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Committee of Public Accounts

Local authority administered COVID support schemes in England

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to the report*

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The Committee of Public Accounts

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Summary

Between March 2020 and March 2022, the government distributed over £22 billion through local authorities to help mitigate the impact of the COVID-19 pandemic and public health restrictions on small businesses. While the government's approach achieved its main objective of moving at speed, the early schemes it introduced were poorly targeted and widely failed to provide the level of basic checks required to protect the public purse from fraud and error. Over 90% of the estimated £1.1 billion of losses relating to pandemic grants are attributed to early schemes, but the then Department for Business, Energy and Industrial Strategy (BEIS) made no serious attempt to recover funds that were distributed wrongly while the pandemic was ongoing. The Department for Business and Trade (DBT) has since taken over the residual responsibilities for the schemes, but if funds are to be recovered and public trust is to be restored, it must set out the specific steps it will take to tackle this fraud and error.¹

At the design stage and during the early implementation of the grant schemes, there were clear gaps in both the government's understanding of small businesses and in its consultation with local authorities. The government was slow to act on feedback from local authorities and businesses when specific problem issues emerged, such as the interpretation of eligibility criteria, which created further uncertainty for businesses seeking support. Despite these flaws, BEIS did take positive steps to improve its management of those grants as the pandemic evolved. Supporting the new department's increased focus on implementation and delivery alongside policy development, DBT is continuing to develop its approach to grant management through the work of its expanded grants unit.

DBT and HM Treasury have recognised the need to evaluate the impact of these grants, but they should not wait for the COVID-19 inquiry before learning from the scheme. The Department should publish its evaluation of these schemes during summer 2023 and HM Treasury should carry out its own work in this area. To ensure that it does not repeat the failings of the past, future governments must establish contingency plans for responding directly to the financial consequences of a global health crisis, not just those relating to health and essential services.

¹ As both were responsible for these grants, 'The Department' is used to refer to BEIS in relation to responsibilities, events or activities prior to the Machinery of Government changes in February 2023, and to DBT after the changes took place.

Introduction

The government introduced a series of grant schemes to help businesses deal with the impacts of the COVID-19 pandemic on their businesses, including the effects of restrictions put in place to protect public health. Using funding from government, local authorities in England distributed £22.6 billion in grants to local businesses between March 2020 and March 2022. There were eight separate schemes that can be grouped into three separate ‘cohorts’, primarily corresponding to significant waves of COVID-19 restrictions.

HM Treasury decided the key features of each of the schemes, including the types of businesses they should cover and the level of funding available, and the Department for Business, Energy and Industrial Strategy (BEIS) was responsible for their implementation. The Department for Business and Trade (DBT) is now accountable for this funding, including the recovery of money paid out as a result of error or fraud.

The creation and delivery of these grant schemes was a partnership between local authorities and central government. Local authorities were responsible for identifying eligible businesses in their areas and paying grants to them, making 4.5 million payments over the course of the pandemic. BEIS created the detailed guidance for the schemes and oversaw their implementation by local authorities.

Conclusions and recommendations

1. **The Department for Business, Energy & Industrial Strategy prioritised the need to distribute grants quickly. In doing so it made compromises on how targeted the support was and on the checks required to be made before money was paid out.** The government, working with local authorities in England, distributed financial support to businesses quickly. The first scheme was initially announced by HM Treasury on 11 March 2020. The Department designed and then introduced the schemes less than a month later. By 19 April, 314 local authorities in England had distributed £6 billion (54% of the £11.1 billion total distributed for these first schemes) to small businesses. To move this quickly on the early schemes, the Department's Accounting Officer sought directions from the minister to proceed as the Department could not demonstrate, amongst other things, that local authorities were well placed to manage the risk of losses. The Department acknowledges that it was not sufficiently aware of the importance of pre-payment checks in managing this risk. The initial grants were directed at very broad categories of business that the government thought would be particularly vulnerable.

Recommendation 1: *As part of its Treasury Minute response, HM Treasury should set out what basic level of control it needs to see in place in the event of a national emergency, and how trade-offs with speed of response should be handled.*

2. **The Departments have been slow to take effective action to recover losses – three years since the Department for Business, Energy & Industrial Strategy introduced the schemes, less than 2% of the estimated £1.1 billion lost to error and fraud has been recovered.** In May 2023, DBT told us it had recovered £20.9 million of the estimated £1.1 billion of losses to error or fraud. £985 million of these estimated losses are from grants in the earliest schemes, most of which had been paid out by late May 2020. BEIS started working with authorities to check payments among these schemes at the end of March 2021, finishing this work in May 2022. When we challenged officials about improving their approach to recovering losses, we were told that checking payments is very expensive, there are legal questions about the ability to recover some payments, and it will be 'incredibly hard' to recover much of the losses. However, DBT's Accounting Officer said he had asked a non-executive director on the Department's Board to "to review this and to see what more we could do to recoup the money." Officials said the Department is also looking at following up with authorities that have provided less information on fraud and error.

Recommendation 2: *The Department for Business and Trade and its non-executive directors should ensure that the current review of the approach to recovery is rigorous and takes a sufficiently broad view of the public interest, including in its terms of reference:*

- *An assessment of the public value that can be achieved from pursuing these monies, including the deterrent effect of pursuing fraudsters and the impact on public confidence;*
- *testing the Department's previous assumptions and revisiting past conclusions; and*

- *setting a figure for what it believes is recoverable and at what cost.*
3. **Central government’s distance from the practical realities on the ground meant confusion, delays and uncertainty for small businesses and local authorities.** Business, local authorities and MPs all experienced at times a lack of clarity about precisely which businesses were covered by which schemes, and experienced delays when seeking clarification from BEIS. BEIS published multiple iterations of guidance and related documents as it worked through issues it had not anticipated when the schemes were launched. Examples of difficulties cited to us included distinguishing ‘wet-led’ pubs from other pubs and assessing whether meals were ‘substantial’. In addition, many local authorities were relying on data and systems which could not easily be used to identify which businesses were eligible for grants. Local authorities were key partners in the delivery of many COVID schemes, but having faced financial pressures over recent years it is not clear how far investment in IT infrastructure has been maintained. The challenges faced by some authorities in administering these grant schemes underline the impact of likely underinvestment. Officials acknowledged that, in the early phases of the crisis, the connection between policy making and knowledge about delivery was ‘not as strong as we would have liked it to be’. When we pressed witnesses about the limitations in government knowledge about the variety of businesses and the capabilities of local authorities, HM Treasury accepted there were things they should have known but did not at the start of the pandemic.

Recommendation 3: Within six months, the Department for Business and Trade should write to the Committee setting out how it proposes to improve its understanding of small businesses operating in different sectors and how it is strengthening its mechanisms for receiving and acting upon feedback from this segment of the business community.

4. **The Department for Business and Trade needs to build on the progress made during the pandemic in developing the approach to the oversight of grants.** BEIS responded to the initial and multiplying pressures on the administration of the schemes as the pandemic unfolded by commissioning a review of its management of the schemes. The review led to improvements to its programme management and governance. HM Treasury and BEIS also developed their approach to grant design by, for example, targeting support at those businesses most affected by the lockdown restrictions and placing an increased emphasis on prepayment checks for later schemes. DBT is now continuing to build its capability and capacity in this area by establishing what it describes as a centre of excellence for grant management. This sits within a directorate of 120 staff, compared to 20 when the schemes were first introduced. The centre of excellence has so far focused on developing its understanding of grants from an ‘end to end’ perspective, to set expectations at all stages of the grant process.

Recommendation 4: The Department for Business and Trade, working with the Cabinet Office, should share its approach to grant management more widely with other parts of government and ensure that this delivery experience is drawn upon at the earliest possible stage in the design of policies involving potential new grant schemes.

5. **We do not yet know the impact achieved by the £22.6 billion provided to businesses, or how much money was spent that might not have been needed.** Government set up grant schemes knowing that they would provide too much to some businesses and not enough to others, particularly for the earliest grants that required Ministerial Directions to authorise them. We know the cost of the schemes, but DBT is still waiting for the results of an evaluation that is trying to measure how far they met the government's objectives to protect businesses and employment. HM Treasury told us it will look 'very carefully' at these results in relation to how choices about scheme design affected value for money. When we pressed witnesses about the trade-off between speed and controls, they acknowledged the importance of being better able to advise Ministers in future about such choices and trade-offs than they had been able to at the start of the pandemic. While HM Treasury stressed to us the importance of looking at the impact across the entirety of business support, not only grant schemes, it made no commitment to complete such an assessment of its own response.

Recommendation 5:

- *As part of its Treasury Minute response to this report, the Department for Business and Trade should set out what it has concluded from the completed Ipsos evaluation.*
 - *HM Treasury should write to the Committee with its plans to capture and distil lessons from the experience of supporting businesses through the pandemic within three months.*
6. **The government did not have in place a plan for how it would provide support to businesses during a national emergency like the pandemic.** At the time the pandemic started there were no contingency plans in place between central and local government on how to provide support to businesses. HM Treasury, BEIS and local authorities therefore had to react in the absence of pre-agreed processes. Local authorities were often not aware of new schemes until they were publicly announced, leaving them to field questions from local businesses without being in a position to provide ready answers. Lessons began to be learned as the pandemic unfolded, for example the Department's creation of a programme board in 2021 which included representatives from local government, but all this took time. The Department acknowledges that there are lessons to learn and informed us that it is feeding into Cabinet Office's wider consideration of lessons learnt.

Recommendation 6: *The Department for Business and Trade, working together with other relevant departments and local authorities, should develop a contingency plan for how it would respond should it be asked to provide financial support to businesses and other groups should a situation analogous to the pandemic occur in the future. The Department also needs to do better to understand the capability of local government systems when considering future schemes.*

1 Implementation challenges

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Business and Trade (the Department) and HM Treasury about local authority-administered COVID-19 grants for businesses in England.²
2. Alongside other measures, the government created a series of grant schemes over the course of the COVID-19 pandemic to help businesses deal with the impact on their business, including the effects of restrictions put in place to protect public health. Restrictions on the number of people who could gather or meet in person particularly affected businesses in the retail, hospitality and leisure sectors. Government provided funding to local authorities in England, which distributed £22.6 billion in grants to businesses in their areas between March 2020 and March 2022. The government wanted the grants to reach businesses quickly, particularly at the start of the pandemic.
3. HM Treasury took the high-level policy decisions about the schemes, including the types of businesses they should cover and the level of funding available. The former Department for Business, Energy and Industrial Strategy (BEIS) was responsible for the detailed design of the schemes and oversaw their implementation. Delivery of these grant schemes was a partnership between local authorities and central government. Local authorities were responsible for identifying eligible businesses in their areas and paying grants to them, making 4.5 million payments over the course of the pandemic. The newly created Department for Business and Trade (DBT) took over the residual responsibilities from BEIS in February 2023, including for following up fraud and losses.
4. In November 2021, the Comptroller and Auditor General (C&AG) qualified his opinion on BEIS's 2020–21 financial statements because, in part, of concerns over the levels of error and fraud estimated in these schemes.³ We have previously commented on these schemes in our reports on BEIS's 2020–21 and 2021–22 annual reports and accounts.⁴

Early compromises

5. We heard from HM Treasury that the first business grant schemes were created because of concerns that a very large part of the economy would shut down permanently within days if the lockdown went on without money being given to companies.” DBT told us there was uncertainty about the economic impact of lockdown leading to a real sense of crisis, and getting money to businesses at speed was “the number one priority”. DBT said that the focus on speed affected every decision taken as part of the design and implementation of the initial schemes. HM Treasury and DBT explained that addressing official concerns about feasibility, value for money and regularity would have meant delays to these schemes. Ministers preferred to press ahead and authorised officials to do so through Ministerial Directions covering the first three schemes.⁵

2 C&AG's Report, [COVID-19 business grant schemes](#), Session 2022–23, HC 1200, 24 March 2023

3 C&AG's Report, paras 1–4 and 7

4 Committee of Public Accounts, [Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2020–21](#), First Report of Session 2022–23, HC 59, 18 May 2022; and [Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2021–22](#), Forty-Fifth Report of Session 2022–23, HC 1254, 26 April 2023

5 Qq 10–11, 48, 51–52, 54 and 90

6. The early grants were indeed delivered at speed. The first public announcement, which was of an early version of the first grant scheme, was on 11 March 2020. Guidance for the first two schemes was published on 24 March and by 19 April, less than a month later, £6 billion had been paid out by 314 local authorities. This was 54% of the £11.1 billion paid out in the first wave of schemes. Two months after guidance publication, £9.9 billion had been paid out: 89% of the final amount.⁶ However, compromises were made due to the priority placed on speed, including the untargeted design of these schemes: they covered very broad categories of businesses that were thought more likely to be vulnerable but eligibility did not depend on the actual financial impact from public health restrictions.⁷ Other compromises made in the interest of speed included no requirement for applications, no requirement for pre-payment checks, minimal requirements for local authorities to provide the department with data on the payments made, and no guidance on debt recovery until months after the schemes ended.⁸

7. We pressed witnesses about the absence of basic controls in the early schemes, and the level of consideration that had been given to how quickly these controls could have been put in place.⁹ DBT told us that the level of speed involved was “almost inconceivable”, but accepted that early in the pandemic the Department had not been sufficiently aware of the importance of pre-payment checks. DBT’s comments suggested it recognised that, while ministers can take responsibility for courses of action that do not meet normal tests, officials need to be in a position to advise ministers on the potential impact of any trade-offs and choices they may wish to make. We heard that DBT officials have drawn from the lessons to be learned from this experience, to enable better advice to be provided in future.¹⁰ HM Treasury told us it was still considering the question of “what would have been the optimum preparation for this scenario”.¹¹

Recovery of losses

8. Three schemes announced in March and May 2020 made up the first cohort of grants, linked to the first national lockdown. The three schemes of the second cohort were announced in the second half of 2020, in response to the local and national lockdowns responding to the second wave of COVID-19 infections. The two schemes in the third cohort were announced during 2021, the first supporting business through the national reopening in spring 2021, and the second linked to the Omicron restrictions at the end of 2021.¹²

9. DBT currently estimates losses due to fraud and error from the grant schemes to be £1.1 billion. £985 million of this (or around 90%) is attributed to the first cohort. The much smaller estimates for the later schemes are still being refined; DBT told us that although the numbers may creep up slightly, the £1.1 billion total is expected to be pretty stable.¹³

6 C&AG’s Report, Figures 4, 5 and 6
 7 Q 117; C&AG’s Report, para 1.6 and Figure 3
 8 Qq 12, 19, 24–28, 32, 56
 9 Qq 48, 98–99
 10 Qq 79, 99
 11 Q 79
 12 C&AG’s Report, paras 1.5–1.6
 13 Qq 13, 19 and 31; C&AG’s Report, para 2.16

10. DBT explained that the government did not issue local authorities with guidelines for undertaking debt recovery until December 2020.¹⁴ In March 2021 work started on checking a sample of payments from the first set of schemes. This work took until May 2022.¹⁵ DBT told us the recovery of losses to fraud and error by local authorities ought reasonably to be completed by the end of 2025. However, the Department cannot directly enforce this time limit and DBT mentioned that some authorities may have allowed businesses “significantly longer” to return money paid irregularly.¹⁶

11. DBT does not have definitive figures on the split between fraud and error within the schemes. DBT told us the number of payments classified as fraud by local authorities were 8% of the total number of recovered payments it is aware of from local authority reporting, and 15% by number based on a separate fraud and error survey of authorities commissioned by the Department.¹⁷ Using the local authority reporting data, and excluding payments that authorities had not classified as either fraud or error, the National Audit Office calculated that 17% of payments by value were classified as fraud.¹⁸

12. DBT told us that by May 2023 £20.9 million of losses had been recovered to date; this is around 2% of the £1.1 billion. We heard that £15 million had been recovered by local authorities and £6 million had been repaid to government voluntarily by large businesses. DBT also said that local authorities have referred a further £6 million of irregular payments to government after being unable to recover them, and authorities are currently pursuing another £7 million.¹⁹

13. DBT told us that it is considering contacting the 40% of authorities that did not respond to its fraud and error survey, to understand what was happening locally.²⁰ However, when we questioned witnesses on what more could be done to increase the level of losses recovered, they cited a number of challenges. DBT and HM Treasury emphasised that establishing whether payments were irregular is both “hard and expensive” due to limited data on the early payments, ambiguities in scheme design, ministerial promises to overlook some borderline local authority decisions taken at speed and the sheer number of payments involved.²¹ DBT pointed out there can be “legal questions about the ability to recoup money.” DBT gave us figures of £450 million to £500 million to carry out checks on every one of the 4.5 million payments. In relation to recovery once irregular payments have been identified, DBT said recovery as a percentage of identified fraud has been much lower than recovery as a percentage of identified error. Fraudulently-obtained payments were sometimes very quickly split into small amounts and moved to multiple other accounts. DBT observed that recovery of error would involve putting pressure on small businesses that might still be struggling.²²

14. Despite these arguments, DBT and HM Treasury also sought to reassure us that the government was serious about pursuing fraud.²³ When pressed by us, DBT said it would reconsider the possibility of allowing local authorities to keep a proportion of

14 Qq 32, 36

15 C&AG’s Report, para 2.21

16 Qq 33–37

17 Q 27

18 C&AG’s Report, para 2.16 and Appendix One

19 Qq 13–14, 58, 75

20 Q 29

21 Qq 15, 28, 31

22 Q 19, 21, 28, 65–66

23 Q 67, 76

the payments they recover from fraudsters.²⁴ DBT also informed us in the session and a subsequent letter that Karina McTeague, a non-executive director on DBT’s departmental board, will be reviewing what more can be done to recover irregular payments “over the next few months”.²⁵

Knowledge of businesses and local authorities

15. The LGA informed us that local government had little or no input into the government’s work on the design of the grant schemes up to the point of the initial announcements.²⁶ DBT told us many of the early grants were paid automatically using business rates data held by local authorities.²⁷ However, local authority data such as bank details or even who was occupying a property were sometimes out of date, leading to payments made in error.²⁸ The LGA pointed out that such data issues were particularly likely where businesses received 100% small business rates relief.²⁹ HM Treasury described it as a “fair criticism” that at the start of the schemes they had overestimated the quality of this data.

16. Another source of error acknowledged by HM Treasury was that not every authority had automated systems in place from the start that could prevent duplicate payments. Many local authorities were relying on data and systems which could not be used to easily identify which businesses were eligible for grants. Local authorities were key partners in the delivery of many COVID schemes, but having faced financial pressures over recent years it is not clear how far investment in IT infrastructure has been maintained. The requirements of this grant scheme underline the impact of that underinvestment. HM Treasury described the shortcomings in local authority systems as another thing that it should have known but did not know at the time.³⁰

17. There were also consequences arising from insufficiently granular knowledge about small businesses within the departments. We asked officials about the way that scheme designs and initial versions of guidance were unable to provide clarity about whether or how a range of business types were covered.³¹ This lack of clarity prompted questions from businesses, local authorities and MPs that the government struggled to answer in a timely fashion. Guidance had to be revised or Frequently Asked Questions published, multiple times.³² HM Treasury told us they did their best to manage “dozens of complicated edge cases”; DBT pointed to improvements in late 2021 but accepted that “in the early phases of the crisis, the connection between the policy making and the delivery information was not as strong as we would have liked it to be.”³³ DBT gave “wet-led pubs” and “substantial meals” as examples of categories that were ambiguous or needed clarification.³⁴

18. We were pleased to hear from DBT that the connection between policy and delivery within the department has been strengthened, and feedback from local authorities is

24 Qq 67, 72

25 Qq 22, 107–112; [Letter to the Chair of the Public Accounts Committee from Gareth Davies](#), Permanent Secretary, Department for Business and Trade, 25 May 2023

26 Ev [LGS0001](#), page 2

27 Qq 24–25

28 C&AG’s Report, paras 2.19–2.20; Qq 11 and 57

29 Ev [LGS0001](#), page 2

30 Qq 11, 57 and 118; C&AG’s Report, paras 2.7 and 2.20

31 Qq 102–105

32 Qq 102 and 105; C&AG’s Report, paras 2.11, 2.13, and 2.25–2.26, and Figure 10

33 Qq 103; 82, 83

34 Qq 15, 102

reaching policy teams more quickly.³⁵ BEIS had already created a grants programme board including representatives of local authorities during 2021.³⁶ HM Treasury wrote to us after the evidence session and informed us that the government is legislating to place a duty on businesses paying business rates to provide up-to-date information to the Valuation Office Agency after moving into a property and when there are changes to their property or rent. The intention is for this information to be shared with local authorities. In addition, a Digitalising Business Rates project is intended to connect local authority business rates data with HMRC tax data.³⁷

Capacity to oversee grants

19. The first wave of grant schemes in spring 2020 were largely untargeted. They account for around half of the £22.6 billion eventually provided to businesses under these schemes over the pandemic.³⁸ HM Treasury told us the amount paid out in the first wave was very large; it was fiscally very difficult and it reduced its ability to fund other things later on.³⁹ DBT's Accounting Officer reflected that to some extent teams in the department had needed to do their best at very hard jobs, under incredible pressure, without sufficient capacity or access to the right skills. This reflected that BEIS was traditionally a policy rather than a delivery department with, for example, a very small counter-fraud team.⁴⁰ HM Treasury said that later in the pandemic the government sought to move to more targeted schemes, to improve value for money.⁴¹ However, the demands of doing this in the second half of 2020 overwhelmed the capacity of the officials in charge of the grant schemes within BEIS. No more than 20 people were working on the grants in the early stages of the pandemic. This was the period of most frequent revision of guidance and related documents, which DBT linked to "the desire at that point to have more nuanced interventions."⁴²

20. BEIS conducted a review of COVID-19 business grant delivery in early 2021 and then acted to increase capacity and capability within the department.⁴³ There were improvements within the life of the COVID-19 business grants. Later stage grants were more targeted than the first grants while also being deliverable; DBT told us this change drew on closer engagement with local authorities about how things would work on the ground.⁴⁴ Improvements in the guidance and required controls contributed to lower fraud and error rates in later schemes.⁴⁵

21. When we asked about the current situation, DBT told us it now has a specialist business grants and investment directorate of 120 people with 30 working on grants, which it describes as a centre of excellence. It highlighted that members of the grants team have extensive experience in delivering grant schemes such as the Regional Growth Fund.⁴⁶ In a letter after the session, DBT clarified that 14 members of the grants team

35 Qq 82–83

36 C&AG's Report, para 2.14

37 [Letter](#) from Philip Duffy, HM Treasury to the Public Accounts Committee, dated 17 May 2023

38 Qq 24, 117; C&AG's Report, Figures 3 and 4

39 Q 79

40 Qq 9, 15, 53, 83, 95, 100–101

41 Q 117

42 Q 102; C&AG's Report, paras 2.9 and 2.11 to 2.13, and Figure 10

43 C&AG's Report, para 2.14

44 Qq 82–84 and 117; C&AG's Report, para 2.15 and Figure 3

45 Q99; C&AG's Report, Figure 8 and para 2.20

46 Qq 2, 9, 17, 39–41

work on assurance and debt recovery.⁴⁷ DBT was keen to impress on us the difference that this increased capacity within a specialist unit had made. Examples we were given included specialist grant and counter-fraud input for policy teams designing grants, a standard set of documentation available for customisation, greater focus on the clarity of criteria and definitions, being able to think about the detail of the end-to-end grants process and build this into guidance from the start, and greater capacity to engage with local authorities during both scheme design and delivery.⁴⁸

47 [Letter to the Chair of the Public Accounts Committee from Gareth Davies](#), Permanent Secretary, Department for Business and Trade, 25 May 2023

48 Qq 17, 82–83, 89, 91, 95–96

2 Building on the experience

Understanding impact

22. HM Treasury told us Ministers' goals for the business grant schemes were to ensure sure that businesses could survive the pandemic and people stayed in employment for longer.⁴⁹ We heard how civil servants in HM Treasury and BEIS (now DBT) made significant efforts to support these goals in difficult circumstances, particularly at the start of the pandemic.⁵⁰ Officials in local authorities worked very hard in similar circumstances to make millions of payments totalling £22.6 billion. Central government provided local authorities with a further £210 million for the costs of administering the grant schemes, and incurred the costs of its side of the assurance work and a contract to support debt recovery.⁵¹

23. HM Treasury acknowledged that it still does not know how well the government's goals were met and what was achieved for the money spent. It told us it wanted to answer the question of "whether this was the right thing to do": whether the schemes met their objectives and the total cost was worth it.⁵² BEIS commissioned an evaluation to examine both the processes by which the grant schemes were created and operated, and to quantify their impact.⁵³ DBT reflected on the importance of ensuring lessons inform the Department's understanding of, and so future advice to Ministers about, the choices and trade-offs in emergencies. DBT is still awaiting the results but told us it expects to publish "before summer".⁵⁴

24. The requests made by BEIS officials for Ministerial Directions to proceed with the early grants schemes made reference to the Department's inability to predict their impact in advance or construct a business case to normal standards. In particular, they referred to the possibility that some funding might be provided to some businesses that did not need it, or be paid to businesses without preventing their closure and consequent job losses. When we asked whether lessons would be learned from how this played out in practice, HM Treasury told us that "we will look very hard at that question".⁵⁵ We asked witnesses about businesses that were not served well, or at all, by the business grant schemes. HM Treasury emphasised that it is important to "to look at the entirety of the support that was given, not just this scheme in isolation."⁵⁶ HM Treasury played a central role across the entirety of business support during the pandemic, including schemes where DBT did not have significant involvement; for example some schemes were delivered through HM Revenue & Customs.⁵⁷ HM Treasury has not committed to publishing the results of any reflections on its part in the decision-making process for this support.⁵⁸

49 Q 106

50 Q 9

51 Q 15; C&AG's Report, paras 2.4–2.5, 2.23 and 2.30, and footnote 12

52 Qq 79, 106

53 C&AG's Report, para 2.33

54 Q 24, 99

55 [Ministerial Directions – GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/ministerial-directions); Q 106

56 Qq 103–104, 119

57 Committee of Public Accounts, [COVID employment support schemes](#), Fortieth Report of Session 2022–23, HC 810, 8 March 2023

58 C&AG's Report, para 2.36

Contingency plans

25. When the pandemic started, the government did not have contingency plans for the country-wide emergency business support schemes of the kind that it quickly decided were needed.⁵⁹ HM Treasury told us that there had not been advance planning for a national lockdown. DBT said frankly that the scale and speed of business support payments that took place had been “inconceivable” and “not within our frame of reference” prior to the pandemic, while HM Treasury described the scale of business grants as “not on anyone’s radar at all”.⁶⁰ We questioned witnesses about whether a viral illness with widespread economic impacts, both directly and because of public health restrictions, was really so unforeseeable. DBT suggested this was ultimately a matter for the COVID-19 inquiry.⁶¹

26. The absence of contingency plans contributed to the scramble at the start of the pandemic, with knock-on effects much further down the line. HM Treasury told us that it had to create a function to pay business grants from scratch within around 10 working days and linked this to the weakness or absence of early guidance on grant repayment arrangements.⁶² DBT told us that the initial focus on speed “framed all of the decisions then that cascaded through in terms of scheme design and implementation.”⁶³ There were not any trusted arrangements enabling engagement with most authorities prior to schemes being announced, leaving local authorities facing queries from local businesses they were not able to answer.⁶⁴ HM Treasury graphically described the situation the government found itself in part-way through the pandemic: doing their best to respond to unforeseen issues, taking reactive decisions following epidemiological developments, without guidance ready to enable anyone to deal with questions from businesses about how they would or wouldn’t be supported.⁶⁵

27. Focusing on the future, we were keen to understand whether the lessons learned from the pandemic were being turned into plans that could be safely stored and, if necessary, taken off the shelf to help in a future emergency.⁶⁶ This committee has commented before on the impact that staff turnover has on skills and experience in key departments. Three of our four witnesses had not been in post at the start of the pandemic, and one of the two departments giving evidence to us was a recent product of Machinery of Government changes.⁶⁷ DBT told us that its grants champion is working with a community of grant specialists across government and with the government grants lead, in the Cabinet Office. DBT was clear that lessons and ideas from DBT are being fed into the Cabinet Office, which seeks to ensure consistency of grant management and grant delivery across Whitehall.⁶⁸

59 Q 79; C&AG’s Report, para 2.5

60 Qq 11, 37, 79

61 Qq 79–81

62 Q 37

63 Q 90

64 C&AG’s Report, para 2.25

65 Qq 102–105

66 Qq 82–84; 91–96

67 Qq 1–4, 108

68 Qq 93–55

Formal minutes

Wednesday 19 July 2023

Members present:

Sir Geoffrey Clifton-Brown

Olivia Blake

Ashley Dalton

Mr Jonathan Djanogly

Mrs Flick Drummond

Sarah Olney

Anne Marie Morris

Declaration of interests

Sir Geoffrey Clifton-Brown declared that he was a member of a farming group which received some COVID grant support during the pandemic.

Local authority administered COVID support schemes in England

Draft Report (*Local authority administered COVID support schemes in England*), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 27 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Resolved, That the Report be the Sixty-eighth 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.

Adjournment

Adjourned till Thursday 7 September at 9.30am.

Witnesses

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

Thursday 11 May 2023

Gareth Davies CB, Permanent Secretary, Department for Business and Trade; **David Bickerton**, Director General, Business Sectors, Department for Business and Trade; **Anastasia Osbourne**, Director, Business Grants and Investment Directorate, Department for Business and Trade; **Phil Duffy**, Director General for Productivity and Growth, HM Treasury

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Published written evidence

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

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

- 1 Local Government Association ([LGS0001](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

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6th	Department of Health and Social Care 2020–21 Annual Report and Accounts	HC 253
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8th	Financial sustainability of the higher education sector in England	HC 257
9th	Child Maintenance	HC 255
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12th	Management of PPE contracts	HC 260
13th	Secure training centres and secure schools	HC 30
14th	Investigation into the British Steel Pension Scheme	HC 251
15th	The Police Uplift Programme	HC 261
16th	Managing cross-border travel during the COVID-19 pandemic	HC 29
17th	Government's contracts with Radox Laboratories Ltd	HC 28
18th	Government actions to combat waste crime	HC 33
19th	Regulating after EU Exit	HC 32
20th	Whole of Government Accounts 2019–20	HC 31
21st	Transforming electronic monitoring services	HC 34
22nd	Tackling local air quality breaches	HC 37
23rd	Measuring and reporting public sector greenhouse gas emissions	HC 39
24th	Redevelopment of Defra's animal health infrastructure	HC 42
25th	Regulation of energy suppliers	HC 41
26th	The Department for Work and Pensions' Accounts 2021–22 – Fraud and error in the benefits system	HC 44
27th	Evaluating innovation projects in children's social care	HC 38

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33rd	HMRC performance in 2021–22	HC 686
34th	The Creation of the UK Infrastructure Bank	HC 45
35th	Introducing Integrated Care Systems	HC 47
36th	The Defence digital strategy	HC 727
37th	Support for vulnerable adolescents	HC 730
38th	Managing NHS backlogs and waiting times in England	HC 729
39th	Excess Votes 2021–22	HC 1132
40th	COVID employment support schemes	HC 810
41st	Driving licence backlogs at the DVLA	HC 735
42nd	The Restart Scheme for long-term unemployed people	HC 733
43rd	Progress combatting fraud	HC 40
44th	The Digital Services Tax	HC 732
45th	Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2021–22	HC 1254
46th	BBC Digital	HC 736
47th	Investigation into the UK Passport Office	HC 738
48th	MoD Equipment Plan 2022–2032	HC 731
49th	Managing tax compliance following the pandemic	HC 739
50th	Government Shared Services	HC 734
51st	Tackling Defra’s ageing digital services	HC 737
52nd	Restoration & Renewal of the Palace of Westminster – 2023 Recall	HC 1021
53rd	The performance of UK Security Vetting	HC 994
54th	Alcohol treatment services	HC 1001
55th	Education recovery in schools in England	HC 998
56th	Supporting investment into the UK	HC 996
57th	AEA Technology Pension Case	HC 1005
58th	Energy bills support	HC 1074
59th	Decarbonising the power sector	HC 1003
60th	Timeliness of local auditor reporting	HC 995
61st	Progress on the courts and tribunals reform programme	HC 1002

Number	Title	Reference
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63rd	HS2 Euston	HC 1004
64th	The Emergency Services Network	HC 1006
65th	Progress in improving NHS mental health services	HC 1000
66th	PPE Medpro: awarding of contracts during the pandemic	HC 1590
67th	Child Trust Funds	HC 1231
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11th	Local auditor reporting on local government in England	HC 171
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34th	Local Government Finance System: Overview and Challenges	HC 646
35th	The pharmacy early payment and salary advance schemes in the NHS	HC 745
36th	EU Exit: UK Border post transition	HC 746
37th	HMRC Performance in 2020–21	HC 641
38th	COVID-19 cost tracker update	HC 640
39th	DWP Employment Support: Kickstart Scheme	HC 655
40th	Excess votes 2020–21: Serious Fraud Office	HC 1099
41st	Achieving Net Zero: Follow up	HC 642
42nd	Financial sustainability of schools in England	HC 650
43rd	Reducing the backlog in criminal courts	HC 643
44th	NHS backlogs and waiting times in England	HC 747
45th	Progress with trade negotiations	HC 993
46th	Government preparedness for the COVID-19 pandemic: lessons for government on risk	HC 952
47th	Academies Sector Annual Report and Accounts 2019/20	HC 994
48th	HMRC's management of tax debt	HC 953
49th	Regulation of private renting	HC 996
50th	Bounce Back Loans Scheme: Follow-up	HC 951
51st	Improving outcomes for women in the criminal justice system	HC 997
52nd	Ministry of Defence Equipment Plan 2021–31	HC 1164
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15th	Improving the prison estate	HC 244
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17th	Immigration enforcement	HC 407
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36th	HMRC performance 2019–20	HC 690
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38th	Managing colleges' financial sustainability	HC 692
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40th	Achieving government's long-term environmental goals	HC 927
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42nd	COVID-19: Government procurement and supply of Personal Protective Equipment	HC 928
43rd	COVID-19: Planning for a vaccine Part 1	HC 930
44th	Excess Votes 2019–20	HC 1205
45th	Managing flood risk	HC 931
46th	Achieving Net Zero	HC 935
47th	COVID-19: Test, track and trace (part 1)	HC 932
48th	Digital Services at the Border	HC 936
49th	COVID-19: housing people sleeping rough	HC 934
50th	Defence Equipment Plan 2020–2030	HC 693
51st	Managing the expiry of PFI contracts	HC 1114
52nd	Key challenges facing the Ministry of Justice	HC 1190
53rd	Covid 19: supporting the vulnerable during lockdown	HC 938
54th	Improving single living accommodation for service personnel	HC 940
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