



Department for
Business & Trade

Gareth Davies
Permanent Secretary
Old Admiralty Building
London
SW1A 2DL

25 May 2023

Dame Meg Hillier MP
Chair of the Public Accounts Committee
House of Commons
London
SW1A 0AA

Dear Chair,

**PUBLIC ACCOUNTS COMMITTEE: LOCAL AUTHORITY ADMINISTERED COVID 19
SCHEMES**

Following the Public Accounts Committee hearing on Thursday 11th May 2023 on local authority administered Covid grant schemes, the enclosed annex includes supplementary information requested by the Committee, and clarification on figures used in the session.

Yours sincerely,

GARETH DAVIES
PERMANENT SECRETARY

Annex A:

- Q22: Mr Djanogly asked about the process of recovery. The Department for Business and Trade committed to write to the committee on the Non-Executive Director led review of the COVID business grants, including plans to recover irregular payments.

I can confirm that I have requested one of the department's Non-Executive Directors, Karina McTeague, to undertake a review into what more could be done to recover the irregular payments associated with the various COVID-19 LA Grant schemes. This work will be undertaken over the next few months, and I will provide the Committee with the conclusions of this review once complete.

Annex B: Corrections

- Q13: Gareth Davies stated that the figures for the committee used for cohort 1 were based on 5,000 samples.

Transcript:

Q13 Mr Djanogly: If I could move on to look at the recovery of losses, first to identify the figures here. The NAO Report, as at 24 March, states: “£1.1 billion estimated losses occurring as a result of error and fraud in business grant schemes”, and “£11.4 million of losses recovered by mid-February 2023”. Are those figures still accurate or can you update them?

Gareth Davies CB: I can give you a quick update on that. On the estimates of fraud and error—as you know, this is from a sample approach—we have completed the sampling work on the first cohort. The first three grants were issued in March 2020, and those numbers are the same. So 8.4% is our estimate there, and that will be our final estimate as per the accounts last year.

For cohorts 2 and 3, we have taken a slightly different approach. The first set of estimates were based on five samples per grant scheme per local authority. For the second and third cohorts, we took a more stratified approach to enable a bit more detailed analysis. We worked with the NAO and ONS to make sure they were happy with those estimates. Those numbers that you have are based on 5,000 samples. We have now got that up to 9,000. We are looking to get up to 10,000, and the final numbers will be published in our accounts this year in June 2023.

Correction:

I referred to the size of the sample used for Cohort 1 as being 5,000 samples. The sample size used for Cohort 1 was 4,710 samples.

- Q44/Q45: Anastasia Osbourne stated that she has a reassurance and debt team of eighteen people.

Transcript:

Q44 Chair: Can you give us a rough approximation of what percentage of time your team will spend looking at these schemes? As Mr Djanogly said, there is an awful lot of debt, and Mr Davies has been pretty candid about the chance of getting some of that money back.

Anastasia Osbourne: It is worth me clarifying that I do have a reassurance and debt team, and they will be looking at reassurance, assurance and reconciliation. That is their full-time job. Within that team, there is a team of about 18 people that are looking at that.

Q45 Chair: Eighteen?

Anastasia Osbourne: Yes.

Correction:

The Reassurance & Debt team to which Anastasia Osbourne was referring is made up of 14 members of staff, not 18 members. It is named the Assurance and Debt Recovery function