furlough scheme and loans schemes, have been broad-based and one-size-fits-all—an approach we have seen before in government’s engagement with businesses on EU Exit preparations. Initially, the Department intentionally created a broad suite of schemes to avoid having to have “high-touch, intense and bespoke engagement” with businesses in difficulty. This makes sense at the pace at which the Government had to work to deliver support. However, some sectors and industries are facing particular threats to their ongoing viability, such as the aviation, aerospace, steel and automotive industries, and government has been slow in providing targeted support to where it is needed for those parts of the economy.

**Recommendation:** *The Department and the Treasury should engage with key sectors and industries, such as the aviation sector, to develop bespoke support measures aimed at helping those businesses through the ongoing effects of the pandemic.*

8. **Central government has not given local authorities the clarity or support they need over longer-term funding.** Central government promised that local authorities would have the resources they needed to respond to the COVID-19 crisis, but many local authorities are facing income shortfalls and increased demand and will not be able to fund crisis spending out of their current resources. At the time of our hearing, central government had provided local authorities with £3.2 billion in funding to respond to COVID-19 pressures across local services and recognises that it needs to provide further support. In addition, while the Ministry of Housing, Communities & Local Government (the Ministry) has set out the areas of local government funding that central government will refund, it has not been clear in all cases the exact spend that qualifies, for example on help for rough sleepers. The government is working on a comprehensive solution to provide more certainty to local government and it will look at long-term funding as part of the next Spending Review, but local authorities need clarity now so that they can plan and prioritise future spending. This is vital if we are to avoid the situation of local authorities getting into acute financial difficulties and having to issue section 114 notices imposing spending restrictions. The Ministry is monitoring monthly returns from councils to identify funding problems but has not yet published these.

**Recommendation:** *The Ministry needs to minimise the risk of local authorities running into severe financial difficulties by taking action to identify authorities at risk and working with the Treasury to determine a clear and timely financial settlement to support all local authorities through the next phase of the pandemic.*

# 1 The government's overall response

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from HM Treasury (the Treasury), the Cabinet Office, the Department for Business, Energy and Industrial Strategy (the Department) and the Ministry of Housing, Communities & Local Government (the Ministry).<sup>1</sup>

2. Significant outbreaks of disease are among the greatest risks faced by any society, threatening lives and causing significant disruption to public services and the economy. The scale and nature of the current COVID-19 pandemic and government's response is unprecedented in recent history. The first reported case of coronavirus was confirmed by the Chief Medical Officer in England on 31 January 2020. The government launched its action plan in response to the pandemic on 3 March 2020. It set out its four-stage strategy: Contain; Delay; Research; and Mitigate.<sup>2</sup>

3. The UK government implemented an extensive range of measures in response to the COVID-19 pandemic. The costs of the government's response are large and uncertain and will depend on the continuing health and economic impacts of the pandemic. At the time we took evidence for this inquiry, it was on the basis of the Comptroller and Auditor General's report in May 2020. That report set out that, between 31 January and 4 May 2020, the government made more than 500 announcements on its response to the pandemic, and had announced £124.3 billion of government programmes, initiatives and spending commitments. That £124.3 billion included: £6.6 billion for health and social care measures; £82.2 billion for financial support to businesses, including support for retaining jobs, loans and grants; £19.5 billion for individuals, including benefits and sick pay and support for vulnerable people; and £15.8 billion for other public services and the wider emergency response, including funding for local government services, education and children's services.<sup>3</sup>

4. A wide range of organisations are involved in delivering the UK government's response to COVID-19, including government departments, local authorities, other public sector organisations, private sector organisations and charities.<sup>4</sup> In May 2020 the governance and decision-making structures for the UK government's response to COVID-19 comprised four ministerial implementation committees representing health, international, economic and wider public services, led by relevant ministers and reporting into the COVID-19 group chaired by the Prime Minister or the First Secretary of State, Dominic Raab, in Prime Minister's absence due to his illness.<sup>5</sup> At the end of May this structure was revised to a COVID-19 Operations Committee and COVID-19 Strategy Committee.<sup>6</sup>

## Preparedness for the pandemic

5. The Cabinet Office told us that a pandemic had been identified as the single top non-malicious risk facing the government for a number of years. It said that there had been a

1 C&AG's Report, *Overview of the UK government's response to the COVID-19 pandemic*, Session 2019–21, HC 366, 21 May 2020

2 C&AG's Report, paras 1, 1.3, Figure 8

3 C&AG's Report, para 8

4 C&AG's Report, para 1.4

5 C&AG's Report, Figure 2

6 Q 37

series of tests and exercises in preparation for a pandemic, including an exercise known as Exercise Cygnus in 2016, which looked at preparation for an influenza-type pandemic. The Cabinet Office emphasised that the characteristics of the current pandemic have made it very difficult to counter and control, especially how infectious it is, the number of countries affected at one time, and the high rate of asymptomatic infections.<sup>7</sup> The Cabinet Office said it believed it was “a bit early” to say for sure whether the government was adequately prepared to respond to the coronavirus pandemic, and acknowledged that “there will be lessons”. It told us that the preparations made for draft pandemic legislation and contingency plans for dealing with the deceased at local level had both proved “extremely effective”.<sup>8</sup>

6. The Cabinet Office told us that Exercise Cygnus was conducted by it and the Department of Health and Social Care.<sup>9</sup> There was no input from the Treasury or the Department (then the Department for Business, Innovation and Skills) into the planning for Exercise Cygnus.<sup>10</sup> The Cabinet Office and the Treasury were not aware of any direct action taken to prepare for any potential economic impacts from a pandemic, and the then Permanent Secretary of the Department for Business, Innovation and Skills was not aware at the time of Exercise Cygnus having taken place, or of any work undertaken by his Department as a result of the exercise.<sup>11</sup> The Cabinet Office told us that, instead, the Treasury and the Department had used the experience and lessons learned from the 2008 financial crisis and no deal preparation for EU Exit in responding to the COVID-19 pandemic. It told us that its response also drew upon coordinated response plans across the financial sector for risks that could cause significant economic disruption.<sup>12</sup>

7. The Treasury acknowledged that because there were no support schemes for businesses and individuals “on the shelf”, there was a delay in implementing the schemes as they needed to be designed from scratch.<sup>13</sup> In terms of the rapidness of the economic response, the Treasury told us that it set aside money at the Budget on 11 March 2020 to deal with the effects of the virus, but it was not until the week after the Budget that it became clear that the effort to contain the virus would involve imposing very significant restrictions on the economy and what kinds of schemes would be needed.<sup>14</sup> Support for self-employed people is one area where the response has been criticised for being too slow and inadequate for some of those affected. The Treasury acknowledged that one of the challenges it faced in designing the schemes was having sufficient, reliable information on who the recipients should be. This was particularly the case for self-employed people where the information comes with a lag, and therefore it took longer to design a scheme that would be up and running quickly.<sup>15</sup>

## Lessons learned

8. Learning the lessons from the current pandemic is important for dealing with future pandemics, but also to prepare for a potential second peak of COVID-19 infections. For

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7 Qq 1, 3

8 Q 4

9 Q 62

10 Supplementary Information dated 22 June 2020 from the Cabinet Office para 9

11 Qq 60–65

12 Supplementary Information dated 22 June 2020 from the Cabinet Office paras 9, 10

13 Q 61

14 Q 9

15 Q 13

example, it is not clear whether lessons have been learned on the need to plan now for dealing with economic impacts if COVID-19 cases rise again. When asked whether the Job Retention Scheme would be extended beyond October 2020, the Treasury was clear that it had no plans to do so.<sup>16</sup> We also asked the Department repeatedly what lessons it had identified for the next stage of the pandemic to improve delivery of business support, particularly in response to calls for more bespoke support, but it was unable to provide a satisfactory answer.<sup>17</sup>

9. Transparency about decisions taken and lessons learned from the pandemic is critical to ensuring public confidence in the government's response. However, it is not clear that the government has fully recognised the need for open and transparent decision making, as illustrated, for example, by the delays in publishing ministerial directions on COVID-19-related spending. Ministerial directions are requested in situations where the Accounting Officer of a department has serious concerns about whether a decision or course of action would be proper, regular, value for money or feasible.<sup>18</sup> As at 15 June 2020 there had been 12 ministerial directions on the government's responses to COVID-19, arising from the substantial and urgent additional spending that departments have had to make.<sup>19</sup> Eight of the directions related to the value for money of the Department's business support measures, while others were sought and granted to support urgent spending that would result in exceeding Departmental Expenditure Limits authorised by Parliament for 2019–20.<sup>20</sup>

10. Ministerial directions are expected to be published as soon as possible after they are issued, as the Treasury guidance makes clear.<sup>21</sup> However, there was a delay of several weeks before some of the COVID-19-related directions were published, and one is still not public. The Department explained that it had not published six of its eight ministerial directions more quickly because it was concerned about publishing them before the schemes concerned were launched and delivered.<sup>22</sup> It acknowledged that it had "hoped" to publish them more promptly than it did, and that the delays were due to it having to consider, for each scheme, whether publishing the relevant direction would undermine scheme implementation.<sup>23</sup> The Treasury has subsequently asked the Treasury Officer of Accounts to write to Accounting Officers to remind them of the importance of publishing a ministerial direction as soon as possible after it is issued, unless there is a broader public interest in keeping it confidential.<sup>24</sup>

## Coordination and decision making

11. The Cabinet Office set out the governance and decision-making structures for the UK government's response to COVID-19. These comprised four ministerial implementation committees representing health, international, economic and wider public services, led

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16 Qq 92–93

17 Qq 105–8

18 Committee of Public Accounts, Thirty-ninth Report of Session 2015–16, *Accountability to Parliament for taxpayers' money*, HC 732, 4 May 2016, para 18

19 Q 53; C&AG's Report, para 7

20 Q 56; C&AG's Report, para 7

21 Committee of Public Accounts, Thirty-ninth Report of Session 2015–16, *Accountability to Parliament for taxpayers' money*, HC 732, 4 May 2016, para 20

22 Q 57

23 Q 58

24 Supplementary Information dated 29 June 2020 from HM Treasury, para 4

by relevant ministers and reporting into the COVID-19 group chaired by the Prime Minister. Departments also have their own reporting structures and governance.<sup>25</sup> The Cabinet Office explained that it had adapted its governance structures for each phase of the crisis so far, including by creating the ministerial implementation committees and moving at the end of May to a new “simplified, rationalised structure”, comprising an operations committee and a strategy committee. However, we have concerns about whether government has made full use of expertise across government in developing its decision and coordination structures—for example, how far the Cabinet Office had involved Army and Ministry of Defence strategists with experience in this area.<sup>26</sup> The Cabinet Office responded that the Army has been “highly involved” in the planning of operations, working at the centre of government and in procurement and logistics, as well as at a local level with local resilience forums. Nonetheless, there do seem to be lessons that could still be learned from the Armed Forces so that decision making structures are swifter and better informed.<sup>27</sup>

12. The Cabinet Office acknowledged that responding to COVID-19 was a massive operation across government requiring a very high level of co-ordination.<sup>28</sup> However, we received inadequate responses from our witnesses when we raised cross-cutting issues that are having fundamental effects on many people’s lives. For example, on the impact of lockdown and school closures on children’s life chances and inequalities, both the Cabinet Office and the Ministry said that this was a question for the Department for Education. We recognise of course that the Department for Education is in the lead on education, but it was disappointing that the Cabinet Office and the Ministry had very little to say from the cross government perspective or on the impact for local authorities.<sup>29</sup> While the Cabinet Office agreed in theory that inter-Departmental co-operation was essential, there was little concrete evidence of how this worked in practice”.

13. Another example is the gaps in support for self-employed people, given there are large numbers of self-employed people getting no financial support from the government other than Universal Credit. The Treasury recognised that the self-employment income scheme was not universal in coverage and said that it was keeping this issue under review.<sup>30</sup>

14. Robust and timely data is also crucial to support decision making and efforts to coordinate support to those most in need, for example on the part of local authorities. The Ministry told us that the importance of data, and timely access to data, had come to the fore in the COVID-19 crisis. It gave examples of sharing data with local authorities on people who are shielding and said it had improved “real-time situational awareness” through data at the local resilience forum level. The Ministry stressed that it was not possible to have perfect information in a crisis. It told us that it was still developing the data needed by local government on the Test and Trace programme, focusing on upper-tier authorities.<sup>31</sup> It also said that local authorities are in the middle of producing their local authority outbreak plans throughout June and that it did not think the issue of data prevented local authorities from developing these plans. However, local authorities do not currently know where individuals with the virus live or who else they have been in contact

25 C&AG’s Report, para 1.6, Figure 2

26 Qq 37–38

27 Qq 39–40

28 Q 40

29 Qq 73–76

30 Q 14

31 Qq 79–82

with.<sup>32</sup> The Ministry recognises that there are still gaps in the data being provided to local areas. In a written submission provided after our evidence session it told us that NHS Digital and the Department of Health & Social Care are planning to expand the range of data available to local authorities and that the Joint Biosecurity Centre is expected to provide “an authoritative and timely summary picture” when it is at full operating capability. The Ministry stated that in developing their outbreak plans, local authorities are taking into account the range of data that will be available to them in the future, as well as what they can access now.<sup>33</sup>

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32 Qq 83–84

33 Supplementary Information dated 26 June 2020 from the Ministry of Housing, Communities and Local Government

## 2 Key areas of the response

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### Procurement and distribution of essential supplies

15. Many departments are having to source products and services quickly in new or emerging markets, often with complex and varied supply chains. The health and social care supply chain has had to work with pharmaceutical companies, private sector health equipment companies and manufacturing and logistics companies, and must compete with many other purchasing entities from across the world.<sup>34</sup> The Cabinet Office told us that there was around a fourfold increase in demand for personal protective equipment (PPE) across 58,000 sites in the health and social care sector, and that its central buying operation alone bought 1.7 billion pieces of PPE. It claimed that while things were “tight” at various stages of the peak of the crisis, it did not run out of any items centrally. However, it acknowledged that there were daily examples of local shortages, particularly of aprons, and that it believed this was “inevitably” the case.<sup>35</sup>

16. The Cabinet Office acknowledged that it was taken by surprise by the need for a massive quantity of protective equipment, and by the difficulty of sourcing it from reliable UK-based suppliers.<sup>36</sup> It said that a particular challenge was supplying PPE to care homes, hospices and community care organisations. While NHS systems are designed to deal with supplying the 226 NHS trusts, delivering to the social care sector “added enormously” to the logistical challenge.<sup>37</sup> The Cabinet Office acknowledged that it had more work to do to in planning for the future to ensure it had identified manufacturers who could quickly produce PPE and undertook in future to build up bigger stocks than it had done in the past to prepare for high-impact, low probability events.<sup>38</sup> When challenged on why it did not have the foresight in January and February 2020 to know that the UK would need to step up production of PPE and ventilators, the Cabinet Office claimed that the full effects of the crisis were not at all visible in January and only became so in the latter part of February and March.<sup>39</sup> The government did not publish its national plan to secure PPE until 10 April.<sup>40</sup> At the start of the outbreak, the only central stockpile – held by Public Health England – was designed for a flu pandemic. It lacked items such as gowns and visors, which an independent committee advising the Department on stockpile contents had recommended in 2019.<sup>41</sup> The Department of Health & Social Care has previously told us that it buys the vast majority of its PPE on international markets and will continue to do so.<sup>42</sup> Issues have been reported with some shipments from abroad.

17. In April 2020 the Treasury committed £4 billion of funding for the UK’s PPE demand up until the end of July 2020. This was an initial estimate that may since have changed.<sup>43</sup> We questioned the Cabinet Office on whether the national PPE contracts had been value

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34 C&AG’s Report, para 3.4

35 Qq 5–7

36 Q 5

37 Q 7

38 Q 26

39 Q 33

40 C&AG’s Report, Figure 8

41 C&AG’s Report, *Readying the NHS and adult social care in England for COVID-19*, Session 2019–21, HC 367, 12 June 2020, para 20

42 Committee of Public Accounts, Eighth Report of Session 2019–21, *NHS capital expenditure and financial management*, HC 344, 8 July 2020, para 15

43 C&AG’s Report, Figure 3



for money. The Cabinet Office told us that the per unit cost it paid for PPE and ventilators was higher than it would have liked. However, it considered that it has been value for money when compared to not having enough PPE.<sup>44</sup>

## Support for businesses

18. The government has instituted a range of support measures for businesses to help them cope with the extensive economic disruption caused by COVID-19. These include payments to businesses for furloughed employees, government-backed loan schemes, cash grants and additional reliefs.<sup>45</sup> The Department estimates that over one million businesses have benefited from the schemes. For instance, the loan schemes run by the British Business Bank have extended more than £35 billion of finance to businesses.<sup>46</sup> In total, the cost of business support measures in place at May 2020 is expected to be at least £82 billion. In addition, the loss of receipts from measures such as deferring VAT payments is expected to total £3.2 billion.<sup>47</sup>

19. The largest business support measures, such as the furlough scheme and loans schemes have been broad-based: for example, the Job Retention Scheme is open to all employers across the UK and the Bounce Back loans are available to all businesses.<sup>48</sup> The Department said that this was intentional as by creating a broad suite of schemes, government avoided having to have “high-touch, intense and bespoke engagement” with businesses in difficulty.<sup>49</sup> We have previously seen this type of one-size-fits-all approach in government’s engagement with businesses on EU Exit preparations.

20. We asked the Department whether it would adopt a more bespoke, sector-based approach to supporting businesses, given some sectors and industries have said they are not receiving the support they need. The Department told us that in cases of very large companies of national strategic significance, it would discuss those with the Treasury. However, it said that it believed that many of those sectors would be able to access the existing schemes of the British Business Bank and the Bank of England.<sup>50</sup> Government has been slow to engage and provide targeted support for sectors such as the steel, aviation, aerospace and automotive industries. For example, UK Steel waited 10 weeks for support and was unable to get it, whereas competitor countries such as France and Germany were able to distribute funds in 10 days.<sup>51</sup> The Department told us about five in-depth economic recovery discussions it held with 20 or 30 businesses and academics. However, we were concerned that those business roundtables were not what businesses were expecting and the Department had not published a list of businesses invited to the roundtables, on what basis they were invited or who attended.<sup>52</sup> On 15 June, the Department published a list of attendees at the roundtables and the topics discussed.<sup>53</sup>

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44 Q 23

45 C&AG’s Report, para 2.12

46 Q 105

47 C&AG’s Report, para 2.12

48 C&AG’s, Figure 6

49 Q 105

50 Q 107

51 Q 105

52 Qq 110–113

53 <https://www.gov.uk/government/news/business-secretary-leads-economic-recovery-roundtables>

## Local government funding

21. Local authorities play a significant role in all parts of the UK government’s response to COVID-19. They have key obligations such as to deliver social care, other parts of the emergency response and support for individuals and businesses. Central government funding to local authorities has included £3.2 billion provided in two tranches of £1.6 billion and a £600 million Infection Control Fund to tackle the spread of COVID-19 in care homes.<sup>54</sup>

22. Local authorities’ budgets are under more pressure than ever as a result of COVID-19, and many local authorities are concerned that they are not getting the financial support that they need from central government.<sup>55</sup> The Local Government Association told us that without certainty of further funding and flexibility around their budget setting, many councils will have to take measures in anticipation of future funding shortfalls.<sup>56</sup> This could mean in-year cuts to vital local services that are supporting communities through the crisis.<sup>57</sup> The Ministry acknowledged that the need to provide more support for local government is well understood.<sup>58</sup> The Ministry told us that it was taking action in three ways: analysing monthly monitoring returns from local authorities; providing further funding to local authorities, including £300 million for the Test and Trace programme; and work on a “fuller, more comprehensive solution” on local authority finance, to ensure that councils are put on a more sustainable footing this financial year.” It intends to publish the monthly monitoring return details “very soon”.<sup>59</sup> It said that the most recent return shows that local authorities estimated expenditure pressures of £795 million from March to the end of May against the government’s COVID-19 priorities. The Ministry said it is reassured that it has provided sufficient funding to date and also that its policies and support for the sector can be informed by comprehensive returns.<sup>60</sup> The Ministry told us that it was not aware of any local authorities that are imminently planning to issue a section 114 notice.<sup>61</sup>

23. Although the Ministry has set out the areas of local government funding that central government will refund, this does not include all of the detail needed to give local authorities clarity. For instance, on homelessness and rough sleeping it is not clear whether the whole of the homelessness and rough sleeping spend by local authorities will be refunded.<sup>62</sup> The Treasury told us that the financial position of local authorities will be something that it will discuss with the Ministry and address in the next spending review.<sup>63</sup>

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54 C&AG’s report, para 1.5, Figure 4

55 Q 66

56 Local Government Association submission, dated June 2020  
Qq 62–65

57 Local Government Association submission, dated June 2020  
Qq 62–65

58 Q 88

59 Q 67

60 Supplementary Information dated 22 June 2020 from the Ministry of Housing, Communities & Local Government, para 5

61 Q 66

62 Q 87

63 Q 114

# Formal minutes

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**Thursday 16 July 2020**

Virtual meeting

Members present:

Meg Hillier, in the Chair

Olivia Blake	Shabana Mahmood
Dame Cheryl Gillan	Mr Gagan Mohindra
Peter Grant	Sarah Olney
Mr Richard Holden	Nick Smith
Sir Bernard Jenkin	James Wild

Draft Report (*Whole of Government Response to COVID-19*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 23 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

*Resolved*, That the Report be the Thirteenth of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Monday 20 July at 1:45pm]

## Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Monday 15 June 2020

**Jeremy Pocklington**, Permanent Secretary, Ministry of Housing, Communities and Local Government; **Sam Beckett**, Acting Permanent Secretary, Department for Business, Energy and Industrial Strategy; **Sir Tom Scholar**, Permanent Secretary, HM Treasury; **Alex Chisholm**, Permanent Secretary, Cabinet Office; **Cat Little**, Director General, HM Treasury

[Q1-125](#)

## Published written evidence

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The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

GRC numbers are generated by the evidence processing system and so may not be complete.

- 1 Baker, Professor Andrew ([GRC0003](#))
- 2 Leaver, Professor Adam ([GRC0003](#))
- 3 Local Government Association (Mr Iredia Oboh, Public Affairs and Campaigns Adviser) ([GRC0006](#))
- 4 Murphy, Professor Richard ([GRC0003](#))
- 5 NHS Providers (Mrs Susan Bahl, Head of Policy and Public Affairs) ([GRC0001](#))
- 6 Public Accounts Committee, Welsh Parliament ([GRC0005](#))
- 7 Telles, Dr Pedro ([GRC0004](#))

## List of Reports from the Committee during the current Parliament

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All publications from the Committee are available on the [publications page](#) of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

### Session 2019–21

First Report	Support for children with special educational needs and disabilities	HC 85
Second Report	Defence Nuclear Infrastructure	HC 86
Third Report	High Speed 2: Spring 2020 Update	HC 84
Fourth Report	EU Exit: Get ready for Brexit Campaign	HC 131
Fifth Report	University Technical Colleges	HC 87
Sixth Report	Excess votes 2018–19	HC 243
Seventh Report	Gambling regulation: problem gambling and protecting vulnerable people	HC 134
Eighth Report	NHS expenditure and financial management	HC 344
Ninth Report	Water supply and demand	HC 378
Tenth Report	Defence Capability and the Equipment Plan	HC 247
Eleventh Report	Local authority investment in commercial property	HC 312
Twelfth Report	Management of tax reliefs	HC 379