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Treasury Committee

Economic impact of coronavirus: gaps in support and economic analysis

Eleventh Report of Session 2019–21

Report, together with formal minutes relating to the report

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The Treasury Committee

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Summary

This is the third report of our inquiry into *the economic impact of coronavirus*. The first report focused on those who had fallen through gaps in support and asked the Government to mitigate those gaps. The second report focused on the medium-term challenges facing the UK economy, such as combating long-term unemployment and dealing with high levels of corporate debt.

Gaps in Support

Since we last reported on the economic impact of coronavirus, the Government has extended both the Coronavirus Job Retention Scheme (CJRS) and the Self-Employment Income Support Scheme (SEISS) to the end of April 2021. We believe that the Government was right to do so.

The first version of the SEISS scheme had to be rolled out at speed in the spring of 2020. Partly because of that haste, there were 'hard edges' which meant that some people lost out. Though regrettable this is understandable. However, there is little justification for not having addressed them eleven months later.

We recognise that it may not have been possible for the Government to help all those who have fallen through the cracks of the support schemes. However, we are disappointed that the Government has so far shown no inclination to expand or provide alternatives to the SEISS, which is providing a vital life-line to many but is not available to all those whom we believe should qualify. We recommend that the Government look at other models of support, including those developed by the devolved administrations with a view to extending support to people who require support and who do not currently qualify.

We make the following detailed recommendations for extending eligibility:

- We strongly urge the Treasury to use the data in the tax returns for 2019–20 to help the newly self-employed who missed out from previous rounds of support.
- We recommend that the Treasury investigate ways to support limited company directors. By conspicuously leaving out a large proportion of limited company directors from support altogether, we are concerned that the Government is sending out the wrong message—that it is not adequately supporting entrepreneurs and employers, who have suffered significantly from a lack of support.
- We note that there are a large number of freelancers who continue to miss out on support. In order to help some of this group, we believe that the Government should reconsider the 50 per cent limit in the eligibility criteria for the fourth tranche of the SEISS grant so that those who derive less than half of their income through self-employment can receive some level of support.

- We reiterate our recommendation from our first report of this inquiry that the Government must tackle the cliff edge that exists in the design of the SEISS by removing the £50,000 cap and allowing those with profits just over this cap access to financial support up to the total monthly support cap of £2,500 (as for salaried employees). There is a striking inconsistency between the way the Government is treating employees earning more than £50,000 a year who are eligible for the CJRS and those who are self-employed and have trading profits above £50,000 a year, meaning that they do not currently meet the eligibility criteria for the SEISS. This is unfair. We believe the Government ought not to disadvantage the self-employed in this way.

Economic Analysis

While death rates from coronavirus are high, the rationale for Government decisions on social restrictions is well understood by the public. As the vaccine roll-out proceeds and death rates fall, Government decisions on whether or not to lift restrictions will become more finely balanced. We believe that economic analysis and modelling is essential to inform those decisions alongside evidence of the other necessary infrastructure such as test, trace and isolate, and responses to new variants, being comprehensive and in place to mitigate against the need for a further lockdown. We make the following recommendations:

- After almost a year of restrictions on social and economic activity, the general public and the business sector need to be confident that the Government has as clear and as certain a route out of the crisis as possible. On 27 January, the Prime Minister told the House that when Parliament returns from recess in the week commencing 22 February, the Government will set out a "plan for taking the country out of lockdown." In this plan, the Government should set out the criteria for how and when it will lift restrictions—this could be in terms of the prevalence of the virus and the R rate. We recognise that this would be a contingent plan, based on the stages only being activated after milestones are met, with the Government providing the maximum possible certainty. Alongside this plan, the Treasury should also provide the combined economic and epidemiological modelling to support it, demonstrating how the plan best optimises health and economic outcomes.

- We strongly urge the Treasury to provide rigorous analysis of future policy choices which quantifies the harms and benefits of each of the plausible range of alternative policies. It has always been a good practice to publish an impact assessment for every measure the Government proposes.

- The Treasury should be more transparent about the economic analysis which it undertakes to inform Government decisions in the fight against coronavirus and to publish any such analysis in a timely manner. The House should not be asked to take a view on proposals which have far-reaching consequences for the general population, such as those involving restrictions on social interaction, education, movement and work, without the support of appropriate and comprehensive economic analysis.

GDP as a measure of the impact of the coronavirus: international comparisons

We note that comparisons with other countries' Gross Domestic Product (GDP) may be affected by differing measurement methodologies at this time. We therefore caution against over-reliance on the UK's GDP performance in comparison to other countries, as a measure of the impact of coronavirus on the economy. We recommend that the Treasury and the Office for Budget Responsibility provide a commentary at the time of the Budget on GDP measurement issues and the implications that these measurement issues have for comparisons between the UK and other countries.

Introduction

1. This report is the third report in our continuing inquiry into the *Economic Impact of Coronavirus*.

2. Our first report focused on gaps in the Government's key pandemic support schemes, the Coronavirus Job Retention Scheme and the Self-Employment Income Support Scheme.[1] We are disappointed that the Chancellor responded that he was unable to address these gaps largely due to operational difficulties and the risks of fraud.[2]

3. Our second report, published in September 2020, focused on the emerging medium-term challenges as the Government reduces restrictions and the economy comes out of lockdown. The conclusions from that report are still relevant and we urge the Chancellor to take them into account at the time of the Budget. In that report, we noted that:

- The Government faces a daunting challenge in preventing rising long-term unemployment while enabling sufficient labour flexibility to allow structural change and movement of labour from shrinking to growing sectors;
- The Treasury should play a key role in ensuring that the quality and reputation of reskilling and vocational schemes is monitored to ensure they increase employment prospects and provide value for money;
- The Government should consider extending the measures which were put in place in March 2020 to increase the generosity and accessibility of Universal Credit, and should conduct a study to examine the adequacy of sick pay;
- Viable SMEs struggling with debt will prolong the recession so the Government must develop solutions for ensuring the recapitalisation of their balance sheets;
- The Chancellor should, at the next fiscal event, set out an initial roadmap of how he intends to place Government finances on a sustainable footing. The milestones for that roadmap should be flexible—tax increases imposed too early are likely to stifle economic recovery;
- "Levelling up" needs to be properly defined. At the next fiscal event, the Government should set out how it will be measured and implemented.[3]

4. This Report:

- Provides a brief summary of how coronavirus has impacted on the economy and examines the limitations of GDP in providing comparisons of the economic performance of different countries at this time;
- Revisits the gaps in support and examines opportunities for the Treasury to provide additional help to those previously excluded from support; and

1 Treasury Committee, *Economic impact of coronavirus: Gaps in support*, Second Report of Session 2019–21, HC 454

2 Treasury Committee, *Third Special Report - Economic impact of coronavirus: Gaps in support: Government Response to the Committee's Second Report of Session 2019–21*, HC 662.

3 Treasury Committee, *Economic impact of coronavirus: the challenges of recovery*, Eighth Report of Session 2019–21, HC 271

- Examines how the Treasury approached the economic analysis of lockdowns and social restrictions and its sharing of that analysis, as well as looking at how the Treasury can use modelling to inform the re-opening of the economy in the months ahead.

5. We are taking a broader view of economic challenges in our *Tax after coronavirus* inquiry and our *Budget 2021* inquiry.

6. We would like to thank all those who have provided written and oral evidence throughout the course of the inquiry.

1 The economic context

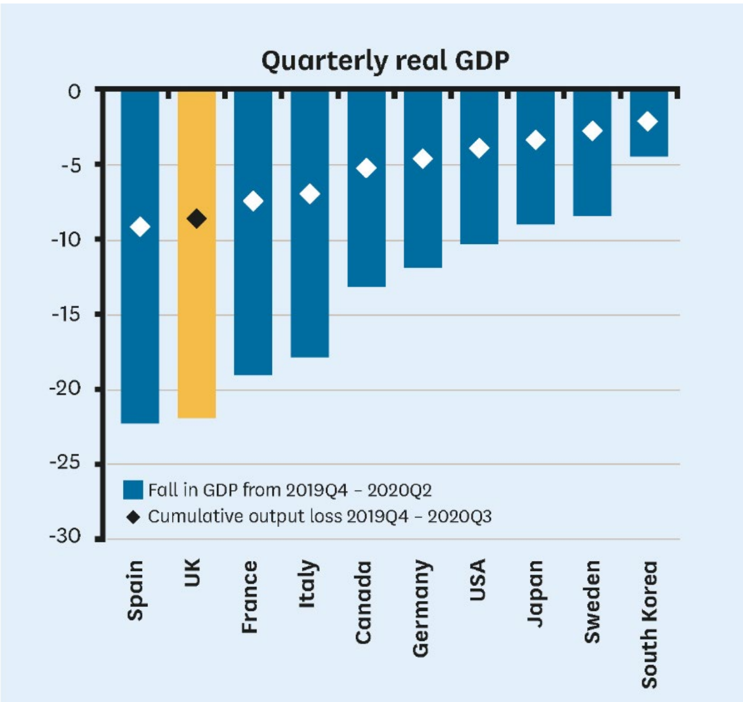
7. The coronavirus crisis has had an unprecedented impact on the UK economy. The second quarter of 2020, which coincided with the first Covid wave and the first lockdown, saw the economy shrink by a fifth in terms of GDP. Although GDP recovered 16 per cent in the third quarter compared to the end of the second quarter, UK GDP was measured by the Office for National Statistics (ONS) to be 9 per cent below what it was in the same quarter last year.[4]

8. In its most recent *Economic and Fiscal Outlook*, published in November 2020, the Office for Budget Responsibility (OBR) stated:

> The coronavirus pandemic has delivered the largest peacetime shock to the global economy on record. It has required the imposition of severe restrictions on economic and social life; driven unprecedented falls in national income; fuelled rises in public deficits and debt surpassed only in wartime; and created considerable uncertainty about the future.[5]

GDP as a measure of the impact of the coronavirus: international comparisons

9. International comparisons appear to indicate that the UK suffered a greater fall in output compared to many other countries during the second quarter of 2020.



Source: Based on chart in OBR, *Economic and Fiscal Outlook*, November 2020, p 39.

10. The Bank of England has observed that one of the reasons for the more severe impact of the coronavirus on UK GDP is that as a country, it is more dependent on sectors which involve high levels of human interaction than other economies:

4 ONS, *GDP quarterly national accounts*, July to September 2020
5 OBR, *Economic and Fiscal Outlook*, November 2020, paragraph 1.1

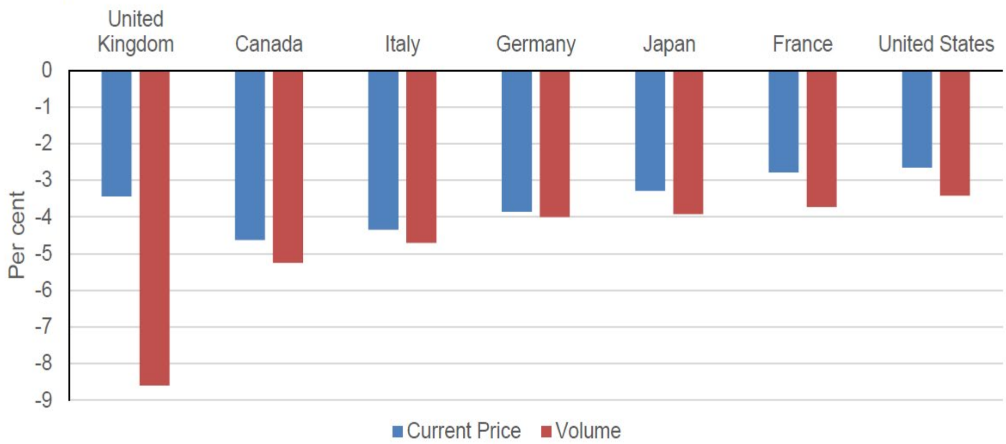
> In the UK, spending on things that typically involve interactions with other people—such as attending cinemas, restaurants, or live sports events—represents around 13% of total output, compared with around 11% in the US and 10% in the euro area, and this type of spending has been particularly affected by Covid-19.[6]

11. However, we also received evidence that GDP measurement was particularly challenging in this recession, making international comparisons difficult. Jonathan Athow, Deputy National Statistician at the Office for National Statistics, observed that the UK measured public services output by taking into account the amount of activity in sectors rather than inputs. While this is the recommended approach internationally, it is uncertain as to what extent other countries are following this approach. He told us that: "if you take an input based approach to the public sector, you would not have seen the big falls in activity that we have seen"[7] and if you take nominal GDP rather than real GDP,[8] "our economic performance looks broadly similar to other countries".[9]

12. In a letter to us on 1 February 2021,[10] Jonathan Athow explained:

> The difference in practices for recording public sector output between countries only affects comparability of the headline volume or 'real' estimates of GDP. Current price or 'nominal' estimates of GDP are not affected and therefore more internationally comparable, but such comparisons do not always capture all the features of government services provided in the volume estimates. Figure 1 shows that while the UK's performance on the volume measure is the weakest, the current price measure puts the UK in a much more comparable position.

Figure 1: International comparisons of GDP highlight how the UK has been hit relatively worse than other advanced economies
Current price and volume G7 GDP, Quarter 4 2019 to Quarter 3 2020



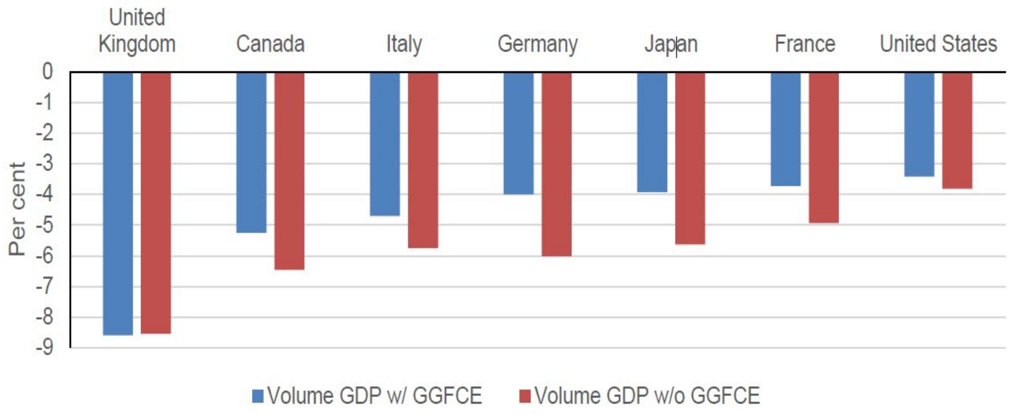
Source: Office for National Statistics, Organisation for Economic Co-operation and Development

6 Bank of England, *Monetary Policy Report*, August 2020, p 26
7 Q349
8 Real GDP takes into account the impact of inflation, while nominal GDP does not
9 Q351
10 Letter to the Chair from Jonathan Athow, Deputy National Statistician and Director General, Economic Statistics, 1 February 2021

> The second comparison, at figure 2, looks at countries' performance in terms of volume or 'real' GDP, if we remove all Government expenditure from the measure of GDP. While this also removes the effect of different practices for recording public sector output, it obviously means an important part of the economy is ignored. As the chart below shows, while this approach makes little difference to the fall in UK GDP, for other countries it makes the falls in their GDP substantially larger therefore narrowing the gap between the UK and other countries. The 'volume GDP w/ GGFCE'[11] includes Government spending, while the 'w/o GGFCE'[12] series excludes Government spending.[13]

Figure 2: The recording of volume estimates of government consumption expenditure has an impact on the size of the shortfall in GDP for other G7 countries

Volume G7 GDP, Quarter 4 2019 to Quarter 3 2020



Source: Office for National Statistics, Organisation for Economic Co-operation and Development

13. Professor Jagjit Chadha, the Director at National Institute of Economic and Social Research, told us that there were particular difficulties with measuring health activity. The deflator[14] that the ONS uses for the health sector is based on normal NHS activity but the NHS had significantly shifted its activity during the first lockdown. If the ONS had deflated health sector output using a GDP deflator rather than one focussed on health, health output would have increased rather than decreased:

> The specific example here in the health sector is that what the measurement does is it takes the expenditure on health and social services and deflates that nominal expenditure by a count measure based upon the normal activities of the National Health Service. That is people going to appointments, dental practices and the normal activities that go on when we are not in a pandemic. What has happened this year is that a lot of those activities have reduced, either because the supply has changed—the health service has moved to dealing directly with the Covid crisis—or because people have decided not to take up the level of supply service that they otherwise

11 w/GGFCE means with General Government Final Consumption Expenditure (Government spending)
12 w/o GGFCE means without General Government Final Consumption Expenditure (Government spending)
13 Letter to the Chair from Jonathan Athow, Deputy National Statistician and Director General, Economic Statistics, 1 February 2021
14 Deflator is a value that allows data to be measured over time relative to some base period, usually through a price index. It is typically used to take out changes in the money value of output due a change in prices, identifying just changes that take place due to a change in physical output.

> would have done. Because we are measuring only the amount of normal activity compared to the level of expenditure that has gone up, it looks as though the prices that we are paying have gone up a lot, because we have a large amount of expenditure with a small amount of activity. In fact, what has happened is there has been a huge increase in Covid-related activities in other areas that are not being picked up by the measures that the ONS is projecting. If we looked at that or at the increase in expenditure in health services, and applied not the deflator implied by health but the across-the-board deflator, or some notion of the increase in wages or costs, we are likely to have an increase in health sector activity. Depending on how you do that calculation—there are various methods—what you then get is not a fall in health sector real output but an increase of something in the region of 20% to 50%.[15]

14. Professor Chadha went on to say that changing the health deflator would mean that "what you then get is a fall in GDP substantially smaller—something in the region of 3% to 5% smaller—than we are currently estimating".[16] Karen Ward, Managing Director and Chief Market Strategist for EMEA at JP Morgan Asset Management, also told us that if health activity was removed from GDP, the gap between economic performance in Germany and economic performance in the UK would narrow significantly.[17]

15. Jonathan Athow pointed out that if measurement issues were causing the UK to appear to have a poorer economic performance compared to other countries than normal in the recession, you would "expect a stronger rebound" once the economies started to recover, and "the sort of long-term impact is not going to be a particular issue".[18]

16. **Though the structure of the UK economy makes it potentially more vulnerable to the present shock, the Committee notes that comparisons with other countries' GDP may also be affected by differing measurement methodologies.** ***We therefore caution against over-reliance on the UK's GDP performance in comparison to other countries, as a measure of the impact of coronavirus on the economy.***

17. ***We recommend that the Treasury and the Office for Budget Responsibility provide a commentary at the time of the Budget on GDP measurement issues and the implications that these measurement issues have for comparisons between the UK and other countries.***

Forecasts of future impact on the economy

18. In its November 2020 *Economic and Fiscal Outlook*, the OBR estimated "a 7 per cent fall in output" in its central scenario for November, arising from the second wave of the virus which occurred in early autumn and the lockdown which ensued. This would take the level of GDP back to 15 per cent below the pre-virus peak in January.[19]

19. The OBR presented three scenarios for the future path of the economy in its *Economic and Fiscal Outlook* in November 2020:

15 Oral evidence taken on 2 December 2020, HC (2019-21) 1029, Q56
16 Oral evidence taken on 2 December 2020, HC (2019-21) 1029, Q56
17 Oral evidence taken on 2 December 2020, HC (2019-21) 1029, Q57
18 Q353
19 OBR, *Economic and Fiscal Outlook*, November 2020, para 2.27

- an upside scenario, in which lockdown succeeds in bringing the second wave under control and the rapid rollout of effective vaccines enables output to return to its pre-virus level late in 2021;
- a central scenario, in which restrictive public health measures need to be kept in place until the spring and vaccines are rolled out more slowly, leading to a slower return to pre-virus levels of activity at the end of 2022; and
- a downside scenario, in which lockdown has to be extended, vaccines prove ineffective in keeping the virus in check, and a more substantial and lasting economic adjustment is required with economic activity only recovering to its pre-virus level at the end of 2024.[20]

20. The table below sets out the scenarios:

	Virus scenarios		
	Upside	Central	Downside
Public health assumptions			
Lockdown ends	2 December	2 December	2 December
Test, trace and isolate	Effective	Partly effective	Ineffective
Public health restrictions: lockdown to vaccine[1]	Medium-low	High-medium	Very high[2]
Vaccines widely available	From Spring 2021	From mid-2021	Ineffective
Economic effects (per cent, unless otherwise stated)			
Real GDP growth in 2020	-10.6	-11.3	-12.0
Return to pre-virus peak (2019Q4)	2021Q4	2022Q4	2024Q4
Peak unemployment rate	5.1	7.5	11.0
Long-term GDP scarring	0.0	3.0	6.0

Source: Extract from OBR, *Economic and Fiscal Outlook*, November 2020, Table 1.1, p 9.

21. England is currently in the midst of a third national lockdown and other nations of the UK are also in the midst of severe social restrictions.[21] The death rate from coronavirus remains high, with the NHS under intense pressure.[22] By autumn 2021, the Government expects that the rest of the adult population will have received one of the approved vaccines.[23]

22. The economic impact of the third lockdown is as yet unknown. The Chancellor told the House on 11 January 2021:

> The Office for Budget Responsibility's November forecast showed GDP falling again in the final quarter of last year and it forecast the largest fall in annual output for over 300 years. Even with the significant economic support we have provided, more than 800,000 people have lost their jobs since February. While the new national restrictions are necessary to control the spread of the virus, they will have a further significant economic impact. We should expect the economy to get worse before it gets better.[24]

23. The prolongation of the economic crisis will have severe implications for employment and welfare, particularly on certain groups in the population such as low-income groups,

20 OBR, *Economic and Fiscal Outlook*, November 2020, para 1.7
21 Prime Minister's statement on coronavirus (COVID-19), 19 December 2020
22 Health and Social Care Secretary's statement on coronavirus (COVID-19), 25 January 2021
23 Department of Health and Social Care, *UK COVID-19 Vaccines Delivery Plan*, Updated 13 January 2021
24 Chancellor of the Exchequer speaking in the Chamber, HC Deb, 11 January 2021, col 22 [Commons Chamber]

young people, women, black and minority ethnic groups and renters who we identified in our second report in the inquiry as having been already hit hard by the sharp fall in output which occurred during the first wave and the first lock-down.[25]

24. As noted in our second report of the inquiry, social interaction and consumption can spread the virus, but the virus in turn also has an economic impact: if prevalence of the virus increases, that will reduce certain types of consumer spending, as people fearful of the virus do not follow their normal consumption patterns; and that in turn impacts on business confidence:

> the path of the economy does not only depend on the course of the virus and Government restrictions or lockdowns, but on how the population views the risk from the virus and their job security, and how that in turn impacts on consumer and business confidence. Combatting the virus is an economic as well as a health priority.[26]

25. Ian Mulheirn, Executive Director, Tony Blair Institute for Global Change, told us that it was as yet unclear as to how the vaccine roll-out would affect the path of the economy. He cautioned against "assuming that once the mortality rates had fallen, the economy would just get back to normal", as he believed that lots of people would still be afraid of "engaging in social consumption […] if prevalence is not kept under control".[27]

26. The remainder of this report draws from the economic context set out in this section. Chapter 2 sets out ways in which those who have missed out on Government support packages might receive further help. Chapter 3 looks at how economic analysis and modelling can help to guide and inform future Government decision-making on imposing and lifting lockdown restrictions.

25 Treasury Committee, Treasury Committee, *Economic impact of coronavirus: the challenges of recovery*, Eighth Report of Session 2019–21, Summary, HC 271

26 Treasury Committee, *Economic impact of coronavirus: the challenges of recovery*, Eighth Report of Session 2019–21, para 31

27 Q387

2 Gaps in support

27. In our first report of the inquiry, *Economic impact of coronavirus: Gaps in support*[28] we identified the following groups as having missed out on support:

- Those newly in employment or newly self-employed;
- Those self-employed with annual trading profits in excess of £50,000 who are ineligible for support;
- Directors of limited companies who take a large part of their income in dividends, who do not qualify for SEISS and who are only entitled to claim support under CJRS on the typically small PAYE component of their income;
- Freelancers or those on short-term contracts who are unlikely to be eligible for either scheme.

28. Our report stated:

> as the period of support is extended for those who are already eligible to claim, we question whether it remains "not possible or desirable"[29] to help those who have fallen through the gaps. Over a million people have been locked out of support. The Government must assist these people if it is to completely fulfil its promise to do whatever it takes to protect people from the economic impact of coronavirus.[30]

29. In our second report of the inquiry, *Economic impact of coronavirus: the challenges of recovery, we* said that:

> We are concerned that whilst there have been impressive examples of the Treasury moving at scale, at pace and with imagination to support the economy there are also disappointing signs of intransigence. We are disappointed in the Treasury's refusal to implement recommendations from our first Report, focused on the gaps in support.[31]

30. In July 2020, the Chancellor confirmed to us that he had "drawn a line" under any possibility of changing the schemes.[32] However, we urged the Treasury to exercise flexibility in its approach going forward.[33] We have continued to take evidence on those excluded from support in the third stage of the inquiry.

28 Treasury Committee, *Economic impact of coronavirus: Gaps in support*, Second Report of Session 2019–21, HC 454, 15 June 2020, Summary
29 HC Deb, 12 May 2020, col 146 [Commons Chamber]
30 Treasury Committee, *Economic impact of coronavirus: gaps in support*, Second Report of Session 2019–21, HC 454, 15 June 2020, Summary
31 Treasury Committee, *Economic impact of coronavirus: the challenges of recovery*, Eighth Report of Session 2019–21, HC 271, 11 September 2020, Summary
32 Q887
33 Treasury Committee, *Economic impact of coronavirus: the challenges of recovery*, Eighth Report of Session 2019–21, HC 271, 11 September 2020, Summary

Extension of schemes

31. On 24 September 2020 the Government announced an extension to the Self-Employment Income Support Scheme (SEISS) to be introduced in November 2020, to cover the six months up to the end of April 2021. The SEISS Grant Extension would be made in two taxable grants – the first to cover November to January, the second to cover February to April.[34]

32. Initially it was proposed that the first of these grants would cover 20% of average monthly trading profits, capped at £1,875, but that figure was revised subsequently.[35] On 5 November the Chancellor announced that the first grant would be calculated on the basis of 80 per cent of three months' average trading profits, capped at £7,500.[36]

33. In December 2020, he announced an extension of the Coronavirus Job Retention Scheme (CJRS), to run until the end of April 2021, with employees receiving 80% of their current salary for hours not worked.[37]

34. **Given the economic outlook, we believe that the Government was right to extend both the Coronavirus Job Retention Scheme and the Self-employment Income Support Scheme to the end of April 2021. However, given the extended duration of restrictions, we believe the Government was wrong not to address gaps in support.**

Newly self-employed and 2019–20 tax returns

35. Many witnesses told us that the 31 January deadline for 2019–20 tax returns offered an opportunity to help the newly self-employed who had been missed out in previous rounds of the SEISS. Martin Lewis, the founder of Money Saving Expert, told us:

> Now, we have the fourth income support grant that is due to come out in February. Crucially, that is after the deadline for the 2019–20 tax returns to be filed, which means it is absolutely practicable that they could be incorporated for the fourth self-employment income support scheme, and I would desperately urge for that to happen.[38]

36. Caroline Miskin, Manager, Tax Practitioner Support, Institute of Chartered Accountants of England and Wales (ICAEW) also agreed that "in principle […] there is no reason why the 2019–20 tax returns should not be taken into account when determining the conditions and eligibility for the fourth grant", though she observed that there would be some work on "data cleansing" needed on the part of HMRC.[39]

37. Richard Wild, Head of Tax Technical Team, Chartered Institute of Taxation (CIOT) pointed out that HMRC could also use the 2019–20 data to refine the amounts to be paid to existing claimants:

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34 HC Deb, 24 September 2020, col 1154 [Commons Chamber]

35 HM Treasury, *Winter Economy Plan*, 24 September 2020, para 2.5

36 HM Treasury, *Government extends Furlough to March and increases self-employed support*, 5 November 2020; *Economic Support Factsheet*, 5 November 2020

37 HM Treasury, *Chancellor extends furlough and loan schemes*, 17 December 2020. The Chancellor had previously announced an extension of the scheme to March 2021 on 5 November 2020.

38 Q167

39 Q302

> The scheme pays 80% of average profits over the previous three years on a quarterly basis, as it is worked out, and you may want to bring in 2019–20 to that and drop off the earlier year in order to have a more up-to-date reflection of what their business has been generating.[40]

38. Caroline Miskin noted there would be some "winners and losers" from doing that:

> By bringing in 2019–20 and dropping off 2016–17, some people might fail the 50% test and the £50,000 test. There would be some winners and losers, depending on exactly how the conditions are determined.[41]

39. ***The 2019–20 self-assessment income tax returns will provide the Government with additional information that could allow it to provide support to those who need it but have so far not received it. We therefore strongly urge the Treasury to use the data from 2019–20 tax returns to help the newly self-employed who missed out on previous support. In order to ensure that this group is helped as quickly as possible, we recommend that HMRC prioritises work on analysing the 2019–20 tax returns.***

Support for limited company directors

40. Currently, limited company directors can only receive financial support under coronavirus support schemes if they had previously paid themselves a salary, and were therefore in a position to furlough themselves to receive payment through the Coronavirus Job Retention Scheme (CJRS).[42] But Richard Wild, Head of the Tax Technical Team, Chartered Institute of Taxation (CIOT), told us CJRS "isn't really much help" to directors:

> because if it is your company, your business, you want to keep working, keep it running and make it viable, so you wouldn't be eligible to claim under CJRS anyway. A lot of directors pay themselves a nominal salary, but they wouldn't get even that under the existing rules. […] there are risks of them going bust, losing employees and so on, so they are definitely in need of support.[43]

41. We also heard evidence from Martin Lewis and Martin McTague, Policy and Advocacy Chair, Federation of Small Businesses, about a new proposal to help limited company directors: the Directors Income Support Scheme (DISS). The DISS is supported by The Association of Chartered Certified Accountants (ACCA), Forgotten Ltd, Federation of Small Businesses (FSB) and Rebecca Seeley Harris (who authored the Scheme).[44] The details of the scheme are outlined below:

> The DISS award would be based on the trading profits of the company, which are contained in the CT600 corporation tax return. The director's remuneration would be added back into the reported trading profits on the CT600, for it to be in parity with SEISS.
>
> Any verification of the company's profits can be self-certified because unlike

40 Q299
41 Q302
42 HMRC Guidance, *Other types of employees you can claim for*, updated 1 December 2020
43 Q318
44 Federation for Small Businesses Press Release, Business leaders draw-up fresh proposal to help forgotten companies, 23 November

> the self-employed, the director of a limited company has certain duties in law. If a director makes a false or misleading statement, then this can have very serious consequences.[45]

42. Glenn Collins noted that one of the advantages of the scheme was that the information needed to implement the Scheme "is already with Government".[46] He told us that he had taken the proposal to the Treasury and HMRC and that they have been "have been positive in their review of those areas".[47]

43. Caroline Miskin thought that the scheme would be more complicated to operate than SEISS. In a letter to the Chair on 22 January 2021, she stated that "we [ICAEW] do not think that it would be possible for HMRC to identify those taxpayers who are potentially eligible for support, and to calculate the value of an associated grant, based solely on data held on HMRC's systems". She also noted that the scheme would need "additional declarations, such as that the directors who are being claimed for are working directors, and that only one claim is being made in respect of those who are a director of more than one company". She observed, however, that none of these problems were "insurmountable".[48]

44. We heard some suggestion in oral evidence that not supporting limited company directors could be detrimental to entrepreneurship in the country and future economic growth.[49]

45. The Rt Hon. Jesse Norman MP, Financial Secretary to the Treasury, told us on 18 January that "DISS has been a very constructive contribution" and "it is a clear set of proposals" but "there are some concerns about how it would work".[50] But, on 25 January, he said in the Chamber "I and my officials do not believe that as framed it [the DISS scheme] overcomes the fundamental issues of protecting taxpayers' money and safeguarding it against fraud and abuse."[51] In a letter to the Chair on 26 January, Sir Tom Scholar, Permanent Secretary at the Treasury, was also doubtful about the prospects of the DISS:

> The Government's assessment of the DISS is that the scheme as proposed is unworkable, because it is intrinsically reliant on self-certification by owner-managers of companies. The effect of this reliance on self-certification is potentially to open the scheme up to an unacceptable level of fraud and abuse, and perhaps even criminal activity. Ministers believe that the Government cannot expose the tax system to these risks.[52]

46. There are concerns of scope for fraud. Glenn Collins, who contributed to the details of the DISS, acknowledged: "It is incredibly important that we consider some of the fraud aspects".[53] However, he said that "directors have specific duties, laid down by company law" and believed that this would provide an element of "improved security" for the DISS scheme.[54] He also pointed out that "actually the entire tax system is built around self-

45 Accountingweb, *Directors Income Support Scheme Proposal*, Rebecca Seeley Harris
46 Q313
47 Q313
48 Letter from Caroline Miskin to the Chair dated 22 January 2021
49 Q336
50 Oral evidence taken on 18 January 2021, HC (2019-21) 664, Q518
51 HC Deb, 25 January 2021, col 137 [Commons Chamber]
52 Letter to the Chair from Sir Tom Scholar, dated 26 January 2021
53 Q313
54 Q313

assessment and the fact that taxpayers make a declaration."[55] Fraud and administrative errors do not only apply to schemes targeted at the self-employed though**.** The Permanent Secretary of HMRC, Jim Harra, told the Public Accounts Committee in September 2020 that their planning assumption for the error and fraud rate within the CJRS is 5–10 per cent (up to £3.5 billion).[56]

47. **By conspicuously leaving out a large proportion of limited company directors from support altogether, we are concerned that the Government is sending out the wrong message—that it is not adequately supporting entrepreneurs and employers, who have suffered significantly from a lack of support. However, we recognise that there are administrative difficulties to overcome and fraud risks with the implementation of any scheme.**

48. ***When responding to this report, the Treasury should provide an assessment of the level of fraud which it believes would arise from the implementation of the DISS scheme.***

49. ***We question whether the Treasury could do more to investigate how to mitigate the fraud risks inherent in the DISS scheme and similar schemes, and whether the levels of fraud risk merit the Treasury's position of not providing any support at all. We urge the Treasury to develop measures to support limited company directors and set these out in the Budget.***

The '50 per cent test' and freelancers

50. Currently individuals are only eligible for SEISS if more than 50 per cent of their income is derived from self-employment ('the 50 per cent test').[57] As we noted in our first report on the economic impact of coronavirus, this criterion has meant that many freelancers have missed out on support.[58]

51. Caroline Miskin told us: "There is no practical reason why there needs to be a 50% test".[59] Richard Wild pointed out that there were claimants who had a small self-employment income but who also had pension income "that tips the balance in the wrong direction as far as the 50% test is concerned". He argued that it seemed particularly unfair that they were excluded from the SEISS.[60]

52. A Briefing Note by the Institute for Fiscal Studies (IFS) also emphasised that those who missed out from the SEISS because of the 50 per cent test were often low-income, and a higher proportion of them were women compared to those who were supported by SEISS:

> More than half of self-employed people with less than 50% of their income from self-employment have total personal incomes of under £25,000, meaning that targeting support at this group would affect many people

55 Q313

56 Oral evidence taken before the Public Accounts Committee on 7 September 2020, HC (2019–21) 560, Qq (11–13)

57 Government guidance states "Your trading profits must be no more than £50,000 and at least equal to your non-trading income"; see https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme

58 Treasury Committee, *Economic impact of coronavirus: Gaps in support*, Second Report of Session 2019–21, paragraph 47

59 Q328

60 Q330

> with low or moderate personal incomes. They also have relatively low levels of self-employment profits (more than half have profits under £5,000 per year). 45% of people in this situation are women compared with just 35% of those supported by SEISS.[61]

The IFS also estimated that extending SEISS to this group would be "relatively cheap" in comparison with other spending on government support schemes (between £500 million and £800 million per quarter, with average quarterly payments of between £600 and £1,000 per person).[62]

53. In a letter to the Chair on 14 December 2020, the Chancellor justified his decision to target the scheme at those who receive the majority of their income from self-employment:

> On SEISS, the Government believes it is right to target the support at those who are majority self-employed. 1.4 million of the 5 million people who file self-employed tax returns are not majority self-employed. In fact, the average income these people receive from self-employment is between £1,800 and £3,500 a year. Therefore, the majority of their income comes from other sources. This could include income from employment, which means that individuals may be able to access support via the CJRS. The principle of our decision to target the scheme in this way was supported by the organisations with which the Government engaged when designing the scheme. It's right that we continue to target the scheme at those who are most dependent on self-employed income.[63]

54. **Although we acknowledge the Chancellor's intention to target the SEISS at those who are most dependent on self-employed income, not all of them would have access to the Coronavirus Job Retention Scheme, as we pointed out in our first report of this inquiry.**

55. ***We believe that the Government should reconsider the 50 per cent limit in the eligibility criteria for the fourth tranche of the SEISS grant so that those who derive less than half of their income through self-employment can receive some level of support.***

Self-employed who earn more than the £50,000 threshold

56. Currently there is a stark difference between the Government support available to those self-employed with trading profits of more than £50,000 a year and whose business has been affected by coronavirus, and those who receive PAYE income above £50,000 a year. Whereas those who earn more than £50,000 a year PAYE income can be furloughed and receive payment through the CJRS of up to a maximum wage amount of £2,500 a month or £576.92 a week, self-employed people with trading profits more than £50,000 a year are not eligible for any of the SEISS grant.

57. In our first report on the economic impact of the coronavirus inquiry, we said:

> While the Committee recognises the importance of allocating financial

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61 IFS Briefing Note, *Who is excluded from the government's Self Employment Income Support Scheme and what could the government do about it?*, Jonathan Cribb, Isaac Delestre and Paul Johnson

62 IFS Briefing Note, *Who is excluded from the government's Self Employment Income Support Scheme and what could the government do about it?*, Jonathan Cribb, Isaac Delestre and Paul Johnson

63 Letter to Chair from Chancellor dated 14 December 2020

> support to those who earn the least, the design of the SEISS means that hundreds of thousands of people are potentially suffering financial hardship because of the arbitrary £50,000 cut-off that has no equivalent in the job retention support scheme.
>
> […]
>
> The Government must tackle the cliff edge that exists in the design of the SEISS by removing the £50,000 cap and allowing those with profits just over this cap access to some financial support, up to the total monthly support cap of £2,500 (as for salaried employees).[64]

58. In its response to our report in July 2020, the Treasury said that

> those who received more than £50,000 from self-employment profits in 2018–19 had an average total income of more than £200,000. In the 2017–18 year, around 4% of self-employed people received more than £50,000 in self-employment income.[65]

59. When we had previously queried with HMRC some of the data on the numbers of self-employed who had been missed, they told us:

> HMRC does not presently hold information on the number of people who had self-employed income as their main source of income at the start of the lock down on 23 March 2020. The reason for this is that the Self-Assessment returns relating to the 2019 to 2020 tax year are not due until January 2021, and as a result no assessment of the number of people with self-employed income as their main source of income in 2019–20 is held at this time.[66]

60. Caroline Miskin told us on 20 January 2021 that though the cap was intended "to exclude very high-earning groups from support", "it has caught people who are not particularly high earning".[67] She added:

> there is no inherent reason why there had to be a cap of £50,000. It could have been designed with […] a cap in the amount of the grant rather than the amount of income. It could have been designed so that it tapered away above £50,000.[68]

61. Richard Wild also said that the taper would not necessarily add complexity to the claimant:

> You would imagine they could have built the taper mechanism, or whatever it might have been, within the calculator, in order to cap it and still calculate the right amount. It wouldn't have introduced extra complexity for the claimant, because HMRC would have still worked out the value of the claim for you.[69]

64 Treasury Committee, *Economic impact of coronavirus: gaps in support*, Second Report of Session 2019–21, HC 454, 15 June 2020, paragraphs 36–37

65 Economic impact of coronavirus: Gaps in support: Government Response to the Committee's Second Report of Session 2019–21, Third Special Report of Session 2019–21, HC 662, 20 July 2020

66 Letter from HMRC to the Chair, 27 May 2020

67 Q319

68 Q319

69 Q321

62. The IFS recently estimated: "Extending SEISS fully to this whole group would cost £1.3 billion per quarter with a payment of £7,500[70] [*per quarter*] per person. Providing a tapered form of support to those with profits between £50,000 and £100,000 would cost much less: around £350 million per quarter".[71]

63. **There is a striking inconsistency between the way the Government is treating employees earning more than £50,000 a year and those who are self-employed and have trading profits above £50,000 a year. Whereas those who are employed can receive support from the Government up to a maximum wage amount of £2,500 a month through the Coronavirus Job Retention Scheme, those who are self-employed receive nothing at all under the Self-employment Income Support Scheme. This is unfair. We believe the Government ought not to disadvantage the self-employed in this way.**

64. ***We reiterate our recommendation from our first report in this inquiry that the Government must tackle the cliff edge that exists in the design of the SEISS by removing the £50,000 cap and allowing those with profits just over this cap access to some financial support up to the total monthly support cap of £2,500 (as for salaried employees).***

65. ***The Treasury should in its response to this report provide:***

- ***the number of people with self-employed income as their main source of income in the 2019–20 financial year;***
- ***the proportion of the self-employed who had more than £50,000 trading profits in the 2019–20 financial year;***
- ***the median income of those above the £50,000 trading profits threshold in the 2019–20 financial year who earned the majority of their income from self-employment; and***
- ***the range of costs of applying the recommendations we have made to the SEISS.***

Alternative grant schemes

66. We are also aware that the devolved administrations have put in place systems to try to fill gaps in support for the self-employed.

67. The Scottish Government has put in place a Newly Self-Employed Hardship Fund (NSEHF), managed by local authorities and has provided grants worth £2,000 to the newly self-employed facing hardship but ineligible for support under UK-wide schemes (as they became self-employed since April 2019).[72]

68. On 21 January 2021, the Northern Ireland Executive also introduced the Newly Self-Employed Support Scheme (NSESS)[73] which offers an initial one-off taxable grant of £3,500 to newly self-employed individuals (sole traders and those in partnerships). Although it states that over 50 per cent of income in 2019–20 has to come from self-employment in order to qualify, it adds that if potential claimants "moved from paid employment (PAYE)

70 Please note that this is equivalent to £2,500 a month

71 IFS Briefing Note, Who is excluded from the government's Self Employment Income Support Scheme and what could the government do about it?, Jonathan Cribb, Isaac Delestre and Paul Johnson

72 Scottish Government website, Coronavirus (COVID-19): hardship and resilience funds statistics

73 https://www.nibusinessinfo.co.uk/content/newly-self-employed-support-scheme

to self-employment during 2019/20" the income from the paid employment would not need to be taken into account when calculating this percentage. Richard Wild told us that Northern Ireland offers the UK a blueprint for how to be more flexible over the 50 per cent test.[74]

69. The Northern Ireland Executive had also put in place an Emergency Resilience Programme designed to help support individual musicians, DJs, artists, actors, craftspeople and freelancers and other creative practitioners.[75]

70. Richard Wild pointed out that the existence of the Scottish and Northern Irish newly-employed schemes makes it more difficult for the UK Government to give national support, given the potential for multiple sources of support for these firms:

> Now that Scotland and Northern Ireland have moved with their newly self-employed schemes, it probably makes it more difficult to do something for the rest of the UK, because you then have to decide whether you're willing to give people funding twice or introduce a further complexity, which would be to have to deduct any other support that businesses have received from elsewhere. When the Scottish newly self-employed grant scheme was launched in spring-summer last year, there was a long list of exclusions, which meant you couldn't claim the grant if you were eligible for any other Covid support. As time goes on, it becomes more difficult to target the scheme effectively.[76]

71. In January 2021, the All Party Parliamentary Group on Gaps in Support put to the Treasury a proposal for a Targeted Income Grant Scheme (TIGS), which involves making grants to those who have been excluded from support: the newly self-employed, PAYE freelancers, limited company directors, and those excluded by the 50 per cent rule.[77] We have not had an opportunity to take evidence on this proposal.

Lost opportunities

72. Paul Johnson, the Director of the Institute for Fiscal Studies, expressed disappointment that the Government had not taken the opportunity, when extending the schemes, to change the SEISS to make it fairer and more targeted:

> To have a scheme where we know that we are very significantly overcompensating a large number of people and very significantly undercompensating and, indeed, ignoring another large group, that was something entirely understandable back at the beginning of April, but really to reintroduce or keep precisely that same scheme seven months later was really quite disappointing. That the combined efforts of HMRC and Treasury could not come up with anything that was one iota better than something that was clearly, to be kind to it, extremely rough justice back in the spring was, as I said, quite disappointing.[78]

74 Q330
75 http://artscouncil-ni.org/funding/scheme/individuals-emergency-resilience-programme-2
76 Q331
77 https://www.gapsinsupportappg.org/news/tigsproposal
78 Q73

73. Richard Wild also stated that in the "rush to get these schemes implemented extremely quickly", some hard edges would "inevitably" arise. However, "for some people by the time we get to March and April they will have been a year without support: it is quite surprising that we have not done more to fill those gaps".[79]

74. However, Caroline Miskin, pointed out that there was some tightening of eligibility criteria, saying that "HMT and HMRC have sought to target those grants, and the conditions were quite significantly tightened for the third scheme".[80] She added:

> It was made a condition that you had to have reduced profits and not just have incurred some additional PPE costs or something. So I think there has been a serious effort on behalf of HMT to try to target it, but in a way that does not undermine the simplicity of the scheme and allows HMRC to calculate the basic entitlement, with the taxpayer just being required to go through a fairly minimal process to confirm that they have complied with the conditions. They are qualitative tests, not quantitative tests, so it is already quite difficult for taxpayers to understand whether they are eligible or not. To make it even more so would make everything much more complex.[81]

Overall conclusion on gaps in support

75. **The first version of the SEISS scheme had to be rolled out at speed in March 2020. Partly because of that haste, there were 'hard edges' which meant that some people lost out. Though regrettable this is understandable. However, there is scant justification for not having addressed them eleven months later.**

76. **We recognise that it may not have been possible for the Government to help all those who have fallen through the cracks of the support schemes. However, we are disappointed that the Government has so far shown no inclination to expand or provide alternatives to the SEISS, which is providing a vital life-line to many but is not available to all those whom we believe should qualify. We recommend that the Government look at other models of support, including those developed by the devolved administrations with a view to extending support to people who require support and who do not currently qualify.**

79 Q308
80 Q309
81 Q309

3 Economic analysis

77. In our second report on the *The economic impact of coronavirus: the challenges of recovery*, we concluded:

> It is too simplistic to say that a compulsory lockdown is a trade-off between the people's health and the economy. The very presence of the virus, and how people respond to it regardless of what the Government mandates, has an economic impact. And lockdowns don't just affect the economy—they have health implications as well, positive and negative, beyond just combatting coronavirus.[82]

78. This Chapter explores:

- the current Government analysis of the economic impacts of social restrictions along with the transparency of the Treasury in publishing its existing analysis;
- the potential of cost-benefit analysis and epi-macro modelling to inform Government decisions on social restrictions, as well as the need for the Treasury to produce a counterfactual on what would happen to the economy if the virus were allowed to spread without restriction;
- the role economic modelling can play in future Government decisions as the vaccine is rolled out and the Treasury's capacity for modelling and joint working with other departments in this area.

Government analysis of economic impacts of social restrictions

79. In July 2020, the ONS, the Department of Health and Social Care, the Home Office and the Government Actuary's Department produced an analysis of the benefits and harms of the first lockdown in their paper: *Direct and Indirect Impacts of COVID-19 on Excess Deaths and Morbidity*. This was updated in September 2020 and once again in January 2021.[83]

80. That paper[84] estimated the number of excess deaths in England from coronavirus, changes to the healthcare system, and lockdown measures. Its main findings are:

- 61,000 excess deaths[85] may have occurred between March and September 2020, and 100,000 additional excess deaths may occur under an assumed Winter Scenario[86] between October 2020 and the end of February 2021.

82 Treasury Committee, *Economic impact of coronavirus: the challenges of recovery*, Eighth Report of Session 2019–21, HC 271, 11 September 2020, paragraph 170

83 DHSC/ONS/GAD/HO: Direct and indirect impacts of COVID-19 on excess deaths and morbidity, 15 July 2020, updated September 2020; DHSC/ONS/GAD/HO: Direct and indirect impacts of COVID-19 on excess deaths and morbidity, November 2020 update, 17 December 2020, published 29 January 2021

84 DHSC/ONS/GAD/HO: Direct and indirect impacts of COVID-19 on excess deaths and morbidity, Executive Summary, November 2020 update, 17 December 2020, published 29 January 2021, p 3;

85 In addition to these excess deaths, there are morbidity impacts arising from Covid-19, which are complications and consequences (other than death) that result from a disease. These are quantified in the paper though not summarised here.

86 The paper assumes a 'Winter Scenario' to estimate health impacts, which aligned with observed growth in the pandemic in October but assumed impacts were felt two weeks earlier than seen in reality

- The greatest number of excess deaths in the short-term (until March 2021) is likely to be seen in direct COVID-19 deaths. However, approximately 40,000 excess deaths may occur in the longer term (up to 50 years) as a result of economic impacts from the recession.
- There could be an additional 97,000 excess deaths in a counterfactual which assumes little or no Government intervention, compared to the Winter Scenario over a three-month period between the end of December 2020 and the end of March.[87]

81. On 30 November 2020 the Government published its *Analysis of the health, economic and social effects of Covid-19 and the approach to tiering*.[88] The document was produced in response to requests for a cost-benefit analysis of the tiered restrictions to be introduced in England on 3 December. It stated that "while it is not possible to forecast the precise economic impact of a specific change to a specific restriction with confidence, it is clear that restrictions to contain COVID-19 have had major impacts on the economy and public finances".[89]

Treasury transparency

82. There is evidence suggesting that the Treasury has carried out analysis on the economic harms of social restrictions but has not published it. The minutes of the fifty-eighth SAGE meeting on Covid-19, held on 21 September 2020, referred to work led by the Chief Economist to analyse the economic impacts and associated harms of all interventions, alongside the epidemiological assessment:

> All the interventions considered have associated costs in terms of health and wellbeing and many interventions will affect the poorest members of society to a greater extent. Measures will be urgently needed to mitigate these effects and to achieve equity and social justice, some of which could be introduced relatively quickly. Policy makers will need to consider analysis of economic impacts and the associated harms alongside this epidemiological assessment. This work is underway under the auspices of the Chief Economist.[90]

83. On 3 November 2020, we wrote to the Chancellor requesting that the analysis referred to above of the "economic impacts and the associated harms" be published.[91] The Chancellor responded:

> HM Treasury does not prepare formal forecasts for the UK economy, which are the responsibility of the independent OBR. They will publish their next forecast on 25 November. In addition, within their statutory mandates, the Bank of England's Monetary Policy Committee (MPC) and Financial

87 The 97,000 just includes direct Covid-19 deaths. The paper estimates that on top of that, there could be additional 76,000 excess deaths due to a lack of NHS critical care capacity leading to worsened outcomes for Covid-19 patients, 12,000 additional excess deaths from changes to emergency care and 43,000 additional excess deaths from changes to adult social care. DHSC/ONS/GAD/HO: Direct and indirect impacts of COVID-19 on excess deaths and morbidity, Executive Summary, November 2020 update, 17 December 2020, published January 2021

88 HMG, *The health, economic and social effects of COVID-19 and the tiered approach*, 30 November

89 HMG, *The health, economic and social effects of COVID-19 and the tiered approach*, 30 November, p, 2

90 SAGE 58 minutes: Coronavirus (COVID-19) response, 21 September 2020

91 Letter to the Chancellor from the Chair, dated 3 November 2020

> Policy Committee (FPC) produce analysis including short-to-medium term scenarios and projections which reflect their independent judgements regarding the impact of Covid-19 on the likely path of the economy and UK financial stability. The MPC will update their projections in the upcoming Monetary Policy Report which will be published on 5 November.[92]

84. When pressed by the Chair on the work referred to in the SAGE minutes the Chief Economist of the Treasury, Clare Lombardelli, told the Committee that the Treasury undertakes economic analysis as part of the policymaking process, but "a specific forecast or a specific prediction of the impacts does not exist."[93]

85. **We are disappointed at the lack of analysis provided by the Treasury, despite such analysis being referenced in the SAGE minutes. Without it, the impression is that the Government is making important decisions without proper regard to all their impacts, both on health and the economy. The lack of such analysis also prevents the public from understanding in full the basis for, and impact of, the restrictions imposed upon them.**

86. ***We call on the Treasury to be more transparent about the economic analysis which it undertakes to inform Government decisions in the fight against coronavirus and to publish any such analysis in a timely manner. The House should not be asked to take a view on proposals which have far-reaching consequences for the general population, such as those involving restrictions on social interaction, education, movement and work, without the support of appropriate and comprehensive economic analysis.***

Cost-benefit analysis and epi-macro modelling

87. We have also explored the use of epi-macro modelling.[94] The Governor of the Bank of England described epi-macro modelling as aiming:

> to jointly model the multiple interactions between the spread of Covid, the restrictions imposed by governments to contain that spread, and the economic impacts of the restrictions and of behavioural responses to the virus itself. Consequently, it can attempt to answer questions about the economic costs and benefits of different public health policies.[95]

88. A Bank of England briefing goes into greater detail of epi-macro modelling:

> The starting point for epi-macro is the compartmental SIR model.[96] This workhorse epidemiological model has three different compartments (Susceptible, Infected and Recovered) and models how individuals transition between them. Epi-macro models extend these models in two ways. First, the spread of the virus is no longer assumed to be exogenous but is instead affected by individuals' behaviour, for instance consumers might not visit restaurants as much if they fear becoming infected while dining. Second, the linking of a simple model of production and consumption model to

92 Response from the Chancellor dated 4 November 2020

93 Oral evidence taken on 11 November 2020, Work of HM Treasury, HC 969, Q10

94 Epi-macro modelling combines epidemiological modelling and macroeconomic modelling so it takes into account the impact of the spread of the virus on consumer behaviour and vice versa.

95 Letter from the Governor, Bank of England to the Chair, 4 December 2020

96 The SIR (susceptible, infected, recovered) model aims to predict the number of individuals who are susceptible to infection, are actively infected, or have recovered from infection at any given time.

> the progression of the disease facilitates predictions of economic variables. Though simple, these epi-macro models generate qualitative results with clear policy relevance.[97]

89. In a letter to the Chair on 26 January 2021, Sir Tom Scholar, Permanent Secretary at the Treasury, said that "the Treasury has studied the outputs of the academic literature on epi-macro modelling very closely" and that the Treasury had "incorporated the insights into our analysis".[98] However he also expressed caution about the models: "while epi-macro models provide valuable insight into how changes in one variable can affect outcomes elsewhere in a highly complex system […], they rely critically on assumptions on parameters—which, in the absence of previous experience or extensive data sets, can only be assumptions".[99]

90. **We agree with the Treasury that epi-macro modelling relies on assumptions which may not be supported by extensive data sets. Nevertheless, we believe it would be a useful exercise for the Treasury to undertake epi-macro modelling to better understand the implications of Government-imposed social restrictions and to evaluate the costs and benefits of such social restrictions.**

The missing counterfactual

91. In evidence to the Committee, three economists, Professor Ben Moll, Professor of Economics, London School of Economics, Dr Flavio Toxvaerd, University Lecturer, Cambridge University, and Ian Mulheirn, Executive Director, Tony Blair Institute for Global Change, criticised the *Analysis of the health, economic and social effects of Covid-19 and the approach to tiering* published by the Government on 30 November 2020, for not providing a counterfactual of what would happen in economic terms if the virus were to continue without restriction. They argued that: "While the HMG document qualitatively explores the health consequences of not acting, it fails to address the central question of how the economy would perform under such an alternative".[100]

92. They pointed out that voluntary social distancing could have a significant impact on output:

> If people respond to the increased prevalence of the virus by avoiding social consumption—visiting shops, cinemas, theatres, pubs and restaurants etc.—so as to minimise their risk of catching the virus, controlling the spread may entail only limited economic damage and, in particular, less damage than what a naïve comparison of economic outcomes to their pre-pandemic level would suggest.[101]

93. The OBR also notes that international evidence collated by the IMF "suggests that official lockdown restrictions and voluntary behavioural responses (social distancing) made roughly equal contributions to the fall in output."[102]

97 Bank Underground, *Covid-19 briefing: epi-macro 101*, 7 August 2020, Cristiano Cantore, Federico Di Pace, Riccardo M Masolo, Silvia Miranda-Agrippino and Arthur Turrell
98 Letter to the Chair from Sir Tom Scholar, dated 26 January 2021
99 Letter to the Chair from Sir Tom Scholar, dated 26 January 2021
100 EIC0910
101 EIC0910
102 OBR, *Economic and Fiscal Outlook*, November 2020, para 2.29

94. Ian Mulheirn told us that he believed that the impact of the Treasury not modelling the counterfactual was that the third lockdown had been implemented too late:

> If we had put that high R number into any estimate of the impact of the virus on the economy, you would probably have seen that the economic consequences of not acting would have ended up being larger, either because we needed a bigger lockdown for longer—which is what we are now in—or because we did not act at all and therefore the fear factor got bigger and bigger. Either way, the consequences of late action were always likely to be significant.[103]

95. A model he produced in November 2020, combining both epidemiological and health data, indicated that:

> reverting to September-style restrictions on 3 December can be expected to cause a third spike in cases and deaths, that peak in February and March respectively.[104]

96. The ONS, Department of Health and Social Care, Home Office, and the Government Actuary Department's analysis of the benefits and harms of the first lockdown in their paper: *Direct and Indirect Impacts of COVID-19 on Excess Deaths and Morbidity emphasises that its* "estimates cannot be used to evaluate the impact of measures put in place to control the transmission of COVID-19" because there is "no established way in government of determining the degree of voluntary social distancing in the absence of government intervention and the impact of this on the economy".[105]

97. In a letter to the Chair on 26 January 2021, Sir Tom Scholar told us that:

> to estimate the economic effects of changes in restrictions also requires knowledge of what would have happened to the path of the virus and the economy with different restrictions, or no restrictions. Unfortunately, the evolution of the virus and the restrictions required to mitigate it has changed over time, and given the complex interactions between the two, it is not possible to know with any degree of confidence what would otherwise have happened. Any assessment of a given change to restrictions is therefore unavoidably only partial in nature.[106]

98. **The Treasury's analysis has been criticised for not providing modelling of the alternative to lockdowns. There is evidence to suggest that in the absence of lockdown, people would have socially distanced to a large extent through fear of viral transmission and infection. As such, while a lockdown is a significant and costly imposition by Government, that cost when compared to the alternative with voluntary social distancing, may be less than many assume.**

99. ***We strongly urge the Treasury to provide rigorous analysis of future policy choices which quantifies the harms and benefits of each of the plausible range of alternative***

103 Q383

104 Ian Mulheirn, *Does the Covid Vaccine Mean the Government Can Soon Lift the Lockdown?* 17 November 2020

105 Direct and Indirect Impacts of COVID-19 on Excess Deaths and Morbidity: December 2020 Update – Executive Summary, Department of Health and Social care, Office for National Statistics, Government Actuary's Department and Home Office, 17 December 2020, published 29 January 2021

106 Letter to the Chair from Sir Tom Scholar, dated 26 January 2021

policies. It has always been considered a good practice to publish an impact assessment for every measure that the Government proposes.

Impact of vaccine roll-out

100. The Government aims to offer vaccines to the over-70s, healthcare workers and those required to shield by mid-February 2021. These groups have so far accounted for 88 per cent of COVID-19 fatalities. By autumn 2021, the Government expects that the rest of the adult population will be vaccinated.[107]

101. On 27 January 2021, the Prime Minister told the House that in the week commencing 22 February, subject to the full agreement of the House, the Government intends to publish a "plan for taking the country out of lockdown".[108] He said:

> At this point, we do not have enough data to judge the full effect of vaccines in blocking transmission, nor the extent and speed with which the vaccines will reduce hospitalisations and deaths, nor how quickly the combination of vaccinations and the lockdown can be expected to ease the pressure on the NHS.
>
> What we do know is that we remain in a perilous situation, with more than 37,000 patients now in hospital with Covid, almost double the peak of the first wave, but the overall picture should be clearer by mid-February. By then, we will know much more about the effect of vaccines in preventing hospitalisations and deaths, using data from the UK but also other nations such as Israel. We will know how successful the current restrictions have been in driving down infections. We will also know how many people are still in hospital with Covid, which we simply cannot predict with certainty today. We will then be in a better position to chart a course out of lockdown without risking a further surge that would overwhelm the NHS.
>
> When I announced the lockdown, I said that we would review its measures in mid-February, once the most vulnerable had been offered the first dose of the vaccine, so I can tell the House that when Parliament returns from recess in the week commencing 22 February, subject to the full agreement of the House, we intend to set out the results of that review and publish our plan for taking the country out of lockdown. That plan will, of course, depend on the continued success of our vaccination programme, on the capacity of the NHS and on deaths falling at the pace we would expect as more people are inoculated.[109]

102. It is as yet unclear how the vaccination of the vulnerable will affect people's fear of the virus and their appetite for social interaction and consumption. Ian Mulheirn said that although deaths amongst vulnerable groups can be eliminated:

> [what] we don't know is the extent to which the fear factor in the wider economy and among working-age people and consumers is contingent on the fear of other people dying versus the fear of getting the virus themselves

107 Department of Health and Social Care, *UK COVID-19 Vaccines Delivery Plan*, Updated 13 January 2021
108 HC Deb, 27 January 2021, col 387 [Commons Chamber]
109 HC Deb, 27 January 2021, col 387 [Commons Chamber]

> and the nasty effects it can have.[110]

103. He argued that the key to "build confidence among consumers to come out again […] is to commit [to]ensuring that that R number does not go back up".[111] He thought that even at this stage, the Government could set out criteria for when the economy could re-open and:

> put out some plans contingent on a set of assumptions and say, 'This is what we would expect to happen, and of course if the R number does go above 1 or the thresholds for virus prevalence are met, this will be delayed.' It should be possible to set out some contingent plans at this point for how they should proceed.[112]

104. He also said it should be possible to use economic modelling to guide the timing of when restrictions could be lifted in order to optimise health and economic well-being:

> It should be possible to set out what the economic costs over the whole of 2021 would be under a given easing plan, and what the health implications of that plan would be. And it should be possible to optimise those things. That is something where the Government would specify the staging of when restrictions would be lifted and the SPI-M modellers[113] could say what that would be likely to do to the prevalence of the virus, the R number and so on. Then, the Treasury, the OBR or some economic modellers can take a view on what different levels of the virus and different levels of restrictions would do to economic activity. By putting all those things together, you should be able to optimise that and come out with what is best for the combined concerns of the country in terms of health and economic wellbeing.[114]

105. **While death rates from coronavirus are high, the rationale for Government decisions on social restrictions is well understood by the public. As the vaccines roll-out proceeds and death rates fall, Government decisions on whether or not to lift restrictions will become more finely balanced. We believe that economic analysis and modelling is essential to inform those decisions, alongside evidence of the other necessary infrastructure such as test, trace and isolate, and responses to new variants, being comprehensive and in place to mitigate against the need for a further lockdown.**

106. **After almost a year of restrictions on social and economic activity, the general public and the business sector need confidence that the Government has as clear and as certain a route out of the crisis as possible.**

107. On 27 January, the Prime Minister told the House that when Parliament returns from recess in the week commencing 22 February, the Government will set out a "plan for taking the country out of lockdown." ***We recommend that in order to provide some certainty to businesses, as well as to the general public, the forthcoming Government***

110 Q387
111 Q387
112 Q386
113 SPI-M stands for Scientific Pandemic Influenza Group on Modelling. SPI-M gives expert advice to the Department of Health and Social Care and wider UK government on scientific matters relating to the UK's response to an influenza pandemic (or other emerging human infectious disease threats). The advice is based on infectious disease modelling and epidemiology.
114 Q389

plan for taking the country out of lockdown should set out criteria for how and when it will lift restrictions—this could be in terms of the prevalence and R rate of the virus. We recognise that this would be a contingent plan, based on the stages only being activated after milestones are met, with the Government providing the maximum possible certainty. Alongside this plan, the Treasury should also provide the combined economic and epidemiological modelling to support it, and show how it would best optimise health and economic outcomes.

Joint working

108. Other economists expressed concern that the epidemiological work and the economics work has been undertaken in a "siloed fashion".[115] Tony Yates, adviser at Resolution Foundation and Fathom Consulting, stated:

> You have had SAGE forecasting the epidemic without taking account of economics and you have the Treasury doing things in private without taking account of the epidemic, because they cannot. They have economists who do not know how to do this. The same is true of the Office for Budget Responsibility, the Bank of England and dozens of other economic outfits.[116]

He argued that what is needed is "an institutional device that brings researchers and policy advisers together to build a set of fused analytical tools where one can study these things".[117] He suggested: "There are intertemporal trade-offs, and these things can be worked out, exposed, and even somewhat depoliticised so that there are a menu of things that are put on the table for MPs [...] to actually make intelligent choices".[118]

109. Professor David Miles, Professor of Financial Economics at Imperial College Business School, concurred:

> We need a joint group of experts who know about viruses and can make a rational assessment of the wider effects policies may have on the economy and on health in the future. The group then, like SAGE itself does, could come to a common view amongst themselves as to what the best advice for Government would be.[119]

Professor Gigi Foster, Director of Education of the University of New South Wales Business School in Australia, agreed: "Economists should be part of the debate, along with other experts such as psychologists and social workers."[120]

110. The Treasury has told us that it has benefited from its observer status in SAGE, but it is not clear how economic analysis has impacted on Government decision making process.[121]

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115 Q82
116 Q82
117 Q82 For more detail on what such an institutional device could be, see Tony Yates article in the Guardian, 30 September 2020 "Without joined-up thinking about Covid and the economy, Britain is just guessing" which proposed an official Centre for Economics and Epidemiology producing regular forecasts and underpinning lockdown policies and financial support measures. For more detail of fused analytical tools, see paras 87 to 88 of this report on epi-macro modelling.
118 Q82
119 Q111
120 Q108
121 Letter to the Chair from Sir Tom Scholar, dated 26 January 2021

111. ***It is vital that economists work together with epidemiologists and health experts to make decisions on social restrictions, and that the output of their work should be made public. We propose that the Government use a more multi-disciplinary approach to examine the health and economic costs of social restrictions without delay, and we recommend that the Government should put more information in the public domain as to how economic and health factors have been taken into consideration regarding Government decisions on social restrictions. How the Government made decisions on social restrictions is an area that might be expected to come under further review in any future public inquiry into the Government's effectiveness in combating coronavirus.***

Treasury's capacity for modelling

112. In our second report on the economic impact of coronavirus, we voiced concern about the erosion of Treasury's modelling capacity:

> The Treasury's macroeconomic forecasting ability appears to have eroded since the formation of the OBR. The Treasury needs to maintain sufficient forecasting capacity outside the OBR so that it can ensure that it can adapt policy responses rapidly to an urgent situation.[122]

113. Even though the Treasury was involved in the paper Direct and Indirect Impacts of COVID-19 on Excess Deaths and Morbidity,[123] which did model some of the health implications of the first lock-down, it was not listed as one of its authors.

114. ***We strongly believe that the Treasury needs to retain greater modelling capacity outside the OBR, so that it can model the implications of different policies. It should also ensure that it has sufficient capacity to modify or use new types of modelling techniques where necessary. We recommend that the Treasury produces a policy document that sets out what its modelling capacity should be and what modelling it should be expected to carry out and publish, independently of the OBR. This is especially important in times of crisis, when the Treasury may rapidly roll out programmes without the benefit of OBR analysis.***

122 Treasury Committee, *Economic impact of coronavirus: the challenges of recovery*, Eighth Report of Session 2019–21, HC 271, 11 September 2020, paragraph 178

123 Letter to the Chair from Sir Tom Scholar, dated 26 January 2021

Conclusions and recommendations

The economic crisis

1. **Though the structure of the UK economy makes it potentially more vulnerable to the present shock, the Committee notes that comparisons with other countries' GDP may also be affected by differing measurement methodologies.** ***We therefore caution against over-reliance on the UK's GDP performance in comparison to other countries, as a measure of the impact of coronavirus on the economy.*** (Paragraph 16)

2. ***We recommend that the Treasury and the Office for Budget Responsibility provide a commentary at the time of the Budget on GDP measurement issues and the implications that these measurement issues have for comparisons between the UK and other countries.*** (Paragraph 17)

Gaps in support

3. **Given the economic outlook, we believe that the Government was right to extend both the Coronavirus Job Retention Scheme and the Self-employment Income Support Scheme to the end of April 2021. However, given the extended duration of restrictions, we believe the Government was wrong not to address gaps in support.** (Paragraph 34)

4. ***The 2019–20 self-assessment income tax returns will provide the Government with additional information that could allow it to provide support to those who need it but have so far not received it. We therefore strongly urge the Treasury to use the data from 2019–20 tax returns to help the newly self-employed who missed out on previous support. In order to ensure that this group is helped as quickly as possible, we recommend that HMRC prioritises work on analysing the 2019–20 tax returns.*** (Paragraph 39)

5. **By conspicuously leaving out a large proportion of limited company directors from support altogether, we are concerned that the Government is sending out the wrong message—that it is not adequately supporting entrepreneurs and employers, who have suffered significantly from a lack of support. However, we recognise that there are administrative difficulties to overcome and fraud risks with the implementation of any scheme.** (Paragraph 47)

6. ***When responding to this report, the Treasury should provide an assessment of the level of fraud which it believes would arise from the implementation of the DISS scheme.*** (Paragraph 48)

7. ***We question whether the Treasury could do more to investigate how to mitigate the fraud risks inherent in the DISS scheme and similar schemes, and whether the levels of fraud risk merit the Treasury's position of not providing any support at all. We urge the Treasury to develop measures to support limited company directors and set these out in the Budget.*** (Paragraph 49)

8. **Although we acknowledge the Chancellor's intention to target the SEISS at those who are most dependent on self-employed income, not all of them would have access to the Coronavirus Job Retention Scheme, as we pointed out in our first report of this inquiry.** (Paragraph 54)

9. ***We believe that the Government should reconsider the 50 per cent limit in the eligibility criteria for the fourth tranche of the SEISS grant so that those who derive less than half of their income through self-employment can receive some level of support.*** (Paragraph 55)

10. **There is a striking inconsistency between the way the Government is treating employees earning more than £50,000 a year and those who are self-employed and have trading profits above £50,000 a year. Whereas those who are employed can receive support from the Government up to a maximum wage amount of £2,500 a month through the Coronavirus Job Retention Scheme, those who are self-employed receive nothing at all under the Self-employment Income Support Scheme. This is unfair. We believe the Government ought not to disadvantage the self-employed in this way.** (Paragraph 63)

11. ***We reiterate our recommendation from our first report in this inquiry that the Government must tackle the cliff edge that exists in the design of the SEISS by removing the £50,000 cap and allowing those with profits just over this cap access to some financial support up to the total monthly support cap of £2,500 (as for salaried employees).*** (Paragraph 64)

12. ***The Treasury should in its response to this report provide:***

- ***the number of people with self-employed income as their main source of income in the 2019–20 financial year;***
- ***the proportion of the self-employed who had more than £50,000 trading profits in the 2019–20 financial year;***
- ***the median income of those above the £50,000 trading profits threshold in the 2019–20 financial year who earned the majority of their income from self-employment; and***
- ***the range of costs of applying the recommendations we have made to the SEISS.*** (Paragraph 65)

13. **The first version of the SEISS scheme had to be rolled out at speed in March 2020. Partly because of that haste, there were 'hard edges' which meant that some people lost out. Though regrettable this is understandable. However, there is scant justification for not having addressed them eleven months later.** (Paragraph 75)

14. **We recognise that it may not have been possible for the Government to help all those who have fallen through the cracks of the support schemes. However, we are disappointed that the Government has so far shown no inclination to expand or provide alternatives to the SEISS, which is providing a vital life-line to many but is not available to all those whom we believe should qualify. We recommend**

that the Government look at other models of support, including those developed by the devolved administrations with a view to extending support to people who require support and who do not currently qualify. (Paragraph 76)

Economic analysis

15. **We are disappointed at the lack of analysis provided by the Treasury, despite such analysis being referenced in the SAGE minutes. Without it, the impression is that the Government is making important decisions without proper regard to all their impacts, both on health and the economy. The lack of such analysis also prevents the public from understanding in full the basis for, and impact of, the restrictions imposed upon them.** (Paragraph 85)

16. ***We call on the Treasury to be more transparent about the economic analysis which it undertakes to inform Government decisions in the fight against coronavirus and to publish any such analysis in a timely manner. The House should not be asked to take a view on proposals which have far-reaching consequences for the general population, such as those involving restrictions on social interaction, education, movement and work, without the support of appropriate and comprehensive economic analysis.*** (Paragraph 86)

17. **We agree with the Treasury that epi-macro modelling relies on assumptions which may not be supported by extensive data sets. Nevertheless, we believe it would be a useful exercise for the Treasury to undertake epi-macro modelling to better understand the implications of Government-imposed social restrictions and to evaluate the costs and benefits of such social restrictions.** (Paragraph 90)

18. **The Treasury's analysis has been criticised for not providing modelling of the alternative to lockdowns. There is evidence to suggest that in the absence of lockdown, people would have socially distanced to a large extent through fear of viral transmission and infection. As such, while a lockdown is a significant and costly imposition by Government, that cost when compared to the alternative with voluntary social distancing, may be less than many assume.** (Paragraph 98)

19. ***We strongly urge the Treasury to provide rigorous analysis of future policy choices which quantifies the harms and benefits of each of the plausible range of alternative policies. It has always been considered a good practice to publish an impact assessment for every measure that the Government proposes.*** (Paragraph 99)

20. **While death rates from coronavirus are high, the rationale for Government decisions on social restrictions is well understood by the public. As the vaccines roll-out proceeds and death rates fall, Government decisions on whether or not to lift restrictions will become more finely balanced. We believe that economic analysis and modelling is essential to inform those decisions, alongside evidence of the other necessary infrastructure such as test, trace and isolate, and responses to new variants, being comprehensive and in place to mitigate against the need for a further lockdown.** (Paragraph 105)

21. **After almost a year of restrictions on social and economic activity, the general public and the business sector need confidence that the Government has as clear and as certain a route out of the crisis as possible.** (Paragraph 106)

22. ***We recommend that in order to provide some certainty to businesses, as well as to the general public, the forthcoming Government plan for taking the country out of lockdown should set out criteria of how and when it will lift restrictions—this could be in terms of the prevalence and R rate of the virus. We recognise that this would be a contingent plan, based on the stages only being activated after milestones are met, with the Government providing the maximum possible certainty. Alongside this plan, the Treasury should also provide the combined economic and epidemiological modelling to support it, and show how it would best optimise health and economic outcomes.*** (Paragraph 107)

23. ***It is vital that economists work together with epidemiologists and health experts to make decisions on social restrictions, and that the output of their work should be made public. We propose that the Government use a more multi-disciplinary approach to examine the health and economic costs of social restrictions without delay, and we recommend that the Government should put more information in the public domain as to how economic and health factors have been taken into consideration regarding Government decisions on social restrictions. How the Government made decisions on social restrictions is an area that might be expected to come under further review in any future public inquiry into the Government's effectiveness in combating coronavirus.*** (Paragraph 111)

24. ***We strongly believe that the Treasury needs to retain greater modelling capacity outside the OBR, so that it can model the implications of different policies. It should also ensure that it has sufficient capacity to modify or use new types of modelling techniques where necessary. We recommend that the Treasury produces a policy document that sets out what its modelling capacity should be and what modelling it should be expected to carry out and publish, independently of the OBR. This is especially important in times of crisis, when the Treasury may rapidly roll out programmes without the benefit of OBR analysis.*** (Paragraph 114)

Formal minutes

Wednesday 10 February 2021

Members present:

Mel Stride, in the Chair

Rushanara Ali	Felicity Buchan
Mr Steve Baker	Angela Eagle
Harriett Baldwin	Siobhain McDonagh
Anthony Browne	Alison Thewliss

Draft Report (*Economic impact of coronavirus: gaps in support and economic analysis*), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 114 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Eleventh Report 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 (Standing Order No. 134).

Witnesses

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

Witnesses who gave oral evidence at earlier phases of the inquiry are listed in our previous report, *Economic impact of coronavirus: the challenges of recovery*.

Tuesday 06 October 2020

Rain Newton-Smith, Chief Economist, Confederation of British Industry; **Tej Parikh**, Chief Economist, Institute of Directors; **Kate Nicholls**, CEO, UKHospitality; **Paul Nowak**, Deputy General Secretary, Trade Union Congress Q1–58

Wednesday 21 October 2020

Professor David Miles CBE, Professor of Financial Economics, Imperial College London; **Professor Gigi Foster**, Director of Education, University of New South Wales, Australia; **Tony Yates**, Macroeconomic Policy Unit Research Associate, Resolution Foundation Q59–113

Dr Luke Munford, Lecturer in Health Economics, University of Manchester; **Professor Philip McCann**, Chair in Urban and Regional Economics, Sheffield University Management School; **Dr Anna Valero**, ESRC Innovation Fellow, London School of Economics Q114–140

Wednesday 09 December 2020

Martin McTague, Vice Chair, Federation of Small Businesses; **Matthew Upton**, Director of Policy for Consumer and Public Services, Citizens Advice; **Martin Lewis**, Founder, MoneySavingExpert Q141–214

Monday 14 December 2020

Susan Allen, CEO of Retail and Business Banking, Santander UK; **Anne Boden**, CEO, Starling Bank; **Amanda Murphy**, Head of Commercial Banking, UK, HSBC; **David Oldfield**, Chief Executive, Lloyds Commercial Banking; **Paul Thwaite**, CEO of Commercial Banking, NatWest Group Q215–297

Wednesday 20 January 2021

Glenn Collins, Head of Technical Advisory and Policy, Association of Chartered Certified Accountants; **Caroline Miskin**, Tax Practitioner Support and Private Clients, Institute of Chartered Accountants in England and Wales; **Richard Wild**, Head of Tax Technical Team, Chartered Institute of Taxation (CIOT) Q298–347

Jonathan Athow, Deputy National Statistician for Economic Statistics, Office for National Statistics; **Ian Mulheirn**, Chief Economist, Tony Blair Institute Q348–396

Published written evidence

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

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

1 Aldborough Refurbishments Ltd. (EIC0893)

2 Adam Smith Institute (EIC0961)

3 Adam Smith Institute (EIC0927)

4 Adventure International Ent Ltd (EIC0922)

5 Aiden Associates Limited (EIC0955)

6 Anonymous (EIC0972)

7 Anonymous (EIC0954)

8 Anonymous (EIC0949)

9 Anonymous (EIC0915)

10 Anonymous (EIC0909)

11 Anonymous (EIC0899)

12 Anonymous (EIC0894)

13 Anonymous (EIC0890)

14 Arete Outdoor Centre (EIC0920)

15 BIRA (British Independent Retail Association) (EIC0960)

16 Bacta (EIC0962)

17 Bear, Professor Laura (Principal Investigator, COVID and Care Research Group, Department of Anthropology, London School of Economics and Political Science (LSE)); Professor Deborah James (Co-Investigator, COVID and Care Research Group, Department of Anthropology, London School of Economics and Political Science (LSE)); and Nikita Simpson (Co-Investigator and Lead Research Coordinator, COVID and Care Research Group, Department of Anthropology, London School of Economics and Political Science (LSE)) (EIC0931)

18 Be the Business (EIC0970)

19 Bowen, Mr Stephen (Managing Director/Owner, Renegade Print Management Ltd) (EIC0956)

20 British Property Federation (EIC0939)

21 COVID-19 Review Observatory, Birmingham Law School, University of Birmingham (EIC0958)

22 Centre for Britain and Europe, University of Surrey (EIC0942)

23 Chadha, Professor Jagjit (Director, National Institute of Economic and Social Research (NIESR)); and Professor Huw Dixon (Professor of Economics, Cardiff University) (EIC0904)

24 Chartered Institute of Management Accountants (CIMA) (EIC0943)

25 Chartered Institute of Taxation (EIC0925)

26 Core Cities UK (EIC0937)

27 Cornwall Council (EIC0913)

28 Covid-19 Bereaved Families for Justice (EIC0888)

29 Directors UK (EIC0928)

30 de Londras, Professor Fiona (Professor of Global Legal Studies, COVID-19 Review Observatory, Birmingham Law School, University of Birmingham); and Daniella Lock (Research Fellow, COVID-19 Review Observatory, Birmingham Law School, University of Birmingham) (EIC0903)

31 Equity (EIC0934)

32 Federation of Racecourse Bookmakers (EIC0929)

33 Funding Circle (EIC0941)

34 Greene, Professor Francis (Professor, University of Edinburgh Business School) (EIC0911)

35 ICAEW (EIC0971)

36 IPSE (Association of Independent Professionals & the Self-Employed) (EIC0938)

37 Institute for Government (EIC0968)

38 Institute of Directors (EIC0907)

39 Jephcott, Mr Paul (EIC0948)

40 Jones, Mrs Sara (Centre Owner/Manager, RYG Outdoor Education Centre ltd) (EIC0914)

41 Keenan, Andrew (Strategy consultant, Self-employed) (EIC0891)

42 London Chamber of Commerce and Industry (EIC0966)

43 Low Incomes Tax Reform Group of the Chartered Institute of Taxation (EIC0946)

44 M2C Innovation Ltd (EIC0887)

45 MHA (EIC0940)

46 Macleod, Mr Alasdair (Head of Research, Goldmoney Inc) (EIC0917)

47 Merlin Entertainments (EIC0945)

48 Money Advice Trust (EIC0930)

49 Moorland Hall Ltd (EIC0919)

50 Mulheirn, Mr Ian (Executive Director, Tony Blair Institute); Professor Benjamin Moll (Professor of Economics, LSE); and Dr Flavio Toxvaerd (Lecturer, Cambridge University) (EIC0910)

51 New West End Company (EIC0965)

52 Pact (EIC0926)

53 Parry, Dr Jane (Lecturer in Organisational Behaviour and HRM, University of Southampton); Professor Stephen Bevan (Head of HR research development, Institute of Employment Studies); and Dr Zoe Young (Director, Half the Sky) (EIC0924)

54 Phillips, Mr John (Self Employer Proprietor, Oakfield Plumbing) (EIC0897)

55 Phoenix Medical Supplies Ltd (EIC0935)

56 Pool Reinsurance (EIC0964)

57 Positive Money (EIC0947)

58 Responsible Finance (EIC0932)

59 Rhys, Mr Peter James (Maroeconomist, PJR Morgan) (EIC0912)

60 The Authors' Licensing and Collecting Society (EIC0936)

61 The Company Chemists Association (EIC0969)

62 The Creative Industries Policy and Evidence Centre (PEC), led by Nesta, as part of the "Covid-19: the impacts on the cultural sector and implications for policy" research project (EIC0963)

63 The Society of Independent Brewers (SIBA) (EIC0908)

64 Thomas, Rhys (EIC0951)

65 Tourlite Design Limited (EIC0902)

66 Trades Union Congress (EIC0944)

67 UKHospitality (EIC0967)

68 Unite the Union (EIC0921)

69 Webb, Mr Keith (Director, Aiden Associates Ltd) (EIC0895)

70 Woodman Chairs Limited (EIC0901)

71 World Protection For Dogs and Cats in the Meat Trade (EIC0889)

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.

Session 2019–21

Number	Title	Reference
1st	Appointment of Andrew Bailey as Governor of the Bank of England	HC 122
2nd	Economic impact of coronavirus: Gaps in support	HC 454
3rd	Appointment of Richard Hughes as the Chair of the Office for Budget Responsibility	HC 618
4th	Appointment of Jonathan Hall to the Financial Policy Committee	HC 621
5th	Reappointment of Andy Haldane to the Monetary Policy Committee	HC 620
6th	Reappointment of Professor Silvana Tenreyro to the Monetary Policy Committee	HC 619
7th	Appointment of Nikhil Rathi as Chief Executive of the Financial Conduct Authority	HC 622
8th	Economic impact of coronavirus: the challenges of recovery	HC 271
9th	The appointment of John Taylor to the Prudential Regulation Committee	HC 1132
10th	The appointment of Antony Jenkins to the Prudential Regulation Committee	HC 1157
3rd Special	Economic impact of coronavirus: Gaps in support: Government Response to the Committee's Second Report of Session 2019–21	HC 662
4th Special	Economic impact of coronavirus: Gaps in support: Further Government Response	HC 749
5th Special	Economic impact of coronavirus: the challenges of recovery: Government Response to the Committee's Eighth Report of Session 2019–21	HC 999