

Taxpayers will be exposed to pandemic cost risks for decades, report says

Taxpayers will spend decades exposed to financial risks from the government's coronavirus spending, according to a committee of MPs.

Parliament's public accounts committee (PAC) has produced two reports related to the crisis, the first of which warns that Britain will be exposed to "significant financial risks for decades to come".

The cost of government measures has already reached £372bn, it said.

PAC chair Dame Meg Hillier said: "With eye-watering sums of money spent on COVID measures so far the government needs to be clear, now, how this will be managed going forward, and over what period of time.

"The ongoing risk to the taxpayer will run for 20 years on things like arts and culture recovery loans, let alone the other new risks that departments across government must quickly learn to manage."

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Among the concerns is that, of the estimate £92bn in loans guaranteed by the government as of May, £26bn is expected to be lost as a result of bad loans to businesses.

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But the exact scale of loss will going to be known for some time, the report said.

It added: "To make decisions and disburse funding more

quickly, government relaxed the usual rules over the management of public money and took on significant financial risks, which government may have to manage for many years and which will have implications for future spending decisions.”

Another concern was the cost of personal protective equipment, where the committee said there had been “unacceptably high” levels of wasteful spending.

Some 2.1 billion items purchased were found to be unusable, at a cost of more than £2bn to the taxpayer.

The stockpile of remaining PPE was also “not fit for purpose”, the committee said, adding that this was despite a cost of more than £10bn.

As of May, out of the 32 billion items of PPE ordered, some 11 billion had been distributed.

Some 12.6 billion are being held as stock, with storage costing around £6.7m per week.

Some 8.4 billion items are still on order and have not yet arrived.

The second report concentrated on the prospect of an inquiry into the handling of the coronavirus crisis, an inquiry that has been promised for next year.

However, the committee said the government should not wait for the review before “learning important lessons”, calling for a recovery plan to be presented in the autumn spending review.

Dame Meg said: “If coronavirus is with us for a long time, the financial hangover could leave future generations with a big headache.”

A Department of Health and Social Care spokeswoman responded: “There are robust processes in place to ensure that government spending always provides value for money for the taxpayer.

“We have worked tirelessly to source life-saving PPE to protect health and care staff, and we have delivered over 12.7 billion items to the frontline at record speed.”