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Meg Hillier MP
Chair of the Public Accounts Committee
House of Commons London
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[By email]

20 January 2021

Dear Ms Hillier

Thirty-Fourth Report of Session 2019-21

Thank you for the Public Account Committee's report *Covid-19: Support for Jobs*. I am writing to respond to recommendation 7, that "HM Treasury should write to the Committee within a month to set out how it will assess value for money for the extended schemes".

The Government agrees with the Committee's recommendation and acknowledges the importance of ensuring and assessing value for money for the extended schemes.

Value for money is central to the design and decision-making for any policy or scheme designed by the Treasury, including the Coronavirus Job Retention Scheme (CJRS) and the Self Employment Income Support Scheme (SEISS). For example, the CJRS and SEISS grants are capped to ensure support is targeted to those who need it most. In addition, as part of the new eligibility criteria introduced for the third SEISS grant, claimants must declare that they reasonably believe that any reduced demand or inability to trade due to coronavirus will result in a significant reduction in their trading profits, compared to what they would otherwise expect to have achieved. This ensures that the value of support provided better reflects the actual trading profits of claimants, reducing dead-weight loss. To protect against fraud, information submitted by claimants can be checked against verifiable information already held on HMRC's systems.

Costings of the CJRS and the SEISS are the responsibility of the OBR. The OBR estimated that the CJRS extension would cost £22.1 billion in total and would support a peak of up to 6 million jobs in November (declining thereafter), with the SEISS extension costing £7.3 billion. This forecast was not available at the time the decision was made, but the Treasury was able to use the experience of the scheme during the spring lockdown as a guide (when the average cost was around £7.5 billion a month). Ministers needed to weigh the cost against the benefit to employees, businesses and the economy. The evidence from

2020 was that 90% of employees who were furloughed but then left the CJRS between April and July were still on their original payroll in August, suggesting that they remained working for their original employer. The schemes were designed to limit as far as possible the long-term damage to jobs and businesses of the inevitable short-term disruption caused by the pandemic. On this basis Ministers decided that the benefits were greater than the costs and that the schemes offered value for money.

Given the economic and fiscal significance of the CJRS, the Treasury and HMRC are undertaking an evaluation of the scheme. The CJRS Evaluation Plan was published last month and outlines the framework for evaluation. It will assess the delivery of the scheme, the difference it has made to employees and businesses, as well as what lessons can be learned from its delivery and how it can inform future policy making. Additionally, the evaluation will determine how the scheme has supported the longer-term economic recovery. To ensure the findings are comprehensive, data will be analysed across the duration of the CJRS and after the scheme has closed. In light of the extensions to the CJRS, our timeline for publishing the evaluation will also be extended.

The Treasury and HMRC will also carry out a comprehensive evaluation of the SEISS. However, the self-employment data necessary to carry out a full SEISS evaluation will not be available until 2022, when HMRC receives self-assessment returns for 2020-21.

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