

Rt Hon Meg Hillier MP
Chair – Public Accounts Committee
House of Commons

11 June 2020

UK Government's Response to COVID-19

Dear Chair,

Thank you for your invitation to share our views on the UK Government's Approach to Responding to COVID-19 as you take evidence building on the recent National Audit Office report. I understand the Public Accounts Committee at the House of Commons will be taking evidence from the permanent secretaries from MHCLG, BEIS, HM Treasury and Cabinet Office on Monday 15 June 2020. We welcome the opportunity to comment and hope that our views will be helpful.

Our Committee met on Monday 8 June 2020 to take evidence from Welsh Government Officials on the subject of Welsh Government's financial support to business from a COVID-19 specific angle. We have not undertaken any wider work on COVID-19 related issues at this stage so our response is confined to the evidence we have heard to date on that topic. There has, however, been wider Welsh Parliament scrutiny on a range of issues that you may be interested in and our Clerks would be happy to liaise with your Clerks if you wish to receive any further information on this.

In taking evidence last Monday, we were struck by the enormity of the challenge facing the UK and devolved Governments in terms of addressing the impact of the COVID-19 crisis. The figures we heard were a stark reminder of the significant



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economic damage arising from COVID-19 and the long term work that will be needed to deliver economic recovery.

We heard that in Wales, the Welsh Government has deployed around 2.5% of Welsh GDP in terms of the amount of funding pumped into supporting the Welsh economy, the potential for even more significant job losses than we are seeing already from the Welsh economy, and 80% of Welsh Businesses drawing down financial support either from the UK or Welsh Governments. It was particularly sobering to hear that 66% of businesses in Wales who responded to a recent Office for National Statistics survey have experienced a fall in turnover outside of normal range in the period 20 April – 3 May. This is a higher percentage than in the rest of the UK.

We also noted the additional pressures arising from Brexit and implications this will have during COVID-19 recovery, not to mention the risk of further peaks that might require lockdown measures to be revisited.

Specifically, in terms of the UK Government's response to COVID-19, there were a number of issues arising from our evidence session that we wish to share with you and these are detailed below. There is also a draft transcript of the meeting available should you wish to refer to it.

Inter Government communications

We note that the Welsh Government's response to the Welsh Affairs Select Committee **[inquiry into the Welsh economy and COVID-19](#)** acknowledges some positive examples of communication with the UK Government.

However, the Welsh Government's submission also raises some concerns about engagement in certain areas. Citing the business rates relief scheme as one example, the Welsh Government has noted that it would have been useful to have had more notice to determine whether it was feasible or desirable for the Welsh Government to adopt the same approach.

The evidence we heard was consistent with this. Communication between Welsh and UK Governments has been positive but there have been some examples where Welsh Government officials would have appreciated more notice of what was coming. However, it was also highlighted to us that part of this issue arises from the speed with which everyone is working and part of it, has been in respect of HM Treasury not wanting to give too much information out more generally



around potential market-making measures. That would be as true for some Whitehall departments as it would be for the devolved administrations.

This positive dialogue must continue and will be of increasing importance as future developments relating to UK Government support to key industries in Wales unfold. We would expect that communication on both sides remains clear and that plans and decisions are communicated in an open manner and with as much notice as possible.

We would also like to emphasise the importance of sharing information between governments to avoid any risk of double funding for similar purposes, with businesses potentially taking on too much debt, and to manage fraud risks.

We believe it is also important for the Welsh Government to have sight of what financial support has been given by the UK Government to businesses in Wales in order to inform the targeting of on-going Welsh Government support.

This links to an issue raised recently by the Welsh Parliament's Economy, Infrastructure and Skills (EIS) Committee as part of its inquiry into the Impact of COVID-19. The EIS Committee were interested in the Minister for Transport, Economy and North Wales' desire to have disaggregated data on the high street banks' administration of COVID-19 emergency loans.

In its **report**, the EIS Committee has recommended that the Welsh Government should publish a list of any indicators that the UK Government, or other bodies, should be reporting on at a Wales level and how the Welsh Government would deploy this information in recovery planning.

We heard evidence about the constraints on the Welsh Government of not having access to HMRC data. Having access to this data would make it easier for the Welsh Government to verify individuals and businesses that have applied for support. We also heard that HMRC do not allow any department, including BEIS, to have access to their data set.

Capacity

We are concerned about the capacity of Welsh Government to manage its response to the current situation from an economic policy perspective while at the same time managing the issues that are fast approaching regarding EU transition.



We emphasise the need for the UK Government to be aware of those pressures and ensure its work with the Welsh Government, including the way it communicates, takes this into account. It is important that all of the governments of the UK work together to ensure that, where possible, they are sharing capacity to avoid duplicating effort. For example, in areas of economic analysis, but this relationship needs to also recognise the needs of the Welsh context.

Job Retention Scheme

We note somewhere in the region of 80% of businesses in Wales are thought to be making use of the job retention scheme and therefore careful consideration needs to be given to any further changes to the scheme and the impact this would have on the Welsh economy.

Use of Ministerial Directions

The Committee was interested to contrast the evidence in the National Audit Office report about the use of Ministerial Directions in relation to COVID-19 spending with the situation here in Wales. We explored this matter with Welsh Government officials and would be interested in any further evidence that you receive about the reasons why those directions were sought. We recognise that the UK Government's spending is on a different scale, but there are nevertheless certain parallels in terms of the pace of decision-making and the ability of the respective governments to undertake their usual policy appraisal.

I look forward to hearing about the outcomes of your Committee's work and hope we are able to work together again in the future.

Yours sincerely,

A handwritten signature in black ink that reads "Nick Ramsay". The signature is fluid and cursive, with a long horizontal flourish at the end of the name.

Nick Ramsay MS
Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English.

