that factors relevant to decisions about how to adapt economic support schemes were sometimes not shared across government in the way that external stakeholders would have expected.

162. Failure to involve BEIS officials in the design of business support schemes also risked worse-than-necessary VfM. For example, BEIS was responsible for managing the £22.6bn offered to businesses through a series of local authority run grants (including the Retail, Hospitality and Leisure Grant Fund) (Comptroller and Auditor General, 2023). But a lack of involvement of BEIS led to an important oversight, with the Treasury failing to allocate any money for the administration of these schemes, even though the sums were equivalent to half of some local authorities' typical annual budgets (Tetlow and Bartrum, 2024). Additional funding to cover administrative costs was allocated in BEIS's 'main estimates', which were published on 4 May 2020, but £6bn of grants had already been handed out by mid-April (Comptroller and Auditor General, 2023). This delay in allocating funding to administer the schemes meant that there was no resource available in the early months to monitor or evaluate the effectiveness and VfM of the scheme, missing opportunities to iterate its design and improve its VfM. As the National Audit Office noted, the Treasury also did not notify local authorities of the new schemes until they were announced publicly, "creating significant practical challenges as they struggled to respond", and the lack of local authority involvement also meant that grant schemes "were sometimes launched with practical issues that took time to resolve fully" (Comptroller and Auditor General, 2023).

163. Confused lines of accountability for the BBB - between the Treasury and BEIS - also hampered the roll-out and scrutiny of the business loan schemes. For largely idiosyncratic reasons relating to the dynamics within the Conservative - Liberal Democrat coalition government, the BBB was established as, and has remained, an arm's-length body of BEIS (now DBT), rather than reporting to the Treasury as some other publicly run financial institutions (such as the UK Infrastructure Bank, now the National Wealth Fund) do. This somewhat hampered the design and roll-out of the business loan schemes because the ministerial impetus for the schemes came largely from the Treasury and the work to design them was done mainly through consultation between the Treasury and the BBB. But formally BEIS was responsible for the schemes. That meant that it was the BEIS accounting officer who had to satisfy herself of the merits of the schemes and ultimately ask for ministerial directions on the schemes, even though neither her core department nor her minister had had close involvement in their design.

164. These confused lines of accountability also hampered parliamentary scrutiny of the schemes. Because officials in the delivery department (BEIS) had had little involvement in the design of the schemes, the BEIS accounting officer and other BEIS officials were poorly placed to account to parliament and others for their success. This led to a confusing situation for parliamentary select committees, who often did not know who to call in when scrutinising the loan schemes: the Chancellor made many of the major decisions on scheme design (given their importance to the macro economy), yet BEIS was ultimately responsible for monitoring the schemes' performance. This problem was not unique to the business support schemes – similar problems were noted in IfG work on the role of public health bodies during the pandemic (Gill and Dalton, 2022) – but it did hamper proper scrutiny of the decisions that were made.

Dependence on existing data and systems to deliver economic support

165. The economic support policies that were introduced during the pandemic were significantly shaped by the data and systems that government already had in place before the pandemic. Focusing on making use of existing data and systems was an important strength

272.3. The absence of a UK household[19] dataset based on administrative data also significantly limits the UK's ability to support incomes through fiscal transfers, and to understand who is in most need of those transfers in the event of an emergency. The UK government has fairly extensive individual-level data from the tax system, for those who pay income tax or National Insurance, and household-level data for some households in the benefits system. But it does not have comprehensive household-level information. This limits the type of support that the government can offer and how well it can be targeted towards households in need. The government should explore the feasibility and cost of developing a household-level dataset, including information on income, through, for example, linking different administrative datasets together. The Treasury's support (and funding) would be a key driver of its success.

272.4. A UK household dataset could have numerous benefits in a range of policy areas. It would have helped to target Treasury support for household energy costs in 2022, thus providing support to those who needed it at significantly lower cost to the Exchequer. This sort of innovation, though, would not just be useful during crises. A Social Mobility Commission report, for example, highlights how the absence of a household-level dataset means that the targeting of education interventions for people living in poverty is much worse than it could otherwise be (Social Mobility Commission, 2022).

Preparing for known risks

273. The Treasury, much like the rest of government, was not adequately prepared for the Covid-19 crisis. The Treasury had done little preparation for the widespread economic consequences of a major pandemic. This was despite the fact that: (i) a flu pandemic was at the top of the government's National Risk Register; (ii) in terms of the economic impacts, the effects that played out in response to Covid-19 were very similar to the types of effects that pre-2020 modelling done in the UK and the US had suggested would result from potential flu pandemics; (iii) all departments were supposed to have had plans in place for responding to the risks identified on the National Risk Register. As a result of this lack of preparation, the Treasury was heavily reliant on data and systems that had been collected and developed for other purposes to enable its response.

273.1. **Recommendation 12: The Treasury must ensure that, as part of its risk preparation work and working with the Cabinet Office resilience directorate, it systematically explores, understands and prepares for the potential economic consequences of risks that are not fundamentally fiscal or economic in nature. This should form the basis of emergency plans that it can adapt and activate at short notice when a crisis hits. While it will not be possible to prepare fully for all risks – and flexibility and agility are always likely to be important elements of risk preparedness and resilience – it is nonetheless important that the Treasury assesses the risks and understands the range of possible impacts it may need to respond to.**

273.2. This consideration of economic impacts is something that the central Cabinet Office unit may struggle to do by itself. To support this work, the Treasury should regularly

[19] I use the term 'household' here in the way economists typically do, to refer to people who are living together as a family unit sharing financial responsibilities. This is distinct from simply people who live at the same address as each other – for example, students sharing a house – who may constitute multiple 'households' at one address.