



National Audit Office

Report

by the Comptroller
and Auditor General

Overview of the UK government's response to the COVID-19 pandemic

Summary

Introduction

1 Significant outbreaks of disease are among the greatest risks faced by any society, threatening lives and causing significant disruption to public services and the economy. The scale and nature of the current COVID-19 pandemic and government's response is unprecedented in recent history.

2 The UK government is implementing an extensive range of measures in response to the COVID-19 pandemic. This report presents a factual summary of:

- the background (Part One);
- government activity and costs (Part Two); and
- our approach to examining the UK government's response (Part Three).

3 This report is the first of a programme of work to be undertaken by the National Audit Office (NAO) to support Parliament in its scrutiny of the UK government's response to COVID-19. It provides a summary of the government's actions to date. It does not assess the value for money of the measures adopted by government or the effectiveness of its response.

4 The report covers the main actions taken by the UK government in England, as well as the funding provided to support responses in the devolved administrations of Northern Ireland, Scotland and Wales. It does not cover the individual responses in the devolved administrations, or the separate responses implemented by local authorities. The report covers the government's response up to 4 May 2020, and also includes any significant additional commitments (defined as those over £0.5 billion) the government announced between 4 and 15 May. More details on our audit approach, our evidence base and its limitations are available in paragraph 9 and Appendix One.

Key findings

5 The UK government mobilised a wide-ranging response to COVID-19 across five response areas:

- **Health and social care** responses covering service delivery, equipment, testing, services and vaccine development.
- **Other public services and emergency responses** across all public services, both local and national.
- **Support for individuals** affected by the pandemic, including benefits and sick pay, direct support to individuals or households and deferring tax payments.
- **Support for businesses** affected by the pandemic, including support for retaining jobs, loans and grants.
- **Other support** including international aid and providing the public with information.

6 The costs of the government's response are large and uncertain and will depend on the continuing health and economic impacts of the pandemic. The report covers the government's response up to 4 May 2020. It also includes any significant additional commitments (defined as those over £0.5 billion) the government announced between 4 and 15 May, giving a total of £124.3 billion.¹ This covers grants and other payments (£111.3 billion); expected costs of loans (£5.0 billion) and increases to benefits (£8.0 billion). This does not include loss of receipts to the Exchequer of £4.4 billion, largely from deferred tax payments.

7 As of 4 May, there had been 11 ministerial directions related to the government's responses to COVID-19, largely arising from the substantial and urgent additional spending commitments. A ministerial direction is sought when the permanent secretary of a department thinks that a spending proposal breaches any of the following criteria: regularity; propriety; value for money or feasibility. In relation to COVID-19, ministerial directions have been sought and granted to exceed Departmental Expenditure Limits authorised by Parliament for 2019-20 to support urgent spend; and because it had not been possible for departments to carry out as full an appraisal of the value for money of some schemes as would usually be undertaken.

¹ The £124.3 billion figure represents the sum of the £6.6 billion to support the health and social care response (paragraph 2.4) and the amounts we present in Figures 4 to 7 excluding loss of receipts to the Exchequer. Significant additional commitments announced between 4 and 15 May totalled £12.8 billion. The sources are government departments and the Office for Budget Responsibility (OBR).

- 8 Of the £124.3 billion committed to responding to COVID-19:
- £6.6 billion was to support the health and social care response (not including £13.4 billion of NHS debt that has been written off);
 - £15.8 billion was for other public services and the wider emergency response;
 - £19.5 billion was for support measures for individuals;
 - £82.2 billion was for financial support for businesses;² and
 - £0.2 billion was for other support.³

These cost commitments are those that we have been able to identify for central government spending, based on estimates from departments and the Office for Budget Responsibility (OBR). The cost commitments do include the UK's government's allocation of funding to local authorities in England and devolved administrations of Scotland, Wales and Northern Ireland but do not include further spending decisions taken by them. Some of these commitments are likely to change over time for a given period of support, which may lead to adjustments in costs and receipts.

9 The aim of this report is to provide a broad overview of activity and estimated costs. Events are moving quickly and the UK government's response to COVID-19 is evolving. The figures in this report are initial estimates of costs and our best understanding of the announced measures. Many costs are not yet final as the UK government's response continues. Precise costs will also depend on a range of uncertain factors, including the impact of the crisis on the wider economy and the level of take-up for each scheme. As a result, there are limitations and uncertainty in the information available. Limitations include:

- The completeness and quality of cost information. We have not audited individual programme costs.
- The overlap between COVID-19 additional funding and costs that are business-as-usual. Funding may not represent the net additional cost to government (i.e. how much additional funding to departments and devolved administrations will eventually be required), as in some cases the measures will be deliverable through the reprioritisation of existing funding and resources.

2 Includes: an estimated £50 billion in financial support for businesses to furlough employees, which also represents a support measure for individuals; and the current estimate of £5 billion for the cost of loans to businesses in 2020-21, although the full cost of these loans will not be known for some time.

3 Source for information on costs of support for health and social care, other public services and emergency responses, and other support: government documents and websites. Sources for information on costs of support for individuals and support for businesses: government documents and websites and OBR. Cost information has not been audited.

- For a number of policies, this report uses OBR estimates of policy costs (last updated on 14 May) which capture the direct impact of new policy measures on cash borrowing in 2020-21 and are based on their 'coronavirus reference scenario' (published on 14 April). The OBR website (<https://obr.uk/coronavirus-analysis/>) explains the assumptions underpinning these in more detail. Further details can be found in Appendix One.
- Technicalities such as Barnett formula adjustments (applied to funding from the UK government to the devolved administrations) have been explained where they are known to be included within costs but may not be identified in all cases.

Departments have reviewed and commented on the activities and costs relating to them. HM Treasury has commented on some aspects of the report but has not fact checked all the figures.