



National Audit Office

Report

by the Comptroller
and Auditor General

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

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National Audit Office

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

Report by the Comptroller and Auditor General

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Gareth Davies
Comptroller and Auditor General
National Audit Office

19 May 2020

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.

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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.

Part One

Background

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

Stages of the pandemic

1.2 As of 4 May 2020, the UK government had made more than 500 announcements on its responses to the pandemic. These responses are covered in more detail in Part Two. A timeline of key events is set out in Appendix Two.

1.3 The government launched its action plan in response to the pandemic on 3 March 2020. It set out its four-stage strategy:

- **Contain:** detect early cases, trace close contacts to avoid the spread of the disease, and prevent it taking hold in the UK for as long as is reasonably possible. On 12 March, the government announced that the country had moved from the Contain to the Delay stage.
- **Delay:** slow the spread of the disease in the UK. If it does take hold: lower the peak impact; push it away from the winter season.
- **Research:** better understand the virus and the actions that will lessen its effect on the UK population; innovate responses, including diagnostics, drugs and vaccines; use the evidence to inform the development of the most effective models of care.
- **Mitigate:** provide the best care possible for people who become ill; support hospitals to maintain essential services; ensure ongoing support for people ill in the community to minimise the overall impact of the disease on society, public services and on the economy.

Preparations for the Research and Mitigate stages began during the Contain stage. As of 4 May, the Delay, Research and Mitigate stages are still ongoing.

1.4 A wide range of organisations are involved in delivering the UK government's response to COVID-19 (**Figure 1** on pages 10 and 11), including government departments, local authorities, other public sector organisations, private sector organisations and charities. For example, broadcasters have played an important role in helping the government to get its messages across, such as the importance of hand-washing and social distancing in preventing and slowing the spread of COVID-19.

1.5 Local authorities play a significant role in the UK government's response to COVID-19 across all the response areas. Government's funding commitments include contributions towards the additional costs that this response imposes on local government. Local authorities will be managing these central obligations alongside their other locally initiated responses, which are not reflected in this report. Obligations include the following:

- **Health and social care.** Local authorities aim to: work with care providers to coordinate social care beds so patients can be quickly and safely discharged from hospitals; ensure viable care home provision during the outbreak; contact all registered care providers in the local authority area and establish plans for mutual support and aid across the area (for example, by sharing care workers between supported living and home care providers); and support the local distribution of items of personal protective equipment (PPE).
- **Other public services and emergency responses.** Local authorities aim to: provide accommodation and social care basics such as food and health support to homeless people sleeping rough or in shelters; work with local education providers to ensure enough school places for children of key workers and vulnerable children; and manage additional demands on local death management systems (for example, collecting information from mortuaries on capacity in local systems).
- **Support for individuals.** Local authorities aim to: coordinate local support systems of volunteers, charities and local access to provide emergency food support to those people classed as clinically extremely vulnerable; and use the Hardship Fund to reduce council tax bills for working-age people in receipt of Local Council Tax Support.
- **Support for businesses:** Local authorities aim to: administer grant schemes to small businesses and retail, hospitality and leisure businesses, which were set up with Department for Business, Energy and Industrial Strategy funding to respond to COVID-19-related disruption; and administer the business rates holiday for retail, hospitality and leisure businesses, estate agents and nurseries for the 2020-21 tax year.
- **Other support.** Local authorities aim to maintain transparent local democracy during lockdown by using new powers to hold public meetings remotely by video or telephone.

Figure 1

Organisations involved in the UK government's response to COVID-19

Key response areas	Key departments	Other key public sector organisations	Other key organisations
Health and social care			
Increasing COVID-19 patient capacity	Department for Health & Social Care (DHSC), Ministry of Housing, Communities & Local Government (MHCLG), Ministry of Defence (MoD)	NHS trusts and NHS foundation trusts, NHS England and NHS Improvement (NHSE&I), local authorities and clinical commissioning groups	Private sector health providers, independent adult social care providers
Adult social care	DHSC, MHCLG	Local authorities	Independent adult social care providers
Medical supply	DHSC, Cabinet Office (CO), Department for International Trade (DIT), Foreign & Commonwealth Office (FCO), MHCLG	NHS Supply Chain, NHSE&I	Pharmaceutical companies, private sector health equipment companies, manufacturing, trade associations and logistics companies
Testing	DHSC, MHCLG	Public Health England, local authorities, NHSE&I, NHS trusts and NHS foundation trusts, Medicines and Healthcare Products Regulatory Agency, Care Quality Commission and Office for National Statistics	Pharmaceutical companies, universities and private sector laboratories, trade associations
Research and development	DHSC, Department for International Development (DFID), Department for Business, Energy & Industrial Strategy (BEIS)	UK Research and Innovation, National Institute for Health Research	Research and development companies
Other public services and emergency responses			
Local government services	MHCLG, DHSC, Home Office (HO), CO	Local authorities (supporting central government response as well as implementing local responses)	
Education and children's services	Department for Education, MHCLG	Ofqual, Ofsted, Education & Skills Funding Agency, Office for Students, local authorities, schools, colleges and universities	Private sector childcare, nursery, education and training providers
Repatriation and travel advice	FCO, Department for Transport (DfT)	Civil Aviation Authority	Airlines, travel companies

Figure 1 *continued*

Organisations involved in the UK government's response to COVID-19

Key response areas	Key departments	Other key public sector organisations	Other key organisations
Other public services and emergency responses <i>continued</i>			
Other public services	HO, HM Treasury (HMT), DfT, DfE, CO, Department for Environment, Food & Rural Affairs (DEFRA), MoD, MHCLG, Ministry of Justice, FCO, Department for Digital, Culture, Media & Sport	Border Force, Immigration Enforcement, local authorities, Legal Aid Agency, HM Courts & Tribunals Service, HM Prison & Probation Service, Arts Council, Transport for London	Private sector logistics and freight companies, rail services, bus operators
Support for individuals			
Benefits and sick pay	Department for Work & Pensions, HM Revenue & Customs (HMRC), HMT		
Direct support to individuals/households	MHCLG, DEFRA, DWP	Local authorities	Local resilience forums and hubs, charities, food distributors
Support for self-employed people	HMT, HMRC		
Deferring tax payments	HMT, HMRC		
Support for businesses			
Support for retaining jobs	HMT, HMRC, DWP		
Loans and liquidity	BEIS, HMT, HMRC	British Business Bank, Bank of England, UK Research and Innovation, UK Export Finance	Commercial lenders
Grants and other funding support	BEIS, DEFRA, MHCLG	Local authorities and devolved administrations	
Additional reliefs	MHCLG, HMT, HMRC	Local authorities	
Other support			
International aid	DFID		Charities, international organisations
International cooperation	FCO		
Communications/public information	DHSC, CO, MoD	BBC	Mobile and internet providers

Note

1 This diagram does not present all the organisations involved in delivering each of these response areas.

Source: National Audit Office review of government documents

Governance and decision-making structures

1.6 The Cabinet Office has set out the governance and decision-making structures for the UK government's response to COVID-19. They comprise a Cabinet Secretariat with four Ministerial Implementation Committees representing health, international, economic and wider public services led by relevant ministers (**Figure 2**). Departments also have their own reporting structures and governance.

Ministerial directions

1.7 Ministerial directions are formal instructions from ministers telling their department to proceed with a spending proposal, despite an objection from their permanent secretary. Permanent secretaries, who are directly accountable to Parliament for how the department spends its money, have a duty to seek a ministerial direction if they think a spending proposal breaches any of the following criteria:

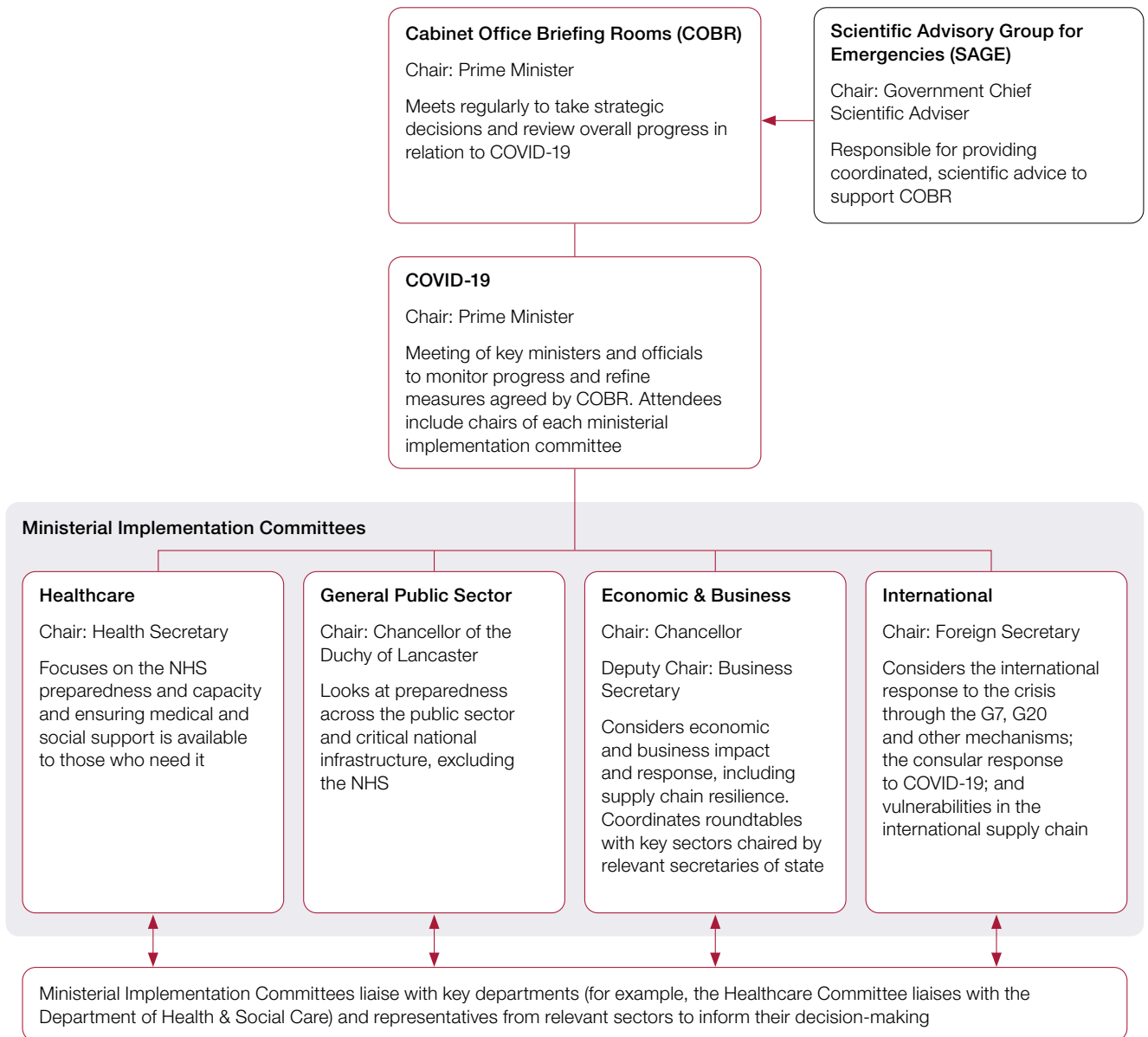
- regularity – if the proposal is beyond the department's legal powers, or agreed spending budgets;
- propriety – if it does not meet “high standards of public conduct”, such as appropriate governance or parliamentary expectations;
- value for money – if something else, or doing nothing, would be cheaper and better; and
- feasibility – if there is doubt about the proposal being “implemented accurately, sustainably or to the intended timetable”.⁴

1.8 To seek a ministerial direction, the permanent secretary of a department writes to his or her Secretary of State expressing concerns about a decision and asking for formal direction to proceed. In response, the Secretary of State issues a ministerial direction that instructs the permanent secretary to implement the decision. As a result of this direction, the minister, not the permanent secretary, is now accountable for the decision. As of 4 May, there had been 11 ministerial directions related to the government's responses 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.

⁴ HM Treasury, *Managing public money*, March 2018.

Figure 2

Governance and decision-making arrangements for the UK government's response to COVID-19 in England



Note

1 The National Audit Office has not evaluated the effectiveness of this governance and decision-making structure.

Source: Cabinet Office documents

Part Two

Government activities, programmes and costs

2.1 This Part provides more details about the UK government's response to COVID-19 across the five response areas: health and social care; other public services and emergency responses; support for individuals; support for businesses; and other support.

2.2 This Part sets out the main activities that have an associated cost or financial commitment above £1 million. UK government activities in response to COVID-19 will also include other measures taken under the Coronavirus Act 2020 to ensure government can continue to function during the COVID-19 outbreak (for example, releasing local authorities from the requirement to fully assess people who have care needs), where there are limited or unclear cost implications. All costs are government figures unless stated otherwise.

Support for health and social care

2.3 Following its commitment to provide the NHS with whatever resources it needs, government has taken a range of actions to support the health and social care response to COVID-19 which have a significant associated cost (**Figure 3** on pages 15 and 16). They include measures to increase capacity to treat COVID-19 patients, manage medical supplies, support for adult social care, and research and development for COVID-19 tests, treatments and a vaccine.

2.4 On 13 April 2020, the government announced £6.6 billion funding from the Coronavirus Emergency Fund to support the health and social care response, in addition to the routine Department of Health & Social Care budget that is being spent on responding to COVID-19. Figure 3 sets out key activities that government is undertaking to support health and social care and the associated costs where we have been able to identify them. The government has not yet set out which of these activities or costs will be funded from the £6.6 billion Coronavirus Emergency Fund.

2.5 In addition, the government announced the write-off of £13.4 billion of NHS debt from 1 April 2020 as part of a wider package of NHS reforms which aim to ensure the NHS has the necessary funding and support to respond to the COVID-19 pandemic.⁵

⁵ The amount of debt written off is subject to validation and has no fiscal cost to the government.

Figure 3

Support for health and social care in the UK government's response to COVID-19, as at 4 May 2020

Type of support	Description	Lead organisation(s)	Estimated costs (£m)	Explanation
Increasing COVID-19 patient capacity				
Funding for the NHS to treat coronavirus patients, including maintaining staffing levels	Activities include: hospitals postponing all non-urgent operations; establishing seven new NHS Nightingale hospitals in addition to surge capacity in existing NHS hospitals; arranging support from private hospitals; re-registering doctors, nurses and allied health professionals who had left the profession in the last three years; offering final year medical students and student nurses temporary roles; and introducing adjustments to terms and conditions to support NHS staff.	Department of Health & Social Care (DHSC), NHS England and NHS Improvement (NHSE&I)	Cost estimate not available	
Enhanced discharge support services	Funding via the NHS, including for follow-on care costs after discharge.	DHSC, NHSE&I, clinical commissioning groups	1,300	Committed funding to date.
Adult social care				
Increasing support for the adult social care workforce	Funding for local authorities across all the services they deliver, including increasing support for the adult social care workforce.	Ministry of Housing, Communities & Local Government (MHCLG), DHSC	Included in support to local authorities ³ (Figure 4)	
Medical supply				
Procuring of medical equipment	Procurement of medical equipment including additional ventilators.	DHSC, Department for International Trade	Cost estimate not available	
Design and manufacture of new ventilators	Design and manufacture of new ventilators in addition to ventilators procured by the health sector.	Cabinet Office	Up to 454	Agreed funding to date.
Supply of personal protective equipment (PPE)	DHSC plan includes guidance on who needs PPE, and which PPE; distribution of PPE; and securing PPE for the remainder of the crisis.	DHSC, MHCLG	4,000	Committed funding for UK's PPE demand up to end of July 2020, confirmed in letter from HM Treasury to DHSC on 27 April 2020. This was an initial estimate that may have changed.

Figure 3 *continued*

Support for health and social care in the UK government's response to COVID-19, as at 4 May 2020

Type of support	Description	Lead organisation(s)	Estimated costs (£m)	Explanation
Testing				
Developing a diagnostic test, creating a network of testing sites and increasing testing capacity	Initial test developed by Public Health England (PHE) and used in its labs. COVID-19 diagnostic tests were rolled out to eight PHE laboratories, a network of 50+ NHS testing sites and a PHE-Roche partnership with 15+ testing sites with a focus on acute care and outbreak testing. In addition, DHSC is taking forward mass testing of key workers and the wider population.	DHSC, PHE, NHSE&I	Cost estimate not available	
Research and development				
Rapid research response	Includes: vaccine development; repurposing existing therapies; and developing antibodies that target coronavirus.	DHSC through the National Institute for Health Research and UK Research and Innovation	25	Committed funding; funding arrangements to be agreed; closing date for bids in February 2020 covering research of up to 18 months.
Other health activities				
Support for mental health	Funding for mental health charities to expand support services.	DHSC	5	Committed funding.
Life assurance scheme	Families of eligible health and social care workers in England who die from coronavirus in the course of their frontline work will receive £60,000 (devolved administrations to get funding for similar schemes).	DHSC	Cost estimate not available	
NHS Covid-19 App for contact tracing	Funding for the NHS Covid-19 App which automates the process of contact tracing.	NHSX	6	Contracts awarded to cover the costs of app development, implementation and ongoing support.

Notes

- All information on costs is from government figures unless stated otherwise. Includes all activities that have an associated cost or financial commitment above £1 million. Costs are rounded to the nearest £1 million.
- The government has not yet set out which of the activities or costs presented in this Figure will be funded from the £6.6 billion from the Coronavirus Emergency Fund.
- £3.2 billion funding to respond to COVID-19 pressures across local services is shown in Figure 4. This includes the adult social care workforce and services helping the most vulnerable such as homeless people, clinically vulnerable people and clinically extremely vulnerable people. It also covers other local services such as fire and rescue.

Source: National Audit Office analysis of government documents and websites

2.6 Government has also taken a range of other actions to support the health and social care response to COVID-19 that do not have a significant associated cost, including:

- issuing guidance for COVID-19 patients and health and social care professionals;
- reviews by the Scientific Advisory Group for Emergencies (SAGE) of the number of cases in the UK, modelling and interventions made by other countries; and
- issuing notifications to healthcare organisations, GPs, local authorities and arm's-length bodies that they should share information to support efforts against coronavirus.

Support for other public services and emergency responses

2.7 Government has taken a range of measures to support other public services and the emergency response to COVID-19 which have a significant associated cost (**Figure 4** on pages 18 to 20). They include funding to support local government services, education and children's services, repatriation and other public services. The government has committed £15.8 billion to these measures.

2.8 Government has also taken a range of actions which are being delivered through re-prioritising existing resources. These include the following:

- Armed Forces support. This includes a £1 million Defence Innovation Fund to aid the Armed Forces in their work tackling COVID-19 and similar future threats. A new COVID-19 Support Force has been established to assist public services. Support includes deploying military planners and distributing medical and PPE.
- Education and children's services. The Department for Education is: supporting home schooling by making an expected 200,000 laptops available for vulnerable and disadvantaged pupils otherwise unable to access online education at an estimated cost of £110 million; funding the additional costs incurred by schools having to remain open at an estimated cost of £113 million; and committed funding for 14 projects to provide extra support for vulnerable children most at risk of neglect, violence or exploitation (£12 million) and an adoption support fund (£8 million). Schools also have flexibility to offer shopping vouchers or to continue providing meals for collection or delivery to families whose children are eligible. Depending on demand, the Department estimated this may cost up to £330 million.
- The Department for Digital, Culture, Media & Sport. The Department is supporting: the arts through Arts Council funding for organisations (£140 million) and individuals (£20 million); the heritage sector (£50 million); community sport and physical activity organisations (£20 million); local tourism organisations (£1 million) and rugby league through a package of emergency loans (£16 million) to safeguard the immediate future of rugby league (£11 million from new funding and £5 million from amended existing funding).

In addition, many local services are experiencing additional cost pressures associated with maintaining the safety, resilience and personal protection of their workforce through the pandemic.

Figure 4

Support for other public services and emergency responses in the UK government's response to COVID-19, as at 4 May 2020

Type of support	Description	Lead organisation(s)	Estimated costs (£m)	Explanation
Local government services				
Funding for local government	Funding to respond to COVID-19 pressures across local services, including the adult social care workforce, public health services and services helping the most vulnerable such as homeless people, clinically vulnerable people and clinically extremely vulnerable people. Also covers other local services such as fire and rescue.	Ministry for Housing, Communities & Local Government (MHCLG), Home Office (HO)	3,200	Committed funding from the COVID-19 fund and a further commitment in April 2020, covering 2019-20 and 2020-21.
Infection Control Fund	A £600 million fund, introduced to tackle the spread of COVID-19 in care homes in England in addition to £3.2 billion of financial support made available to local authorities to support key public services since the start of the crisis. Devolved administrations will also receive £113 million.	Department of Health & Social Care, MHCLG, local authorities	713	Committed funding. ²
Initial support for rough sleepers	Local authority funding for the cost of providing accommodation and services to those sleeping on the street in England.	MHCLG	3	Committed funding.
Transportation and storage of the deceased	Contracts for the transportation and storage of the deceased to manage lack of capacity if necessary.	Cabinet Office (CO)	22	Agreed funding to date.
Repatriation and support to British travellers				
Repatriation of British travellers	Assistance to British nationals with evacuation and return flights to the UK from priority countries, in partnership with airlines.	Foreign & Commonwealth Office (FCO)	Up to 75	Committed funding; No set time frame.
Enhanced support for British nationals travelling overseas	Examples include expanded travel advice, 24/7 running of the crisis centre, loans for British travellers overseas returning home or sheltering in place.	FCO	Cost estimate not available	The amount of new funding in addition to existing budgets has not yet been agreed with HM Treasury (HMT).
Other				
Courts	Increased use of video and audio systems to conduct hearings. Jury trials were paused on 23 March 2020 with consolidation work of courts and tribunals into fewer buildings.	Ministry of Justice (MoJ) and HM Courts & Tribunals Service	20	Committed funding.

Figure 4 *continued*

Support for other public services and emergency responses in the UK government's response to COVID-19, as at 4 May 2020

Type of support	Description	Lead organisation(s)	Estimated costs (£m)	Explanation
<i>Other continued</i>				
Prisons and probation	A range of measures including provision of additional accommodation in prisons and wider steps to contain the spread of the virus, investment in additional tagging capacity, staff overtime payments, personal protective equipment (PPE) purchases and costs associated with the introduction of exceptional models of delivery.	MoJ and HM Prisons & Probation Service	115	MoJ forecast.
Devolved government funding	Funding for the devolved administrations, including £2 billion from the Coronavirus Emergency Response Fund.	HMT	7,000 ^a	Committed funding.
Funding to charities	£750 million funding for frontline charities in the UK, including hospices and those supporting domestic abuse victims, sexual abuse victims and vulnerable children. Of this, £32 million comes from existing departmental budgets. £60 million will go to the devolved administrations. The government pledged to match donations to the BBC's Big Night In fundraiser (April 2020). The first £20 million to go to the National Emergencies Trust.	Department for Digital, Culture, Media & Sport (DCMS), HMT, MHCLG, DfE, MoJ, HO and Department for Environment, Food & Rural Affairs (DEFRA)	It is not yet clear what amount will be additional to existing budgets	Committed funding.
Rail emergency measures	Funding to ensure services continue for essential journeys. DfT temporarily suspended normal franchise agreements with rail operators and transferred all revenue and cost risk to the government.	Department for Transport (DfT) and HMT	3,500	Cost estimate; funding from the Coronavirus Emergency Response Fund; covering six months to end August 2020.
Transport links	Government emergency funding to support local bus services, light rail networks, lifeline transport links to the Isle of Wight and the Isles of Scilly, aviation and freight routes to Northern Ireland, freight links to mainland Europe and statutory functions in the aviation regulator.	DfT, HMT and Northern Ireland Executive	It is not yet clear what amount will be additional to existing budgets	Cost estimate of £260 million covering three months to June 2020 except for freight links to mainland Europe and Northern Ireland which covers two months to mid-July 2020 ⁴
Transport for London (TfL) funding package	A funding and financing package for TfL to safeguard services, based on a series of conditions.	DfT, HMT, and TfL	1,095	Grant of £1,095 million and loan of £505 million; package announced on 15 May 2020 and runs until October 2020 ⁵

Figure 4 *continued*

Support for other public services and emergency responses in the UK government's response to COVID-19, as at 4 May 2020

Type of support	Description	Lead organisation(s)	Estimated costs (£m)	Explanation
<i>Other continued</i>				
Support for government digital services	Includes funding to support systems that help Universal Credit claimants verify their identity and a new service to track 1.5 million vulnerable people.	CO	28	CO estimate of the funding to date.
Surplus food grant	The grant will help to distribute up to 14,000 tonnes of surplus stock to those in need.	DEFRA	5	Committed funding.
Grant-in-aid for the British Council	Additional funding for the British Council's overseas grant operation, enabling them to continue promoting cultural understanding between the UK and other countries, for example through English language teaching, Seasons of Culture, and youth exchanges.	FCO	26	Spend; 2019-20.

Notes

- 1 All information on costs is from government figures unless stated otherwise. Includes all activities that have an associated cost or financial commitment above £1 million. Costs are rounded to the nearest £1 million. Some estimated costs may be funded through re-prioritising existing resources.
- 2 This funding was announced on 15 May 2020. This report covers activities announced by 4 May 2020 and announcements over £500 million up to 15 May 2020.
- 3 The £7 billion for devolved administrations may include some double counting. For example, it is not clear whether the £2.34 billion funding for them, highlighted in Figure 6, in relation to the Small Business Grants Fund and the Retail, Hospitality and Leisure Grants Fund is included in this figure.
- 4 The £260 million is not included in the total of £15.8 billion for other public services and emergency responses in this report because it is not yet clear what amount will be additional to existing budgets
- 5 This funding was announced on 15 May 2020. This report covers activities announced by 4 May 2020 and announcements over £500 million up to 15 May 2020. The grant will be provided by DfT and the loan will be drawn from the Public Works Loan Board.

Source: National Audit Office analysis of government documents and websites

2.9 Government has also taken a range of other actions to support local services and the wider response to COVID-19, such as changes to regulations or guidance, that do not have a significant associated cost, including:

- extending driver hours to help deliver more goods to supermarkets and to help meet the increased demand for home deliveries and relaxing competition law to ensure food retailers can work together to keep shops open;
- introducing new public health regulations strengthening police enforcement powers in England to ensure people stay at home and avoid non-essential travel;
- issuing guidance for schools and education providers;
- extending visas for those currently unable to return home due to COVID-19 and lobbying other governments to do the same for British nationals overseas; and
- working closely with third sector organisations to help vulnerable British nationals wanting to return from overseas who are in urgent need of food and shelter in their current locations.

Support for individuals

2.10 The government has introduced a range of measures to support people facing specific economic or personal difficulties as a result of the COVID-19 outbreak, such as loss of income (**Figure 5** on pages 22 and 23). It includes changes to benefits and statutory sick pay, direct support provided to individuals or households, financial support for self-employed people and deferring tax payments. These measures are expected to cost around £19.5 billion in total. This total does not include loss of receipts from non-recoverability of deferred tax payments, which is expected to be around £1.2 billion.

2.11 Government has also taken a range of actions to support individuals that do not have a significant associated cost for government. These include:

- issuing guidance and advice on matters affected by the COVID-19 outbreak, for example on social distancing, unpaid care and home moving; and
- extending notice periods covering most private and social rented accommodation.

Figure 5

Support for individuals in the UK government's response to COVID-19, as at 4 May 2020

Type of support	Description	Lead organisation(s)	Estimated costs (£m)	Explanation
Benefits and sick pay				
Welfare changes including increases to Universal Credit and Working Tax Credit	Welfare changes were announced on 11 and 20 March 2020 to respond to the COVID-19 crisis. These include increases to: the standard allowance component of Universal Credit; the basic element of the Working Tax Credit; and Local Housing Allowance. People are not required to attend Jobcentre Plus appointments or medical assessments during the pandemic.	Department for Work & Pensions (DWP) and HM Revenue & Customs (HMRC)	8,000 (includes benefits and tax credits)	Office for Budget Responsibility (OBR) revision to HM Treasury (HMT) estimate of £7 billion, based on aligning to the higher caseload implied by its economy scenario.
Working Tax Credit hours	On 4 May 2020, the government announced those working reduced hours due to coronavirus or those being furloughed by their employer will not have their tax credits payments affected if they are still employed or self-employed.	HM Treasury (HMT) and HMRC	Cost estimate not available	HMRC and HMT are working with OBR to estimate the impacts of this policy.
Child Benefit easements	A temporary measure to enable parents to claim Child Benefit without having to register their child's birth first.	HMT and HMRC	Cost estimate not available	HMRC and HMT are working with OBR to estimate the impacts of this policy.
Additional funding for delivery of welfare measures	Additional funding to deliver and support welfare measures.	DWP	166	Committed funding covering 2020-21.
Direct support to individuals/households				
Council tax relief (Hardship Fund)	The Hardship Fund enables local authorities in England to reduce the 2020-21 council tax bills of working-age people receiving Local Council Tax Support. Can also be used to provide further discretionary support.	Ministry of Housing, Communities & Local Government (MHCLG) and local authorities	500	Committed funding; covering 2020-21.
Support for clinically extremely vulnerable people	This includes measures to support people identified as clinically extremely vulnerable to COVID-19, including government food packages (£267 million) and the National Shielding Helpline (£56 million).	Department for Environment, Food & Rural Affairs (DEFRA), MHCLG and DWP	323	

Figure 5 *continued*

Support for individuals in the UK government's response to COVID-19, as at 4 May 2020

Type of support	Description	Lead organisation(s)	Estimated costs (£m)	Explanation
Support for self-employed people				
Income support for self-employed people	The Self-employment Income Support Scheme provides taxable grants to self-employed people, or members of a partnership, who have lost income. Open to an estimated 3.8 million people and available for three months, with the possibility of extension.	HMT and HMRC	10,500	OBR estimate assuming 80% take-up rate and average monthly grant of £1,250 (half of the maximum grant), over 3.5 months.
Deferring tax payments				
Promoting 'Time to Pay' arrangements	Taxpayers can request bespoke 'Time to Pay' arrangements to pay outstanding tax liabilities in instalments if they are not able to pay on time and in full due to COVID-19.	HMT and HMRC	Cost estimate not available	Scaling up of HMRC's Time to Pay service could shift receipts between years and is subject to uncertainties over costs at this time.
Deferring self-assessment payments	Those who cannot pay tax bills on time due to COVID-19 can delay self-assessment payments due in July 2020 until 31 January 2021. Deferred payments will not be subject to a penalty.	HMT and HMRC	1,200	OBR estimate of the value of deferred payments that will not ultimately be paid back. OBR assumes that 90% of receipts otherwise expected around the July payment on account deadline will be deferred and that the rate of non-payment will be 10%.

Notes

- 1 Some measures in Figure 6 on support for businesses are also intended to benefit individuals, such as the Coronavirus Job Retention Scheme.
- 2 All information on costs is from government figures unless stated otherwise. Office for Budget Responsibility figures are from its coronavirus policy monitoring database, published 14 May 2020. Includes all activities that have an associated cost or financial commitment above £1 million. Costs are rounded to the nearest £1 million.

Source: National Audit Office analysis of government documents and websites and Office for Budget Responsibility documents

Support for businesses

2.12 The government announced support measures for businesses to help them cope with the economic disruption caused by COVID-19 (**Figure 6** on pages 25 to 28). They include payments to businesses for furloughed employees, government-backed loan schemes, cash grants and additional reliefs. Departments and the Office for Budget Responsibility (OBR) have estimated that the cost of business support measures so far is expected to be £82.2 billion. In addition, the loss of receipts from measures such as deferring VAT payments and postponing off-payroll working reforms is expected to total £3.2 billion.

2.13 The full cost of government-backed loan and finance schemes will not be known for some time, as it will depend on take-up and how many businesses default on their loans. The OBR estimates that three of the largest loan schemes could cost around £5 billion in 2020-21 (the Coronavirus Business Interruption Loan Scheme for small and medium-sized businesses, the equivalent scheme for large businesses, and the Bounce Back Loan Scheme). HM Treasury has announced that the main loan and guarantee schemes will be of unlimited size, with an initial £330 billion of guarantees being made available in March 2020.

2.14 Government has also taken a range of actions which are being delivered through re-prioritising existing resources. These include the following:

- accelerating £200 million of grant and loan funding to research and development SMEs; and
- £6.1 million of funding to support local Business Improvement Districts.

2.15 Government has also taken a range of actions to support businesses which are not expected to have a significant associated impact on public spending, including:

- issuing a range of guidance on issues affecting businesses as a result of the COVID-19 outbreak;
- introducing a ban on evictions for commercial tenants who miss rent payments until 30 June, with an option for the government to extend it if needed;
- giving companies a three-month extension period to file accounts during the COVID-19 pandemic; and
- support from the Department for International Trade to help exporters overcome trading barriers, find new sources of supply and access new government finance schemes.

Figure 6

Support for businesses in the UK government's response to COVID-19, as at 4 May 2020

Type of support	Description	Lead organisation(s)	Estimated costs (£m)	Explanation
Support for retaining jobs				
Financial support for businesses to furlough employees	The Coronavirus Job Retention Scheme (CJRS) enables employers to claim a taxable grant covering 80% of the wages for furloughed employees (capped at £2,500 a month per employee). Employers can claim for employer National Insurance Contributions and minimum automatic enrolment pension contributions. The current form of the scheme applies from March to July 2020 and is open to all employers. CJRS has been extended to 31 October 2020, with employers expected to make contributions to the cost of paying their furloughed workers from August 2020.	HM Treasury (HMT) and HM Revenue & Customs (HMRC)	50,000	Revised Office for Budget Responsibility (OBR) estimate of net cost, less income tax and National Insurance Contribution payments. ³ The OBR's cost estimate covers the period from 1 March to 31 July 2020 (the OBR has not estimated costs beyond 31 July 2020 for the extended version of the scheme to 31 October 2020).
Repaying employers for statutory sick pay paid to employees	The Coronavirus Statutory Sick Pay Rebate Scheme repays employers with less than 250 employees the current rate of statutory sick pay paid to current or former employees for periods of sickness starting on or after 13 March 2020, capped at two weeks.	Department for Work & Pensions (DWP) and administered by HMRC	1,000	OBR estimate based on halving HMT's budget day estimate from 11 March 2020, which predated CJRS being launched.
Loans and liquidity				
Support for small and medium-sized businesses (SMEs) to access loan finance	The Coronavirus Business Interruption Loan Scheme (CBILS) supports SMEs to access loans, overdrafts and other finance. Businesses with an annual turnover of less than £45 million can access finance up to £5 million, with a term length of up to six years. They do not have to demonstrate that they are not able to access commercial finance. The government guarantees 80% of each loan and will pay the first 12 months of interest on loans and any lender-levied fees.	Department for Business, Energy & Industrial Strategy (BEIS) and HMT, with delivery by the British Business Bank through commercial lenders	5,000 for three schemes: CBILS, Coronavirus Large Business Interruption Scheme and Bounce Back Loan Scheme	OBR estimate of the cost of these three schemes in 2020-21. ⁴ At 11 May 2020, more than 35,000 CBILS loans had been issued at a value of £6,094 million. Scheme open initially to 23 September 2020.
Support for large businesses to access loan finance	The Coronavirus Large Business Interruption Loan Scheme (CLBILS) supports large businesses to access loans, overdrafts and other finance. Businesses with an annual turnover between £45 million and £250 million can apply for up to £25 million of finance, and firms with an annual turnover of over £250 million can apply for up to £50 million of finance. The maximum term length is three years.	BEIS and HMT, with delivery by the British Business Bank through commercial lenders	See above	See above for explanation of cost. At 11 May 2020, 59 loans had been issued at a value of £359 million. Scheme open initially to 20 October 2020.

Figure 6 *continued*

Support for businesses in the UK government's response to COVID-19, as at 4 May 2020

Type of support	Description	Lead organisation(s)	Estimated costs (£m)	Explanation
Loans and liquidity <i>continued</i>				
Support for businesses to quickly access smaller amounts of loan finance	The Bounce Back Loan Scheme (BBLs) provides loans to businesses of up to 25% of turnover, capped at £50,000 (interest free for the first 12 months), with a 100% government-backed guarantee for lenders. These loans have a term length of six years.	BEIS and HMT, with delivery by the British Business Bank through commercial lenders	See above	See above for explanation of cost. At 11 May 2020, over 268,000 loans had been issued at a value of £8,378 million. Scheme open initially to 4 November 2020.
Corporate financing support for large companies	The Covid Corporate Financing Facility (CCFF) is designed to help larger firms bridge COVID-19-related disruptions to their cash flows through the purchase of their short-term debt. CCFF is intended to operate for an initial period of 12 months.	Bank of England (BoE) and HMT	Cost estimate not available	BoE expects costs/losses from this scheme will be significantly lower than the value of funds drawn down from the scheme. ⁵ At 6 May 2020, £17,700 million of funds had been drawn down, with a total of £52,000 million approved for draw-down.
Government convertible loans to innovative companies	The Future Fund scheme will issue convertible loans of between £125,000 and £5m to innovative companies which are facing financing difficulties due to COVID-19. Each convertible loan requires at least equal match funding from third-party investors and can subsequently be converted into equity in the company. The scheme is open initially to the end of September 2020	BEIS and HMT, with delivery by the British Business Bank	Cost estimate not available	HMT has announced an initial allocation of £250 million of investment funding for this scheme, but a cost estimate is not yet available.
Financial support for research and development SMEs	A mix of grant and loan payments to SMEs focusing on research and development.	UK Research and Innovation	Up to 550	Committed funding.
Deferring VAT payments	UK VAT registered businesses can defer VAT payments due between 20 March and 30 June 2020 to March 2021. No interest or penalties will be charged.	HMT and HMRC	1,900	OBR estimate that assumes 5% of deferred payments will not ultimately be paid back because some firms will fail between now and the end of the financial year.

Figure 6 *continued*

Support for businesses in the UK government's response to COVID-19, as at 4 May 2020

Type of support	Description	Lead organisation(s)	Estimated costs (£m)	Explanation
Enabling continued export finance support for exporters	UK Export Finance (UKEF) has expanded the scope of its Export Insurance Policy so that insurance can now cover up to 95% of the value of an export contract. This protects against the risk of non-payment if UK exporters' customers become insolvent or other governments' actions make fulfilling contracts impossible	HMT and UKEF	Cost estimate not available	UKEF support is demand-led, with around £30 billion of capacity available. Costs are contingent on defaults, which UKEF expects to be significantly lower than £30 billion.
Grants and other funding support				
Small Business Grants Fund (SBGF) and the Retail, Hospitality and Leisure Grants Fund (RHLGF)	Two grant funding schemes set up to support small businesses (£7.292 billion) and businesses in the retail, hospitality and leisure sectors (£5.042 billion). Eligible small businesses can receive grants of £10,000, while retail, hospitality and leisure businesses can receive grants of £25,000. The cost of administering the scheme is subject to a new burdens assessment (£70 million has provisionally been allocated by HMT). £2.34 billion has also been allocated to devolved administrations.	BEIS with local authorities administering grants, devolved administrations	14,744	Committed funding. At 10 May 2020, £9.14 billion had been paid to 742,000 businesses in England.
Local Discretionary Grant Fund (LADGF)	This fund is aimed at small businesses with ongoing fixed property-related costs who were not eligible for the SBGF and RHLGF. Local authorities can spend up to 5% of their expenditure on these two schemes (capped at £617 million).	BEIS with local authorities administering grants	Up to 617	HMT will meet the costs of the LADGF up to the maximum £617 million if local authorities are unable to meet the costs from existing allocations for SBGF and RHLGF.
Other grants and funding support for specific businesses/sectors	These include grants and funding support to the marine and fisheries industry (£10 million) and zoos (£14 million).	Department for Environment, Food & Rural Affairs (DEFRA)	24	Committed funding.
Additional reliefs				
Business rates relief for retail, hospitality and leisure businesses	Eligible businesses in England in the retail, hospitality and leisure sectors do not have to pay business rates for the 2020-21 tax year. Also applies to estate agents and lettings agencies. There is a separate scheme for childcare nurseries. Local authorities will be reimbursed for the loss of business rates receipts.	MHCLG and local authorities	10,221	Confirmed cost to central government covering 2020-21.

Figure 6 *continued*

Support for businesses in the UK government's response to COVID-19, as at 4 May 2020

Type of support	Description	Lead organisation(s)	Estimated costs (£m)	Explanation
Additional reliefs continued				
Postponing off-payroll working reforms	Changes to off-payroll working rules have been delayed by 12 months, resulting in loss of the revenue that would have come from implementing it at the planned time.	HMT and HMRC	1,200	OBR initial estimate of loss of receipts from postponing this reform, based on the 2020-21 estimated yield that would have resulted from implementing this change.
Scrapping VAT on e-publications	This measure was announced in the March 2020 Budget and was due to take effect from 1 December 2020. It has now been brought forward to 1 May 2020.	HMT and HMRC	100	OBR estimate of the reduction in VAT receipts in 2020-21 by the change in start date.
Relief on import taxes for goods to tackle COVID-19	Import VAT and customs duty relief for goods to tackle COVID-19 until 31 July. Applies to specific medical goods coming from outside the EU, including ventilators, coronavirus testing kits and protective clothing.	HMT and HMRC	Cost estimate not available	HMRC and HMT are working with OBR to estimate the impacts of this policy.
VAT zero rating for personal protective equipment (PPE)	A new temporary zero rate applies to supplies of PPE, as defined by Public Health England's coronavirus (COVID-19) PPE guidance on 24 April 2020, between 1 May and 31 July 2020.	HMT and HMRC	Cost estimate not available	The measure is expected to decrease receipts.
Extension to payment on Duty Deferment Accounts (DDA)	Those unable to pay the full amount of customs duty and Import VAT owed on their DDA because of severe COVID-19-related difficulties can extend the payment period for duties deferred in April and May 2020 for up to three months from their due date.	HMT and HMRC	Cost estimate not available	HMRC and HMT are working with OBR to estimate the impacts of this policy.

Notes

- Some measures on support for individuals could also be included under support for businesses, such as the Self-employment Income Support Scheme.
- All information on costs is from government figures unless stated otherwise. Office for Budget Responsibility figures are from its coronavirus policy monitoring database, published 14 May 2020. Includes all activities that have an associated cost or financial commitment above £1 million. Costs are rounded to the nearest £1 million.
- The Office for Budget Responsibility's estimate of the Coronavirus Job Retention Scheme was revised on 14 May 2020, to increase its estimated cost by £11 billion following the government's announcement on 12 May that the scheme would be extended to the end of October 2020 and operate in its current form to the end of July 2020 (rather than the end of June as previously announced). This report covers activities announced by 4 May 2020 and announcements over £500 million up to 15 May 2020.
- In May 2020, the Office for Budget Responsibility estimated the cost to government of three loan schemes for 2020-21: the Coronavirus Business Interruption Loan Scheme, the Coronavirus Large Business Interruption Loan Scheme and the Bounce Back Loan Scheme. This cost estimate is based on there being £50 billion of lending across the three schemes, of which 10% is assumed to result in write-offs and a consequent cost to the public finances.
- The Covid Corporate Financing Facility is indemnified by HM Treasury (HMT), with HMT paying costs to the scheme as any losses crystallise. The Bank of England expects costs/losses from the scheme to be significantly lower than the value of funds drawn down because of the low risk of default from the firms accessing the scheme, which need to have an investment-grade credit rating.

Source: National Audit Office analysis of government documents and websites and Office for Budget Responsibility documents

Other support

2.16 Government has also undertaken other measures in response to the COVID-19 outbreak (**Figure 7**) including communications and public information campaigns. This other support is expected to cost £217 million.

2.17 Government has also taken a range of actions which are funded through re-prioritising existing resources. These include:

- £744 million of UK aid to tackle COVID-19 worldwide, including £250 million to the Coalition for Epidemic Preparedness Innovations to research a coronavirus vaccine and £200 million to UK charities and international organisations to help reduce mass infections in developing countries; and
- support for Overseas Territories, including the Conflict, Stability and Security Fund, which is procuring essential medical supplies, staff and logistical support, as well as supporting medical facilities in the Falkland Islands; providing a Security Assistance Team to local authorities in the Cayman Islands; and Turks and Caicos, and supporting border security measures in Anguilla.
- A £5 million COVID-19 support package for St Helena and Montserrat.

2.18 Government has also taken a range of actions which do not have a significant cost associated with them. These include:

- publishing its 'battle plan' to tackle COVID-19;
- launching a Coronavirus Information Service on WhatsApp; and
- listing cultural content available online, including from the Department for Digital, Culture, Media & Sport's arm's-length bodies.

Figure 7

Other support in the UK government's response to COVID-19, as at 4 May 2020

Type of support	Description	Lead organisation(s)	Estimated costs (£m)	Explanation
Communications and public information				
Communications and information campaigns	Public information campaigns on how to slow the spread of COVID-19 and reduce the impact on NHS services, such as guidance on COVID-19 symptoms and hand washing. The Cabinet Office (CO) supported by the Ministry of Defence (MoD), has been tackling misinformation.	CO, Department for Health & Social Care, MoD	217	CO estimate with £75 million agreed to date.

Note

¹ All information on costs is from government figures unless stated otherwise. Includes all activities that have an associated cost or financial commitment above £1 million. Costs are rounded to the nearest £1 million.

Source: National Audit Office analysis of government documents and websites

Part Three

Our approach to examining the UK government's response to COVID-19

3.1 This report is the first stage of our programme of work examining government's response to COVID-19. We will use this report to identify a risk-based series of evaluative and descriptive reports targeted on areas where we think there have been particular challenges and where we feel there is most to learn.

3.2 In carrying out our programme of work, we will continue to carefully consider its timing and nature to minimise the impact on those dealing with the emergency at this exceptionally busy time, while providing Parliament and the public with timely reporting to support accountability and learning.

3.3 Our confirmed programme of work so far includes this summary overview, which aims to set out the facts and figures around the government's response; and our review of *Readying the NHS and social care for the COVID-19 peak*, which will provide a factual update on progress with key government actions across health and social care. These areas include:

- increasing the availability of healthcare professionals and beds to treat COVID-19 patients while maintaining other essential health services;
- securing adequate vital supplies, including personal protective equipment (PPE), testing equipment, and ventilators; and
- protecting and supporting vulnerable groups, including those residents in care homes and healthcare professionals.

3.4 The immediate priorities for the government response have been to ensure that measures protect people from exposure to COVID-19 and ensure that those infected are cared for. However, the government is also having to consider and mitigate the risks created by its response to the crisis. Looking ahead, we expect to report on how government has approached these risks. Our further enquires will likely consider the following areas (not an exhaustive list):

- **Procurement and supply chains.** Many departments are having to source products and services quickly in new or emerging markets, often with complex and varied supply chains. The health and social care supply chain has had to work with pharmaceutical companies, private sector health equipment companies and manufacturing and logistics companies, and must compete with many other purchasing entities from across the world. This increases the risk that there will be insufficient supply, such as the well-documented challenges with providing sufficient PPE and other medical equipment.
- **Fraud and error.** To get support to those that need it quickly, departments have had to relax the controls and checks they would normally have in place to administer and deliver schemes of support. This increases the risk of fraud and error, as support may be given to those that are not eligible and fraudsters may seek to exploit any loopholes.
- **Capitalising on new ways of working and retaining lessons learnt.** In order to deal with the impacts of COVID-19 and implement its responses, government has had to streamline decision-making, work across multiple departments and public bodies and use a range of delivery structures. Departments' risk not capitalising on the benefits and opportunities these new ways of working have brought.
- **Maintaining focus on existing significant challenges.** The COVID-19 pandemic hit as government was already dealing with major challenges, including EU Exit; meeting government's net zero carbon emissions target; major infrastructure projects; and the financial sustainability of key public services. Departments' risk losing ground on the progress they have made in addressing these challenges.

3.5 Our future work programme will necessarily need to be responsive to events as the government's response to the COVID-19 pandemic evolves. As our work develops and individual areas of focus become clear, we will publish the details on the dedicated COVID-19 section on our website (www.nao.org.uk/about-us/covid-19-coronavirus/).

Appendix One

Our methodology

Scope

1 This report provides an overview of the UK government's response to COVID-19 and the costs involved. As at 15 May 2020, the government had made more than 500 announcements and committed over £124.3 billion in response to COVID-19. This report sets out the facts relating to:

- the government's coronavirus action plan launched on 3 March;
- the organisations involved in the government's response;
- the governance and decision-making structures for the government's response;
- the government's activities and related costs across five response areas: health and social care; other public services and emergency responses; support for individuals; support for businesses; and other support;
- the role of government departments and other bodies in implementing those plans; and
- our approach to examining the government's response.

2 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 includes additional government funding commitments of over £0.5 billion, made up to 15 May 2020

3 This report sets out the main activities that have an associated cost or financial commitment above £1 million. UK government activities in response to COVID-19 will also include other measures taken under the Coronavirus Act 2020 to ensure government can continue to function during the COVID-19 outbreak (for example, releasing local authorities from the requirement to fully assess people who have care needs), where there are limited or unclear cost implications. All costs are government figures unless stated otherwise.

4 This report does not assess the value for money of the measures adopted by government or the effectiveness of its response. 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.

5 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.
- 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. Given the timing of this work, OBR notes there is a high level of uncertainty around these figures. Many of the policies costed will have short-term, substantial direct budgetary costs, designed to support individuals and businesses through this temporary shock in order to help prevent greater economic and fiscal damage in the long-term. OBR has not attempted to quantify the costs of inaction. OBR's standard approach to forecasting is to evaluate the cost (or yield) from new policies against a pre-measured baseline. It does not deem this approach to be feasible in the current circumstances. Instead it has presented the costs relative to a scenario baseline that already captures the effect of policy interventions on economic activity.
- 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.

Methods

6 We have produced this report after collecting evidence between 31 January and 15 May 2020. We:

- reviewed announcements made by the government in response to COVID-19;
- reviewed key documents and guidance published by government departments in response to COVID-19;
- reviewed government's data on the costs of responding to COVID-19;
- reviewed other estimates on the costs of government's response, such as from the Office for Budget Responsibility; and
- drew on discussions with government departments about the impact of COVID-19 on their operations.

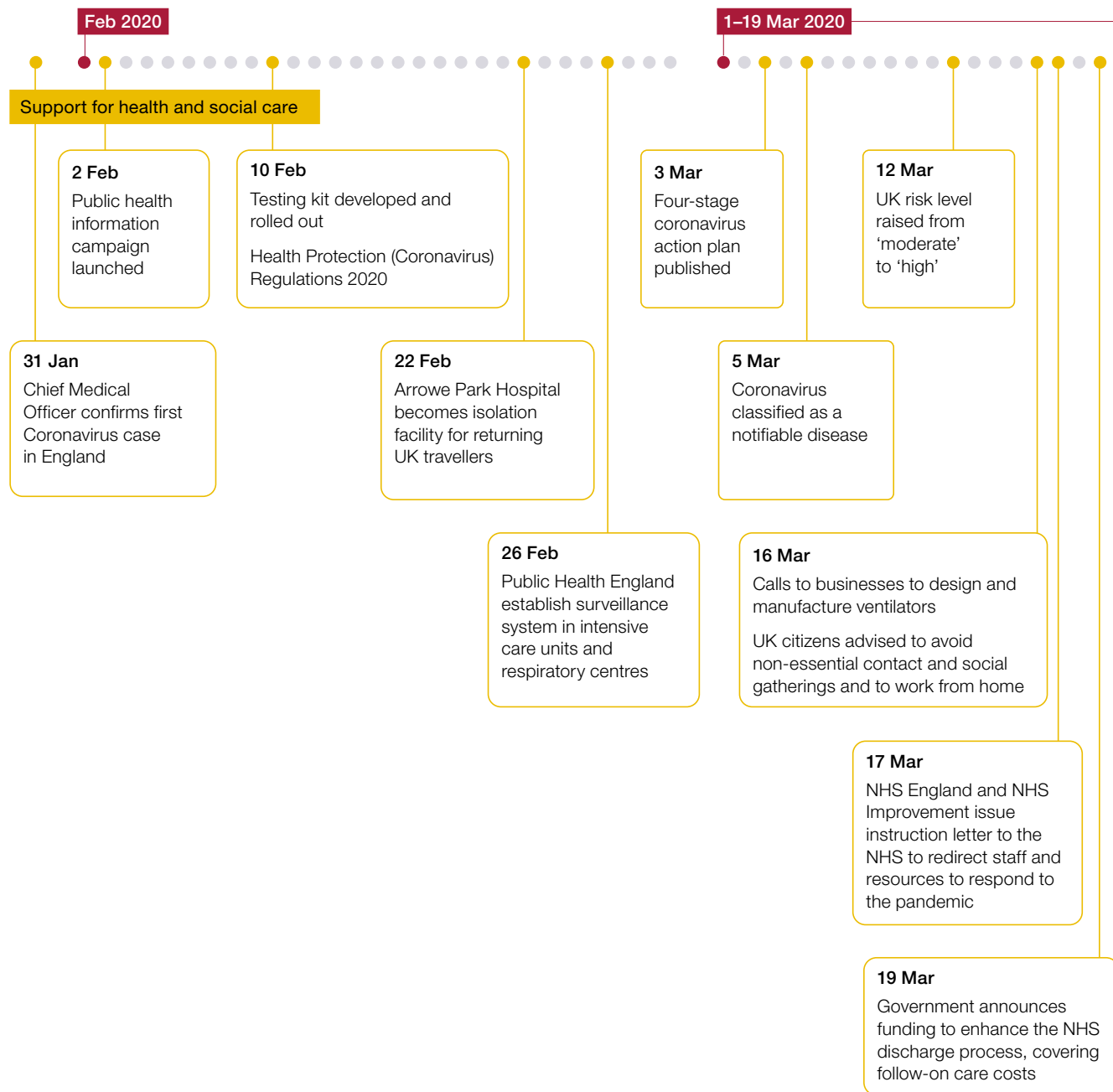
Appendix Two

Timeline of key events

- 1 See **Figure 8** on pages 36 to 39.

Figure 8

Timeline of key events in the UK government's response to COVID-19, 31 January to 29 April 2020



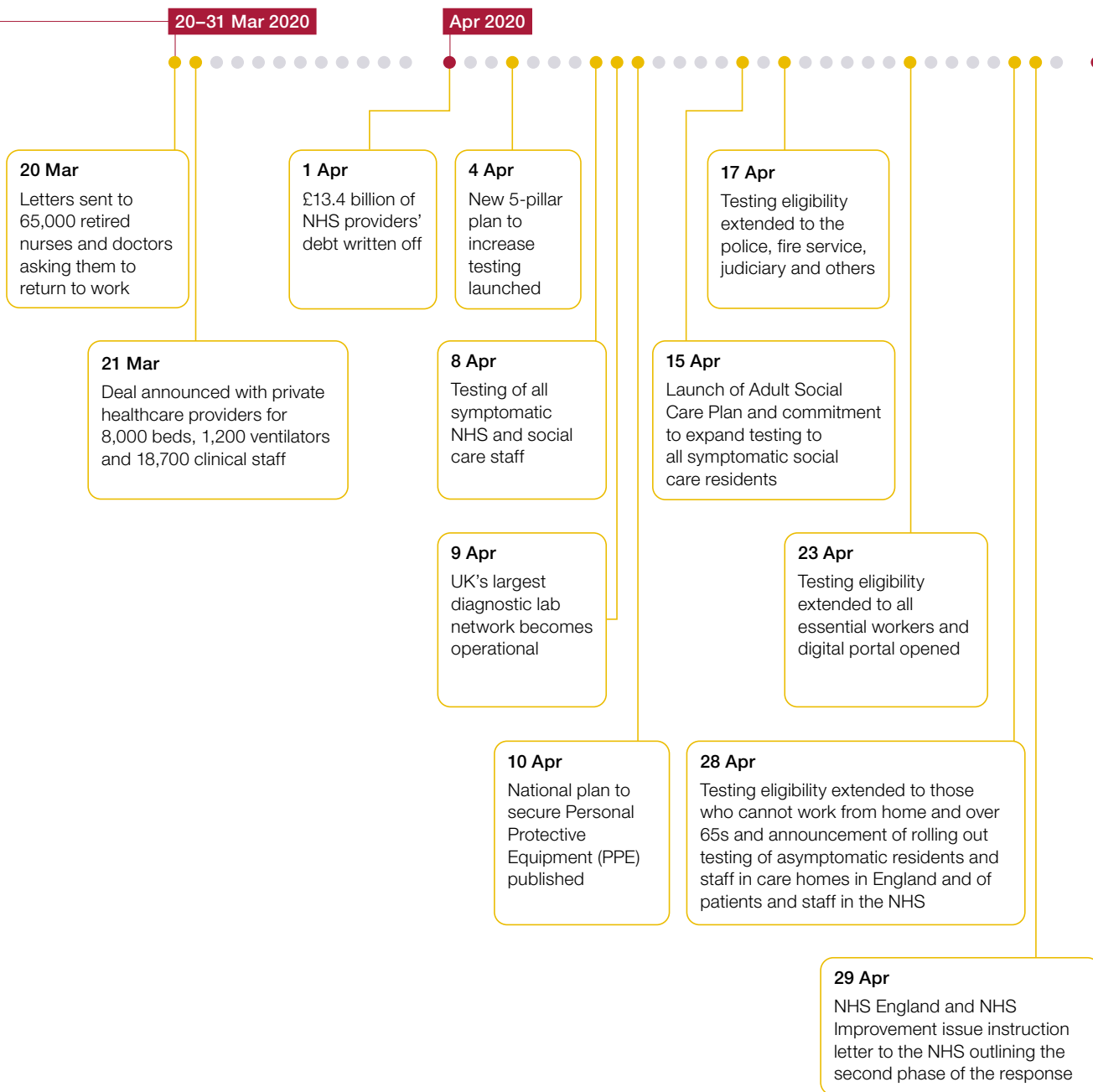
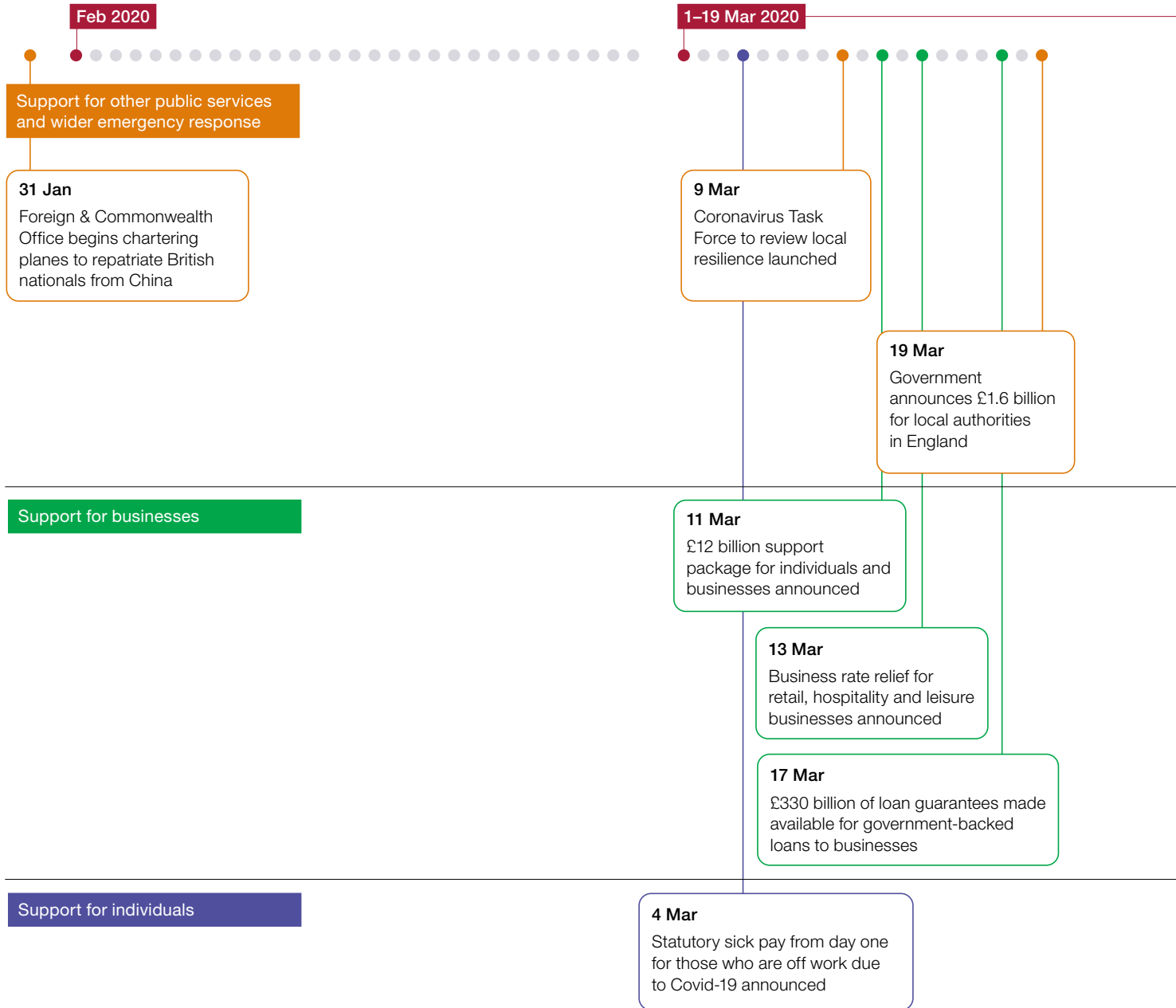


Figure 8 *continued*

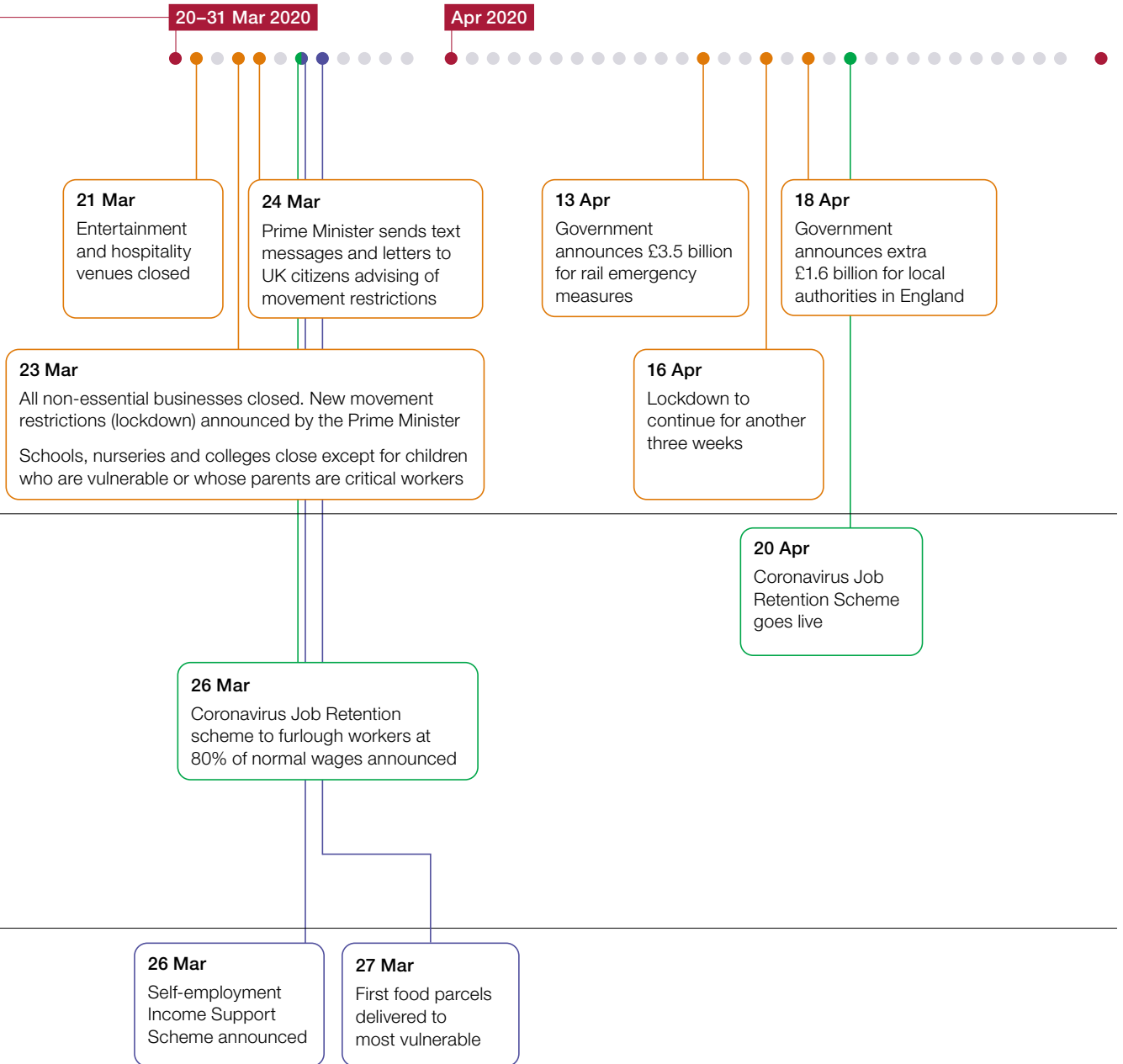
Timeline of key events in the UK government's response to COVID-19, 31 January to 29 April 2020



Note

1 The diagram does not include all government announcements on COVID-19.

Source: National Audit Office review of government documents and websites



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