

UK COVID-19 INQUIRY

WITNESS STATEMENT OF SIR JAMES ALAN HARRA

1. I, Sir James Alan Harra, former Chief Executive and First Permanent Secretary of His Majesty's Revenue and Customs ("**HMRC**") will say as follows: -
2. I was appointed as HMRC's First Permanent Secretary and Chief Executive in October 2019 and retired from this position and from the civil service on 5 April 2025. I worked at HMRC for more than 40 years and prior to being First Permanent Secretary and Chief Executive I held a number of senior positions in the department including being HMRC's Second Permanent Secretary and Deputy Chief Executive from 1 January 2018.
3. This witness statement is being made in response to the request dated 11 July 2025 from the chair of the UK COVID-19 Inquiry ("**the Inquiry**") made pursuant to section 21 of the Inquiries Act 2005.
4. This statement has been prepared to help the Inquiry understand my role in implementing the support HMRC provided to businesses and individuals during the COVID-19 pandemic, and to give my personal reflections in respect of the same. This statement focuses primarily on the period from 1 January 2020 to 28 June 2022.

Contents of this statement and overall approach to the preparation of it

5. In drafting this statement, I have reviewed HMRC's Corporate Witness Statement dated 7 May 2025 [INQ000614156] and its exhibits. References in this witness statement to "HMRC's Corporate Witness Statement" or "the Corporate Witness Statement" are all references to [INQ000614156]. I had prior involvement with the production of that statement as I am the

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signatory to it and was therefore involved in reviewing and commenting on it during the drafting process before it was eventually signed.

6. Having received the Inquiry's request, my solicitor assisted me by preparing an outline template document referring me to the parts of the Corporate Witness Statement where factual matters had been set out by HMRC which I had agreed as the signatory of the Corporate Witness Statement.
7. I then considered the Inquiry's request and produced answers to the questions set out within it and asked for assistance with recollecting the facts of my involvement. My solicitor assisted with producing a first draft which I then reviewed, amended and finalised
8. Given my involvement in the preparation and signing of HMRC's corporate witness statement and my roles and responsibilities as set out in Part A below, at certain points of this statement I have repeated the content of HMRC's corporate witness statement or referred to relevant parts of the corporate witness statement for factual background or context. I have particularly taken this approach where I have no additional relevant facts that I think will assist the Inquiry and the reader of this statement on a particular point. My focus has been to ensure that I assist by providing my personal reflections and views on matters which may be of use in learning lessons for the future, both in terms of what went well and what might be done differently.
9. Recognising that there are a range of topics to address, the statement will deal with the following issues and subjects, and I have produced an Index to assist with navigating it:

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Part A: Overview of Roles

10. As a non-ministerial department, HMRC is headed by a permanent office holder, the Chief Executive and First Permanent Secretary, rather than a Minister. I was the First Permanent Secretary and Chief Executive of HMRC and as such, I was the most senior official in the Department, meaning that I was the ultimate line manager of all the Department's officials.
11. Statutory responsibility for the day to day running of the department's functions, including specific decisions about people's tax affairs, rests with the Commissioners for HMRC and officers they appoint.
12. I was one of the Commissioners. Under the Commissioners for Revenue and Customs Act 2005 (CRCA), the Commissioners are responsible for all the functions (other than prosecutions) which were previously the responsibility of the Inland Revenue and Customs and Excise. This includes responsibility for the collection and management of revenue previously collected by those departments (e.g. income tax, corporation tax, national insurance contributions, VAT, excise duties and customs duties) and the payment and management of Child Benefit and tax credits. A number of other statutory functions have been given to HMRC over the years in other enactments.
13. I was also a member of HMRC's Board. The Board is not a decision-making body – its non-executive members provide support and challenge to the Commissioners and their officers to help ensure that the department is run to the highest standards of corporate governance. It is chaired by the Lead Non-Executive member, and other members of the Board include HMRC's Non-Executive members, the Permanent Secretaries, and the Chief Finance Officer as the standing members, with other executives attending as the agenda dictates.
14. The Commissioners have in general delegated the business of collection and management of revenue and payment and management of Child Benefit and tax credits to an executive committee called ExCom, where collective decisions are made.
15. I chaired ExCom. ExCom consists of all the Commissioners plus certain other senior HMRC officials. Operational decisions relating to their own business areas are delegated to individual ExCom members. An ExCom member may seek advice and challenge from fellow members

before making a decision. ExCom oversees and assures all of HMRC's work and is responsible for setting and delivering strategy and overseeing performance.

16. As Chief Executive I had responsibility for leading the executive team and holding them to account for the department's performance.
17. As the Department's Permanent Secretary I was also HMRC's Principal Accounting Officer with responsibility regarding the accounting for and use of public monies voted to the department by Parliament and accountable to Parliament for the Department's expenditure and performance.
18. I regularly engaged in advising HM Treasury (HMT) Ministers, receiving their feedback and direction and accounting to them for the Department's performance. Responsibility for areas of government policy administered by HMRC was delegated to several HMT junior Ministers. One of them was also delegated overall responsibility for overseeing HMRC's operational strategies, priorities and performance, with whom I had frequent scheduled and ad hoc oral and written engagement. During the period covered by this statement, this Minister was the former Financial Secretary to the Treasury Jessie Norman. In addition, I made a weekly report to the Chancellor setting out at a high level, key updates about HMRC's work including during the pandemic information about HMRC's covid response. I exhibit examples of my reports to the Chancellor dated 23 March 2020 [**JH/01a INQ000654165**] 1 May 2020 [**JH/01b INQ000654166**] 30 October 2020 [**JH/01c INQ000654159**] 6 November 2020 [**JH/01d INQ000654160**] 20 November 2020 [**JH/01e INQ000654163**] 23 April 2021 [**JH01f INQ000654158**] 21 May 2021 [**JH/01g INQ000654161**] 11 June 2021 [**JH/01h INQ000654162**] and 17 September 2021 [**JH/01i INQ000654164**].
19. I also regularly engaged with Permanent Secretaries and other senior officials in other government departments, including in HMT and the devolved administrations.
20. In practice, much of the engagement with Ministers, other government departments and the devolved administrations was carried out by my officials.

Part B: The Functions of HMRC

21. HMRC's main statutory responsibilities are the collection of most taxes, the collection of customs duties and the payment of certain financial support to families (child benefit, tax credits and certain childcare support). I exhibit a GOV.UK document which sets out an overview of HMRC's responsibilities [JH/01j INQ000101304]. During the pandemic, the functions of HMRC were temporarily extended through directions made by HMT under Section 76 of the Coronavirus Act 2020, under which HMRC became required to deliver emergency support schemes through the payment of certain grants. Further detail on HMRC's usual functions, and its additional functions during the pandemic, is set out in paragraphs 16 to 19 of HMRC's Corporate Witness Statement.
22. HMRC and HMT work together in a Policy Partnership, which took effect with the creation of HM Revenue & Customs in 2005. This Policy Partnership covers policy and analytical work on all direct and indirect taxes and duties for which HMRC has responsibility, National Insurance, tax credits and child benefit. The Policy Partnership works by HMT, supported by HMRC, leading on strategic policy development and HMRC, supported by HMT, leading on policy maintenance and delivery – collecting taxes and paying out benefits. The Policy Partnership is explained on GOV.UK [JH/01j INQ000101304]. During the pandemic, HMRC and HMT continued to work in line with the Policy Partnership principles, working together through boards such as the HMT/HMRC joint labour market board and the HMT/HMRC COVID-19 Delivery Portfolio Board. Further detail on the nature and extent of HMRC's relationship with HMT outside of a time of national emergency, and during the pandemic, is set out in paragraphs 47 to 60 and paragraphs 96 to 104 of HMRC's Corporate Witness Statement.
23. HMRC has important relationships with other UK Government departments, although it does not operate in a Policy Partnership with other departments in the same way that it does with HMT. During the pandemic, HMRC worked with various departments, including the Department for Work and Pensions, the Cabinet Office and the Department for Business, Energy and Industrial Strategy, to support the delivery of economic support schemes and details of that work are at paragraph 61 to 73 of HMRC's Corporate Witness Statement.
24. HMRC teams engage directly with counterparts in the Devolved Governments on relevant issues and HMRC collects Scottish Income Tax and the Welsh Rates of Income Tax for the Scottish

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Government and the Welsh Government respectively, accounting to the Scottish Parliament and the Welsh Assembly for its performance. Since 2014 HMRC has had a central Devolution Team (now named the UK and Devolved Governments Team). That team was set up to lead HMRC's general engagement with the governments in Scotland, Wales and Northern Ireland on tax and other HMRC issues. This engagement continued throughout the pandemic with HMRC assisting the Devolved Governments with queries relating to the Devolved Government's own economic and social support interventions. The extent to which HMRC worked with the Devolved Governments, and the support it provided to them, during the pandemic is set out in paragraphs 75 to 78 of HMRC's Corporate Witness Statement.

25. New functions were conferred on HMRC during the pandemic, requiring HMRC to administer elements of the Government's economic response by paying out grants via the Coronavirus Job Retention Scheme, ("**CJRS**") the Self-Employment Income Support Scheme ("**SEISS**") and the Eat Out to Help Out ("**EOHO**") scheme. Those functions were conferred on HMRC through Treasury Directions made under the powers of the Coronavirus Act 2020. Directions are a type of delegated legislation made by a person or body under authority contained in primary legislation.
26. The Coronavirus Act 2020 received Royal Assent on 25 March 2020 and included at sections 71 and 76 powers to enable initially a Treasury Commissioner, and latterly two such Commissioners, to issue directions to the Commissioners for HMRC to provide them with functions in relation to coronavirus or coronavirus disease.
27. Treasury Directions were used to set out the scope and nature of the schemes to be administered by HMRC, including the eligibility rules and grant calculations, as well as some administrative rules. For example:
 - a. The first Treasury Direction relating to the CJRS was made on 15 April 2020 which established the scheme and provided for its operation covering the period up to 31 May 2020 [**JH/02 INQ000583316**]. During the course of the scheme six further Treasury Directions were made, as set out in paragraph 270 of HMRC's Corporate Witness Statement;
 - b. The first Treasury Direction relating to the SEISS was made on 30 April 2020 and set out the purpose of the SEISS and the rules for the operation of the scheme [**JH/03 INQ000583327**].

During the course of the scheme four further Treasury Directions were made, as set out in paragraph 618 of HMRC's Corporate Witness Statement; and

- c. The Treasury Direction relating to EOHO was made on 7 July 2020 which set out the purpose of EOHO and the operation of the scheme [**JH/04 INQ000235022**].

28. Apart from the provision in section 76 of the Coronavirus Act 2020 which allowed for the Treasury to make directions for HMRC to have additional functions in relation to coronavirus, section 11 CRCA 2005 provides for the Treasury to make directions of a general nature in relation to HMRC's usual functions. To my knowledge, no formal directions have ever been made under this provision. However, the power underpins HMRC's regular engagement with HM Treasury Ministers under which HMRC seeks steers about Departmental priorities, strategies and plans.

29. I was given sight of the section 76 directions in draft and had an opportunity to scrutinise and query them before they were made.

30. In relation to the CJRS, I was provided with a draft of the first four directions before they were sent to the Chancellor. The fifth Treasury Direction was written at pace due to the circumstances of the extension of the CJRS on 31 October 2020 (outlined later in this statement) and having checked with HMRC I do not think I was included in clearance for this direction due to the timing. I did not see a draft of the sixth direction which was considered and cleared by other Senior Civil Servants. I exhibit copies of the emails sending me the drafts for my comments. [**JH/05 INQ000623833**] [**JH/06 INQ000623837**] [**JH/07 INQ000623839**] and [**JH/08 INQ000623843**].

31. In relation to the SEISS directions I was sent a draft direction on 27 April 2020 and returned some comments on the draft. I exhibit the email sending me the draft and my comments. [**JH/09 INQ000623834**].

32. In relation to EOHO, the Treasury Direction was drafted from 2 July with the final version produced the morning of 7 July. I would have seen a draft of it before it was sent to the Chancellor for his signature. I exhibit an email sending the final version to the Chancellor's office on 7 July at 11.45am and the signed version being returned to my office on 8 July at 10.46am [**JH/10 INQ000623841**] and [**JH/11 INQ000623842**].

33. The new functions were granted to HMRC because Ministers decided that the support schemes were necessary to enable an effective economic response to the pandemic and that HMRC was the department that was best placed to deliver those schemes.
34. HMRC policy, delivery and analytical teams worked jointly with HMT officials in line with the ways of working in the HMT-HMRC Policy Partnership that exists for the purposes of tax policy making, outlined in paragraphs 47 to 54 of the HMRC Corporate Witness Statement to advise ministers on the design and delivery options for the support schemes. I was regularly briefed by HMRC and HMT officials. As a result of this joint working, the functions given by the section 76 directions were a product of collaboration with HMT and reflected the capabilities and capacity of HMRC's resources and our insight about the capabilities, capacity and likely behaviours of the businesses and members of the public who would be using the schemes. In my opinion, harnessing the Policy Partnership way of working resulted in an effective advisory and decision making process.
35. Overall, my view is that while HMRC had not prepared for the eventuality that we would have to make economic support payments in a pandemic (because the department had no statutory functions or expectations to do so) HMRC did have the appropriate resources and skills to meet the additional roles and responsibilities conferred on it in the pandemic. Whilst we had not developed systems specifically to handle large-scale economic support schemes in advance of the pandemic, our existing IT platforms, data sets, departmental cultural and experience, and colleagues' skills meant that we were well-placed to administer such schemes and enabled us to set them up quickly and run them efficiently and securely.
36. HMRC had much experience in making payments at scale and contingency planning, and with its existing capacity was able to build support schemes from scratch in under 7 weeks, including CJRS and SEISS, whilst keeping all its core services running.
37. Naturally this did require the diversion of resources, details of which I have set out in HMRC's corporate witness statement.
38. Overall, HMRC's approach was to design and deliver schemes that met Ministers' policy objectives and best used the existing people, data, systems and expertise we had within the organisation, within the timeframes available to us. Therefore, we needed to make choices about

system design and controls accordingly to ensure timely delivery of schemes whilst ensuring that they met their objectives. These choices were always discussed with HMT officials and Ministers.

39. In terms of the future, the lack of pre-existing plans for emergency economic support schemes, or expectation that HMRC would be given such functions in the event of an emergency, meant that no preparations had been made in advance of the pandemic. As a result, the policy choices for the support schemes were necessarily constrained by HMRC's existing capabilities and capacity, which had been developed for the administration of the tax and customs system.
40. In the event, HMRC had the necessary capabilities and capacity to implement schemes quickly and effectively, but the ability to target the schemes while mitigating the error and fraud risks was constrained; in particular by the limitations of the data HMRC held. Improving readiness for any future emergency would require the collection and maintenance of more data and, possibly, the creation of a standing statutory function for HMRC, all of which would carry costs (both for HMRC and for citizens/businesses required to supply data). As set out in paragraphs 1327-1337 and 1344-1349 of HMRC's Corporate Witness Statement, changes have already been made in relation to the data that HMRC collects. For example, more data regarding the start and end dates of self-employment and sources of dividend income will be collected as part of self-assessment tax returns with effect from April 2025. HMRC is also driving forward improvements in its data collection systems through Making Tax Digital. Many of these changes, as set out in the Corporate Witness Statement are being considered because of the experience in the pandemic and should, in my opinion, provide improved resilience across government in times of crisis.

Part C: The Coronavirus Job Retention Scheme

Initial design of the CJRS

41. It may assist the reader of this statement by repeating the broad outline of the CJRS given in HMRC's corporate witness statement for the purpose of this statement.
42. The CJRS was announced by the Chancellor on 20 March 2020 and was deployed between April 2020 and October 2021 (covering claim periods starting on 1 March 2020 and ending on 30 September 2021), with the objective of providing rapid economic support to maintain existing

employer-employee relationships during COVID-19 [**JH/12 INQ000065324**]. Pursuit of this objective allowed the government to prevent job losses and large and persistent negative impacts on the labour market; reduce risk of business closures; support incomes for individuals; and maintain employee capacity so businesses could rescale activity swiftly as restrictions lifted.

43. A total of 1.3 million employers and 11.7 million employments were supported by the CJRS, with claims totalling £70 billion. In accounting for both the social and economic costs and benefits of the scheme (such as cost to the exchequer, macroeconomic impacts, and impacts on equity and equality), the final evaluation of the CJRS published in July 2023 suggested that the CJRS had a positive net benefit to society of £50 billion and a social benefit to cost ratio of around 4:1. Analysis in the evaluation also estimated that the CJRS protected around 4 million jobs and saved many employers from permanent closure [**JH/13 INQ000583638**].
44. For most of its deployment the CJRS enabled employers to put their employees on furlough and claim a grant to recover up to 80% of their usual wages (capped at £2,500 per month per employee). This design aimed to ensure that employees could retain their jobs and the majority of their usual wage, even if COVID-19 disruption and restrictions meant that they could not work and that their employer could not afford to pay them.
45. The CJRS was designed to support almost all employers across the UK, ensuring consistent support for employers and their employees regardless of where they lived or worked. The scheme was open to employers regardless of size, geographical location or sector, covering almost all employees across the UK, regardless of their demographics or employment contract. The scheme was also designed to ensure risks of fraudulent abuse were mitigated.
46. While the CJRS provided support for employers and employees, the Self-Employment Income Support Scheme (SEISS), which was announced six days after the CJRS, was designed to provide broadly equivalent support for self-employed individuals during COVID-19.
47. During periods when the COVID-19 restrictions eased, primarily in the summers of 2020 and 2021, the economy and labour market grew stronger. In these periods the government increasingly focused on releasing labour back into work, encouraging reallocation and reducing the cost of CJRS. This was achieved by introducing flexible furlough support, and by gradually

reducing the amount of government support available to employers and tapering government contributions. The tapering of government support consisted of reductions in the government's contribution and accompanying increases in an employer's contribution, ensuring that employees still received 80% of their reference salary for hours for which they were furloughed.

48. The timing of the closure of the CJRS in September 2021 was a ministerial decision balancing both the economic case for further support and helping employers and employees to restart their activity to allow the UK economy to recover.
49. In terms of the design of the CJRS, HMT and HMRC officials worked collaboratively to design the CJRS. Decisions about the design of CJRS, were ultimately however taken by HMT ministers, on joint advice from both departments. [See **JH/14 INQ000583306**, **JH/15 INQ000583341**, **JH/16 INQ000397190**, **JH/17 INQ000583479** and **JH/18 INQ000583714**].
50. HMRC pulled dedicated resource from across the department to focus on the CJRS including allocating individuals to focus on the CJRS policy design and delivery
51. HMT led advice to ministers about core policy decisions, including advice on equalities impacts of the CJRS such as the consideration of women on maternity leave, national living wage, age and its interactions with parental pay and leave systems – see for example ministerial submissions concerning the CJRS's initial design from 20 March and 24 March 2020 [**JH/19 INQ000583499** and **JH/14 INQ000583306**].
52. HMT also advised on equalities and impacts on identified vulnerable groups whenever core aspects of the CJRS were changed [**JH/17 INQ000583479**]. HMT was also responsible for consultation with other government departments for the duration of CJRS, especially the Cabinet Office, No10 and the Department for Health and Social Care. HMT also led all engagement with the Devolved Governments about the UK government's economic support measures, including the CJRS. HMRC teams did not formally engage with the Devolved Governments separately. HMT also led on consultations with major stakeholder lobby groups, such as the Confederation of British Industry.
53. HMRC had overall responsibility for working with HMT to provide written and oral advice on scheme design, particularly regarding how policy design choices would affect delivery timescales

and options, offering alternative design choices where similar objectives could be achieved with different delivery impacts. This included advising on approaches to mitigating the risks of error and fraud, including from organised crime, and providing delivery advice on how the CJRS would operate. HMRC had a key role in providing data and analysis of employer and employee populations, including take up of CJRS and generating costings of policy options.

54. My role as the Chief Executive and First Permanent Secretary of HMRC was to ensure that good governance was put in place, that the right resources were deployed, to give steers to my officials and to assure myself that HMRC was giving sound advice and was able to deliver the scheme.
55. I was kept informed of how the scheme was designed and put into operation. One of the main formal ways in which this was done was through my role on the Executive Committee Covid 19 (ExCom (C)). This was the committee that was set up by ExCom as its forum to discuss COVID-19 issues that required an immediate response or oversight from the senior executive team. Issues that arose in the design and initial implementation of the CJRS and the other major schemes were discussed in this forum and steers and decisions fed back to officials in HMRC. I also had frequent informal meetings with those HMRC officials involved in the advisory and operational delivery work, as well as reviewing draft Ministerial advice.
56. I am exhibiting a schedule of the meetings of ExCom (C) that took place [**JH/21a INQ000654167**] and a copy of the minutes of ExCom (C) from meetings that took place on 3 April 2020 [**JH/21b INQ000583505**] 9 April 2020 [**JH/22 INQ000584205**] 17 April 2020 (CJRS deep dive) [**JH22a INQ000584206**] and [**JH/23 INQ000583870**] 24 April 2020 [**JH/24 INQ000584207**] 1 May 2020 [**JH/25 INQ000584194**] 7 May 2020 [**JH/26 INQ000584208**] 15 May 2020 [**JH/27 INQ000584209**] 22 May 2020 [**JH/28 INQ000584210**] and 29 May 2020 [**JH/29 INQ000584211**] 5 June 2020 [**JH/29a INQ000584212**] 19 June 2020 [**JH/29b INQ000584213**] 3 July 2020 [**JH/29c INQ000583978**] 10 July 2020 [**JH/29d INQ000583981**] 17 July 2020 [**JH/29e INQ000583985**] 31 July 2020 [**JH/29f INQ000584003**] and 14 August 2020 [**JH/29g INQ000583641**] which evidence the oversight role that I and ExCom (C) played.
57. As with any new measure requiring HMRC to spend public money, as HMRC's Accounting Officer I was required to assess whether the CJRS met the Managing Public Money rules. A copy of these rules is exhibited at [**JH/30 INQ000188728**].

58. I received oral advice on the legality, deliverability and value for money of the CJRS from my officials on 20 March 2020 just before the Chancellor's announcement of the scheme. I received written advice on 24 March 2020 [JH/31 INQ000584228]. I considered that this way of advising me was sufficient, given the urgency of the situation.
59. I was involved in some more of the detail of the early decisions about the design of the scheme. By way of examples only rather than a full chronology of all the interactions I may have had, I was copied on an email dated 20 March 2020 from Carol Bristow [JH/32 INQ000583304] outlining some of the early design decisions. On 25 March 2020 I was involved in discussions with my officials about the question of whether payments made under CJRS should be to fund employers to pay wages or to reimburse them [JH/33 INQ000623830] and commenting on subsequent advice to the Chancellor on this issue [JH/34 INQ000623832].
60. Overall therefore, I was involved in the original design in a way that reflected my role as the Permanent Secretary and HMRC's Accounting Officer. This was extremely fast paced work and a very busy time and I have not set out in this statement my recollection of all of the discussions that I had at that time - ultimately the design decisions are set out in HMRC's corporate witness statement in detail and I do not have anything further that I can add to what has been said in that statement about the design choices.
61. I consider that close working between HMT and teams across HMRC was a significant strength of the design process and helped ensure the successful delivery of the CJRS within the target timescales and the mitigation of the associated risks. An early focus on simple and deliverable design coupled with close working from the outset between HMRC and HMT, enabled delivery. This was one of the findings of the final evaluation of the CJRS. I endorse the conclusion of that evaluation that the departments working closely and in parallel may be helpful in delivering future economic support schemes in relation to an economic crisis.
62. At the outset of the pandemic, it was unclear how businesses in the UK would be affected and to what extent. Ministers set the eligibility criteria by considering two factors: the desire to maximise support and coverage to allow for a range of health scenario outcomes (rather than targeting specific groups), while also seeking to minimise identified error and fraud risks. Certain features of the design of the CJRS did help to target the support, including:

- a. the requirement for employers to furlough employees to be eligible to claim support;
 - b. the £2,500 per month cap, which limited the support that employers could claim for employees with high wages; and
 - c. the level of the government contribution (initially 80%), and, over the lifetime of the scheme, the tapering of government contributions and associated increase to employer contributions.
63. Over time, during periods when the COVID-19 restrictions eased, primarily in the summers of 2020 and 2021, the economy and labour market grew stronger. The government increasingly focused on releasing labour back into work, encouraging reallocation and reducing the cost of the CJRS. This was achieved by introducing flexible furlough, and by gradually reducing the amount of government support available to employers and tapering government contributions. These changes were designed to encourage employers to consider the future viability of their employees' jobs (and thus encourage reallocation into sectors and roles where there was more demand for labour) by increasing the cost to the employer of keeping the employee on their payroll.
64. During the lifetime of CJRS, further options for targeting were considered. These options are set out in detail in HMRC's corporate witness statement including at paragraphs 389-390 and paragraphs 429-433 and paragraph 438. Ultimately decisions were made by Ministers who decided in favour of tapering general CJRS support on the basis that the alternatives put to them would have meant unfairly excluding people genuinely in need, created additional avenues for fraud, or because the options were too complex to deliver as emergency support.
65. The CJRS was designed to support employers across the UK, ensuring consistent support for employees regardless of where they lived or worked. It was open to employers regardless of size, geographic location or sector, and covered almost all employees across the UK, regardless of demographics or employment contract. At the outset of the pandemic it was unclear how businesses would be affected and to what extent. Ministers set the eligibility criteria by considering two factors: the desire to maximise support and coverage to allow for a range of health scenario outcomes (rather than targeting specific groups) while also seeking to minimise the identified error and fraud risks such as false PAYE schemes being set up just to access the CJRS and false and erroneous increases in workforce size or wages in order to claim inflated amounts.

66. In my view it would be incorrect to say that there was unequal access to the CJRS. There was however a cut-off date for eligibility. HMRC's corporate witness statement (paragraphs 296 – 304) explains in some detail why there was a cut-off date, which was to mitigate the fraud risks of the scheme. HMRC's corporate witness statement also explains the equalities impacts of the CJRS. I am not aware that the cut-off date, key to the design, caused any equalities impacts.
67. I do not think that the fact that the scheme was, necessarily, put in place quickly meant that access to the scheme was given less attention than it might have done owing to the fast paced nature of the work. The policy was to maximise coverage subject to managing the fraud risks. The key issue was that HMRC only had PAYE data about employments up to a certain date, and admitting employments that started after that date would have carried a heightened fraud risk, which Ministers decided they did not wish to take. I cannot see that more time to develop the scheme would have changed this.
68. Linked to this, is the question of HMRC and other data and whether it was adequate to enable good decisions to be made in the initial design of CJRS. HMRC's corporate witness statement sets out in detail the data that HMRC holds; how that data was used to reduce the risks of fraud and error in the CJRS and the limitations of that data – see paragraphs 261-263, 323-337 and 430-431 of the corporate witness statement. I do not have anything further that I think I can usefully add to assist the Inquiry in relation to the use of data other than to say that I consider that officials made the best use of the available data at the time.
69. The CJRS was a UK wide scheme – designed to support employers and employees across the UK. In so far as it is suggested to the Inquiry that the scheme was developed with its operation in England primarily in mind, I do not consider that the evidence supports that contention. As set out in paragraph 244 of HMRC's corporate witness statement, HM Treasury led all engagement with the Devolved Governments and following engagement with the Devolved Governments at official and ministerial level in May 2020, a recommendation was made to ensure regular engagement both between officials and ministers [JH/15] INQ000583341]. However I am not aware of evidence that suggests that in designing the schemes the Devolved nations were an afterthought. The CJRS was a UK wide scheme designed to maximise support to all employers and employees.

Extending the CJRS beyond 31 October 2020

70. The Prime Minister announced at a press conference in the evening of 31 October 2020 [**JH/36 INQ000086830**] that there would be a second national lockdown and the announcement of a CJRS extension was made alongside this, recognising the need to reassure employers of the support available to them through the second lockdown.
71. Prior to the decision on 31 October 2020 to announce a second national lockdown HMRC resource and planning was focussed on progressing the closure of CJRS and the opening of the new Job Support Scheme (JSS) on 31 October 2020 [**JH/37 INQ000583481**].
72. HMRC was not responsible for assessing the path of the pandemic nor the economic outlook. Even with little lead-in time, HMRC was able to continue to administer the CJRS, and the extension was implemented successfully without adverse impacts. Focus on delivering the JSS before this date was undertaken with the knowledge of ministers and in discussion with HMT officials.
73. The timing of government announcements when there were changes to the CJRS were not in HMRC's control. They often reflected the timing of decisions and announcements about non-pharmaceutical interventions made by government.
74. At [**JH/38 – INQ 000583380**] there is an email chain about the extension that includes me and refers to a conversation that I had with HMT Director General, Beth Russell that day about the decision. I cannot recall being made aware of the decision earlier than that day.
75. Ultimately I did not have any role in the timing of the decision to extend the CJRS beyond 31 October 2020. I did consider the extension in my role as HMRC's Accounting Officer subsequent to the extension, including on 1 November when I received informal advice from my officials that the previous advice remained extant. This was then followed up with further advice which I considered and accepted. I exhibit a copy of this advice [**JH/38a INQ000654156**] and [**JH/38b INQ000654157**].
76. In my opinion, in terms of certainty about how long the CJRS would last, Ministers at the time sought to give as much certainty as possible but the situation in the pandemic was very fluid and

the decision that the country needed to go back into a national lockdown necessitated an urgent change in direction as to the ending of the CJRS.

77. I do not have any personal knowledge about why it had been planned that CJRS would end on 31 October 2020 as a specific date. It was hoped that by then the restrictions on economic and social activity would be eased and the economy would be increasingly reopened, so that reduced, more targeted support would be appropriate. HMRC's corporate witness statement sets out the plans that were made to support businesses and workers using alternative schemes such as the JSS and the work that HMRC officials undertook in relation to the JSS – see paragraphs 406 to 426 of HMRC's Corporate Witness Statement.
78. The JSS was developed to provide more targeted support in an increasingly open economy with potential local, rather than national, lockdowns. But the situation in the pandemic was fluid and in light of the Government's decision to reintroduce a national lockdown, the decisions were taken to retain and extend the CJRS rather than switch to the JSS. I have no personal recollection of who made decisions about resource allocation within HMRC during this brief period. They would however have been taken under the governance arrangements in place at the time.
79. In general terms, the risk of redundancies on ending the support scheme was considered in planning extensions of the CJRS – see for example the advice at [JH/39 -INQ000583473] which said that "The decision to extend the scheme will need to balance the risks of excess redundancies and lost capacity if we end or taper the scheme too early, against fiscal and output risks (due to inflexibility preventing workers moving to growth sectors) if we delay too long".
80. I have checked and been informed that no specific advice was given by HMRC officials on 31 October about the risk of redundancies issue but advice was subsequently given on how to reduce the redundancy risk which built on advice that officials had worked on in response to the proposed move from the CJRS to the JSS. See [JH/40 INQ000583484 and JH/41 INQ000583490].

Targeting the CJRS to achieve the economic goals of the UK government whilst maintaining value for money.

81. As mentioned above at the outset of the pandemic, it was unclear how businesses in the UK would be affected and to what extent. Ministers set the eligibility criteria by considering two factors:

the desire to maximise support and coverage to allow for a range of health scenario outcomes (rather than targeting specific groups), while also seeking to minimise identified error and fraud risks, such as false PAYE schemes being set up just to access the CJRS, and false or erroneous increases in workforce size or wages in order to claim inflated amounts.

82. Throughout the lifetime of the CJRS, HMRC considered a number of approaches to target the scheme, and the levels of government and employer contributions to furloughed employees wages were reviewed during the CJRS based on the labour market conditions and COVID-19 outlook. Higher levels of government support were available during more restricted periods with employers being required to contribute more when restrictions were typically easing.
83. HMRC's corporate witness statement explains in detail the ways in which targeting was considered and having reviewed what is said I do not have anything further to add in terms of the issues of targeting that were considered by officials.

Ending the CJRS

84. Paragraphs 434-438 of HMRC's corporate witness statement explains the decision making that took place leading up to the closure of the CJRS in September 2021 and I do not have anything further that I can add to what has been said in the statement. Decisions about the timing of the closure of the scheme were made by Ministers, balancing both the economic case for further support and helping employers and employees to restart their activity to allow the UK economy to recover. Similarly, prior to the closure of the scheme, there was a tapering of government support.
85. There is an overview of the different levels of support at different stages of the CJRS at paragraph 239 of HMRC's corporate witness statement.
86. Again, decisions about the level of support and tapering were taken by Ministers. Paragraphs 386-433 of HMRC's corporate witness statement sets out details of the different iterations of support and the advice provided by HMRC to assist in decision making.
87. The Inquiry has asked for my observations on the deliverability of the CJRS where workers had the right to demand to be furloughed rather than made redundant. While there would have been

wider policy considerations to take into account before making such a rule change, I cannot see that it would have presented delivery difficulties for HMRC from the perspective of administering the CJRS. The Inquiry has also asked for my observations on the deliverability of the CJRS in the case of a zero-hours contractor not offered any hours to work; I confirm that the rules of the CJRS provided for various types of employment contract, including zero-hours and other flexible types of contract, and HMRC published guidance for employers telling them how to calculate furlough payments in these circumstances. The guidance is at [JH/41a INQ000583758] and [JH/41b INQ000583652]

Part D: The Self-Employment Income Support Scheme

88. It may assist the reader of this statement by repeating the broad outline of the SEISS given in HMRC's corporate witness statement for the purpose of this statement.
89. On 26 March 2020 the SEISS was announced as part of the government's economic response to the COVID-19 pandemic. A copy of that announcement is at [JH/42 INQ000086740]. The SEISS was a UK-wide scheme which provided support to all eligible individuals across all parts of the UK.
90. The primary objective of the SEISS was to support self-employed individuals whose businesses had been adversely affected by COVID-19 restrictions. It sought to quickly support individuals most reliant on their self-employed income who would have lost out financially due to COVID-19 and enable them to remain in business. The SEISS interim evaluation report, which was published on 13 October 2022, sets out the objectives of the scheme and its rules. The SEISS final evaluation report was published on 17 July 2023 and included a value for money analysis and a section on lessons learned. A copy of the final evaluation report is at [JH/43 – INQ000583534].
91. SEISS grants were set to be broadly equivalent in generosity to the support provided to employees via the CJRS. However, the policy design needed to adapt to the circumstances of the self-employed cohort. The distinct characteristics of the self-employed population and the nature of the data HMRC collects meant there were different issues to consider in the policy design.

92. The CJRS enabled employers to put their employees on furlough and claim a grant to cover up to 80% of their usual wages, to a maximum of £2,500 a month. The first SEISS grant provided eligible claimants with a taxable grant worth 80% of their average trading profits and was paid out in a single instalment covering three months' worth of profits, capped at £7,500. In aiming to support individuals most reliant on their self-employment trading income, the SEISS targeted those with average annual trading profits of no more than £50,000, and who received at least half of their income from self-employment.
93. The SEISS was delivered as a series of five grants available between May 2020 and September 2021 that self-employed individuals could claim based on their self-assessment tax records. It was delivered at pace, with the first grant opening for applications on 13 May 2020.
94. As the effects of COVID-19 eased and the economy reopened, additional criteria were introduced to ensure the scheme was more targeted towards those whose businesses continued to be most affected by the pandemic. A Reasonable Belief Test was introduced from the third grant onwards, where claimants had to declare that they reasonably believed their trading profits were reduced as a result of COVID-19. A turnover test, that claimants had to complete to measure the financial impact of the pandemic on their trade, known as a Financial Impact Declaration, was included in the fifth and final grant which opened for claims on 29 July 2021.
95. Information from self-assessment tax returns enabled HMRC to quickly identify the potentially eligible population and to calculate and pay out grants at scale. This meant that claimants did not need to provide significant new information or make calculations themselves.
96. To be eligible for the first, second and third SEISS grants, individuals were required to have filed their 2018/19 self-assessment tax return on or before 23 April 2020. This filing deadline was set to ensure those who had missed the self-assessment filing deadline of 31 January 2020 for their 2018/19 self-assessment return were given time to file that return and to be assessed for eligibility for the SEISS.
97. Claims based on late returns filed between 26 March 2020 (the date the Chancellor announced the scheme) and 23 April 2020 were subject to enhanced compliance checks. These were manual checks to verify a claimant's identity and included validating information supplied against existing HMRC data; for example, business and home addresses and bank account information. A review

of any past compliance activity associated with the claimant was also undertaken. In some cases, contact with the customer was required. These measures focused on stopping criminal attacks on the scheme exploiting the one month filing window after the scheme was announced. HMRC relied on post-payment compliance to tackle more opportunistic fraud; for example, an individual inflating profits to secure a higher grant.

98. The SEISS was designed to be as simple as possible to claim and administer, whilst minimising the risk of error and fraud. The SEISS system had to be accurate, calculating grants based on certain and verifiable underlying data already held by HMRC. It had to have measures built in that would protect, as far as possible, against errors and fraudulent claims. It had to be automated so far as possible, given the need for speed, reliability, and accuracy, and the constraints on HMRC's resource. It also had to be simple for those seeking to make a claim: both to encourage eligible individuals to use the system, and to ensure they could do so with a minimum of administrative support from HMRC staff. Simplicity was important to ensure that all those eligible to claim SEISS grants were able in practice to do so, regardless of background, familiarity with administrative processes and language skills.
99. A total of 2.9 million eligible self-employed individuals claimed SEISS grants, totalling £28.1 billion.
100. As set out at paragraphs 575-588 of HMRC's corporate witness statement, HMT and HMRC started to design SEISS over the weekend of 20-22 March 2020. The discussions that weekend focused on defining the population to support, the potential data sources for information about the self-employed, the type of scheme that could be developed and the parameters to use, how to minimise fraud, how to deal with the newly self-employed in 2019/20 and the application and payment process.
101. On 22 March 2020 an HMT-led submission was made to the Chancellor on the design and delivery of the SEISS [JH/44– INQ000583444] and as set out in HMRC's corporate witness statement further work took place to design the scheme culminating in the announcement of the SEISS by the Chancellor on 26 March. Between the announcement of the SEISS and the first SEISS direction on 30 March 2020 HMRC worked with HMT on various practical issues as well as detailed scheme guidance.

102. My role over the weekend of the 20-22 March was as follows.
103. This was an extremely busy weekend for everyone involved from HMRC. The Chancellor had announced a wage subsidy scheme (what became the CJRS) on Friday 20 March and HMRC were immediately involved in preparing to deliver this scheme.
104. Following this, consideration over the weekend of 20-22 March turned to what support was to be provided to the self-employed. I exhibit an email from Ruth Stainer sent on 21 March 2020 which set out some of the key issues being considered [**JH/45 – INQ000623821**].
105. I joined a call with the Chancellor at 1.30pm on Sunday 22 March which discussed the self-employed population and design choices. In advance of this call I was concerned to understand the design choices, delivery implications and accounting officer implications of the proposals as set out in an email to Cerys McDonald on the morning of 22 March 2020 [**JH/46 – INQ000623825**]. I was also helping the Financial Secretary to the Treasury understand the implications of the HMRC data held on the self-employed population for the design of the scheme [**JH/47 INQ000623824**].
106. There was a further meeting with the Chancellor on Monday 23 March which I did not attend but I exhibit an email chain from that day when I asked further questions about some of the design and delivery choices [**JH/48 – INQ000623829**]. Overall, the detailed work on the SEISS that weekend was carried out by many HMRC colleagues, but I was kept informed as the work progressed.
107. I consider that close working between HMT and teams across HMRC was a significant strength of the design process and helped ensure the delivery of the SEISS within the target timescales. I repeat what I have said about this issue above in relation to the CJRS.
108. The SEISS had a series of rules designed to determine eligibility in line with the remit for the scheme. The first was a set of income rules. The first income rule was that the self-employed individual's average trading profits were £50,000 or less, and more than £0, in the relevant period. The second income rule was that the individual's average trading profits constituted at least half of their total income for the relevant period.

109. HMRC's corporate witness statement sets out how these parameters were set and why the Chancellor made the decision to set the rules in this way. Ultimately it was for the Chancellor to make these policy decisions.
110. The SEISS was open to all those self-employed who met the eligibility criteria. In my view it would be incorrect to say that there was "unequal access" to the SEISS. A key consideration was, as with the CJRS, how to ensure the coverage that the Chancellor had determined should be made while at the same time working from verifiable data to minimise the risk of fraud.
111. Some people were excluded from the SEISS, mainly because the limitations in HMRC's data meant that including them would have carried a fraud risk that Ministers decided they did not want to take.
112. Company owner-managers were eligible for support under the CJRS rather than the SEISS; devising a way of giving additional support to those who were allegedly under-compensated by the CJRS (because historically they had taken income from the company other than in the form of salary) was not deemed possible given the design challenges and the lack of verifying data.
113. I do not think that the fact that the scheme was necessarily put in place quickly meant that access to the scheme was given less attention than it might have done owing to the fast paced nature of the work. I cannot see that more time to develop the scheme would have changed this.
114. The data on the self-employed held by HMRC was a key issue in designing SEISS (as PAYE data was in the CJRS). The use of HMRC's data in the initial design decisions and subsequently has been set out in HMRC's corporate witness statement (see paragraphs 592 and 630-650). I consider that effective use was made of the available data in designing the SEISS and I do not have anything further that I can usefully help the Inquiry with on this point.
115. As I have explained in HMRC's corporate witness statement although HMRC's Devolved Governments Team met regularly with the Devolved Governments during the pandemic, there was no specific engagement with them relating to the economic support schemes HMRC was delivering. The HMRC policy teams did not engage with the Devolved Governments in the design

of the SEISS or in providing information after decisions were made. In my opinion, it might be helpful to engage with the Devolved Governments in designing support schemes in response to a future pandemic but this would be a matter for Ministers to decide.

116. The SEISS was a UK wide scheme – designed to support the self-employed across the UK. In so far as it is suggested to the Inquiry that the scheme was developed with its operation in England primarily in mind, I do not consider that the evidence as to how the scheme was designed and operated (as set out in detail in HMRC’s corporate witness statement and its exhibits) supports such a suggestion. HMRC’s corporate witness statement sets out in some depth the data that evidences the take up and coverage of the scheme at a geographic level across the UK nations.

117. SEISS grants were set to be broadly equivalent in generosity to the support provided to employees via the CJRS. However, the policy design needed to adapt to the circumstances of the self-employed cohort which presented different challenges to the employed population. The distinct characteristics of the self-employed population and the nature of the data HMRC collects meant there were different issues to consider in the policy design.

118. The CJRS enabled employers to put their employees on furlough and claim a grant to cover up to 80% of their usual wages, to a maximum of £2,500 a month. The first SEISS grant provided eligible claimants with a taxable grant worth 80% of their average trading profits and was out in a single instalment covering three months’ worth of profits, capped at £7,500 (broadly equivalent to the CJRS limit of £2,500 per month). In aiming to support individuals most reliant on their self-employment trading income, the SEISS targeted those with average annual trading profits of no more than £50,000, and who received at least half of their income from self-employment.

119. The SEISS was targeted at the self-employed with average annual trading profits of no more than £50,000, and who received at least half their income from self-employment. As the effects of COVID-19 eased and the economy reopened, additional criteria were introduced to target the scheme at those whose businesses continued to be affected by the pandemic (such as the Reasonable belief test introduced from the third grant and the Financial Impact Declaration (a turnover test) introduced for the fifth and final grant). The SEISS was therefore targeted and I judged it to be value for money. My Accounting Officer assessments in that respect have been exhibited to HMRC’s corporate witness statement at paragraph 658.

Part E: Analysis and Reflections

120. Overall, I consider that the key strengths of the role played by HMRC in the economic response to the pandemic were firstly the close working between HMRC and HMT which helped deliver an effective response. Secondly, the capabilities of existing HMRC resources (people, systems and data) were harnessed to deliver support schemes rapidly and at scale while managing the risks. The main weakness I would identify was the lack of preparation to operate such schemes (in the absence of any function or expectation that HMRC would do so). This meant that the design and delivery of the schemes were necessarily constrained by those existing capabilities.
121. These were UK-wide schemes and it is not evident that greater engagement with the devolved governments would have altered their design or delivery. In any event, decisions whether and how to engage with the devolved governments are a matter for Ministers.
122. The extent to which economically vulnerable groups were taken into account in officials' advice to Ministers and in Ministers' decisions, is a factual question and I refer the Inquiry to HMRC's corporate witness statement in this regard. HMRC's corporate witness statement explains how HMRC provided support to socially and economically vulnerable groups during the pandemic. This included its work in administering statutory sick pay and the statutory sick pay rebate scheme (paragraphs 1179-1306 of the corporate witness statement) and introducing changes to the HMRC-administered benefits (summarised at paragraph 88 of the corporate witness statement). Cases of non-eligibility to the CJRS caused by vulnerability were given special treatment by a Discretionary Claims Board set up by the Commissioners (see section 317-322 of the corporate witness statement) and a non-statutory review process for customers who wished their eligibility for SEISS to be reviewed, handled cases where hardship was an issue (see paragraph 954 of the corporate witness statement).
123. While delivering COVID-19 support, HMRC simultaneously had to keep delivering its core purpose of administering the tax system. HMRC kept all of its usual services running; however, the introduction of new responsibilities was resource-intensive and affected the delivery of HMRC's core responsibilities, including compliance activity and tax collection. HMRC had to make choices about how to balance its resources and had to divert resources onto COVID-19 support.

124. HMRC's corporate witness statement sets out the impacts that occurred including on the delivery of customer services and on tax collecting and compliance activity – see paragraphs 27-39 of HMRC's corporate witness statement.
125. HMRC is a non-ministerial Department. Unlike ministerial departments, HMRC is a statutory body. Ministers have the statutory power to give the Commissioners of Revenue and Customs directions of a general nature in relation to its statutory functions (see section 11 CRCA 2005) and they are answerable to Parliament for the Department's performance. Therefore, the Commissioners routinely engage with Ministers on the Department's operational strategies, priorities, plans and performance. In addition, HMRC advises Ministers on tax policy alongside HMT officials, through the Policy Partnership.
126. The Policy Partnership works by HMT, supported by HMRC, leading on strategic tax policy and policy development and HMRC, supported by HMT, leading on policy maintenance and delivery – collecting taxes and paying out benefits. HMT Ministers (and ministers in other departments on occasions) are involved in decisions in both areas, though tend to be more heavily involved in policy rather than maintenance decisions. The level of Ministerial involvement in maintenance decisions has varied from minister to minister. However, the Financial Secretary to the Treasury (at the time, not Exchequer Secretary to the Treasury) is the departmental Minister for HMRC, the Valuation Office Agency, and the Government's Actuary's Department – meaning they have a significant role in departmental decision making.
127. There is a clear expectation under the Policy Partnership that whether advice is led by HMRC or HMT, colleagues from across the partnership should provide input to policy advice and participate in key ministerial meetings. HMRC advised the Chancellor on some aspects of economic support schemes in response to the pandemic, alongside HMT officials. The individual arrangements in place to advise the Chancellor on each of the different schemes varied.
128. Broadly, during the pandemic, advice was commissioned from the Chancellor's Private Office to HMT officials. HMT officials then brought in relevant HMRC colleagues to contribute to the advice. In some cases, advice was commissioned directly from the Chancellor's Private Office to both HMT and HMRC officials. Any necessary clarifications were sought through conversations with the Chancellor's Private Office and additional advice beyond the scope of the request would be

provided with their agreement. All advice from HMRC Officials and HMT Ministers was given place through this process.

129. HMRC's main area of input was on the operational implications and deliverability of policies which the Chancellor was being advised on. HMT led on strategic policy and policy development decisions. HMRC officials had regular access to the Chancellor and senior officials in HMT to support decision making, particularly where trade-offs between objectives were needed to inform delivery.

130. HMRC officials provided objective advice on delivery and operational matters. Schemes delivered by HMRC involving the use of public funds required my sign off as Accounting Officer under HMT's Managing Public Money guidance for their regularity, propriety, value for money and feasibility. On two occasions I sought a Ministerial Direction to proceed for Eat Out to Help Out and the Job Retention Bonus where I could not satisfy myself that they met the Managing Public Money standards for value for money.

131. HMRC contributes to advice to ministers as part of the process described above – whether that advice is sent or communicated directly from HMRC officials or through HMT as part of the Policy Partnership.

132. All advice is delivered in line with the Civil Service Code, which provides a framework to ensure that officials understand their obligations when providing advice to ministers.

133. The role of HMRC civil servants is to act with integrity, honesty, and objectivity when advising Ministers. Part of decision making involves the Accounting Officer for a department making sure the actions taken by their department meet the four Accounting Officer standards set out in HMT's Managing Public Money guidelines. The standards are:

- a. Regularity: the proposal has legal basis, Parliamentary authority, and Treasury authorisation; and is compatible with the agreed spending budgets.
- b. Propriety: the proposal meets the high standards of public conduct and relevant Parliamentary control procedures and expectations.
- c. Value for money: in comparison to alternative proposals or doing nothing, the proposal delivers value for the Exchequer as a whole.

d. Feasibility: the proposal can be implemented accurately, sustainably, and to the intended timetable.

134. I exhibit at [JH/49 – INQ000623862] a copy of HMT's guidance about Accounting Officer Assessments.

135. An Accounting Officer Assessment is written by department officials, and signed off by the organisation's most senior officer for finance (in these instances by HMRC's Chief Finance Officer) before submission to the Accounting Officer for review and decision.

136. The Accounting Officer Assessment provides assurance for the Accounting Officer that policy and spending decisions meet the expected standards of Regularity, Propriety, Value for Money, and Feasibility. The assessment examines how far the policy and spending proposal is compatible with these standards thus enabling the Accounting Officer to decide whether to agree to the spending proposal.

137. Where an Accounting Officer concludes that a proposal does not meet one or more of the Accounting Officer standards, the next step might be to consider whether the policy or proposed course of action can be modified to make it do so. If it is not possible to redesign the policy or proposal, there may be no alternative to the Accounting Officer seeking what is known as a Ministerial Direction if the policy is to be proceeded with. Often, by their nature, issues that might call for a ministerial direction are novel, contentious, or repercussive, and therefore in any event require explicit Treasury consent. The direction itself is simply a formal exchange of letters between the most senior minister in HMT and the Accounting Officer.

138. There were two HMRC ministerial directions during the pandemic. For the Eat Out to Help Out Scheme a ministerial direction was issued on 9 July 2020 [JH/50 INQ000235021]. For the Job Retention Bonus a ministerial direction was issued dated 7 July 2020 (although in the event, the JRS was not proceeded with) [JH/51 INQ000583465].

139. On 3 July 2020 I received an Accounting Officer Assessment from the Chief Finance Officer in relation to the Eat Out to Help Out scheme and the Job Retention Bonus. On 5 July 2020 I responded concluding that I would need a Ministerial Direction for both schemes.

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140. In relation to Eat Out to Help Out this was because of the level of uncertainty as to the value for money of the scheme. There was insufficient evidence for me to reach a conclusion on this and given the acute urgency of the situation, there was insufficient time to gather the necessary evidence and wider external opinions that might have enabled me to reach a conclusion.

141. In relation to the Job Retention Bonus scheme, I decided that I should seek a Ministerial Direction because of the level of uncertainty as to the value for money of the scheme (both in absolute terms and relative to the alternative option of extending the tapering of the existing CJRS) and the likelihood of high deadweight cost. I attach a copy of the emails dated 3 July 2020 and 5 July 2020 evidencing my consideration [**JH/52 INQ000623861**].

142. HMRC officials then liaised to prepare letters seeking the Ministerial Directions from the Chancellor and the letter providing the Directions.

143. In my opinion, the provision for Ministerial directions under the Managing Public Money guidelines is a useful way of ensuring there is appropriate political accountability for particularly contentious or uncertain policies. The unprecedented nature of the pandemic and the economic response to it, meant that HMRC sought such directions for the first time.

STATEMENT OF TRUTH

I believe that the facts stated in this witness statement are true. I understand that proceedings may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Signed: Personal Data
Dated: 2 October 2025