Department for
Business & Trade

BEIS COVID-19 Response

Meta Evaluation

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This is a report of research carried out by Ipsos UK, Technopolis, and George Barrett, on behalf of the Department for Business and Trade.

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Executive Summary

Ipsos UK, Technopolis, and George Barrett were commissioned to develop a framework for undertaking a meta-evaluation of the Department for Business, Energy, and Industrial Strategy's (BEIS) overarching response to COVID-19 in October 2021. This report provides a synthesis of early evaluations of individual response programmes funded by BEIS, the British Business Bank and UKRI (and Innovate UK as part of UKRI).

It should be noted that machinery of government changes in 2023, functions previously assumed by BEIS were allocated to three new departments (the Department for Business and Trade, the Department for Science, Innovation and Technology, and the Department for Energy Security and Net Zero). This report continues to refer to BEIS as the accountable department at the time at which the response interventions were developed and delivered.

BEIS' COVID-19 response

BEIS' overarching objectives for its COVID-19 response were set out in the Department's Outcome Delivery Plan (ODP) for 2021/22:[1]

- **Short-term response:** Minimise the damage to the UK economy and research system by supporting businesses, universities, and researchers through necessary restrictions and maintaining business and consumer confidence.
- **Recovery:** Supporting safe working during COVID-19 through robust Safer Workplace Guidance, working with the Department for Health and Social Care to provide businesses with access to free lateral flow testing, and funding research and innovation to inform the broader government response to COVID-19 and enable the economy and public services to adapt and reopen safely.
- **Innovation:** Support all business sectors and the academic sector through the negative effects of COVID-19 and to capitalise on the sectoral changes needed to drive growth in the UK.

BEIS – alongside the British Business Bank, UKRI, and the Insolvency Service - put in place a wide variety of initiatives to mitigate the impact of non-pharmaceutical interventions on the economy and stabilise the economic, financial, and research and innovation systems.

Meta-evaluation

This meta-evaluation synthesises evidence in relation to the effectiveness and impacts of 12 schemes launched as part of this package of interventions. This includes major economic response programmes (such as the £23bn Local Authority COVID-19 Business Support Grants Scheme and the COVID-19 Debt Guarantee

[1] Adapted from BEIS (2021) BEIS Outcome Delivery Plan: 2021 to 2022, with the wording of the ODP objectives augmented to capture BEIS and UKRI's aims to stabilise the research and innovation system and generate knowledge and innovation to tackle the economic, social, and public health challenges created by the COVID-19 pandemic.

Schemes), regulatory easements, and schemes launched to safeguard activity in the industrial and academic research systems. The meta-evaluation draws on process and impact evaluations of individual schemes alongside other investigations into the effectiveness of the COVID-19 response (e.g. by the National Audit Office).

It should be noted that the BEIS COVID-19 response was delivered alongside a wide range of significant interventions by other parts of government. This included substantial interventions by HM Treasury and HMRC, including the Coronavirus Job Retention Scheme (CJRS) and the Self-Employment Income Support Scheme (SEISS). Impact evaluations of the most significant areas of BEIS spending over the period sought to control for these interventions while assessing their protective effects on the economy. However, it was not possible to do so perfectly and their estimated contribution to ensuring the survival of businesses and safeguarding employment may also partly reflect the impacts of these wider interventions. Additionally, studies focused on the direct impacts of the interventions concerned and there may have been second order effects that amplified or offset these direct impacts which have not been quantified in the scheme level evaluation evidence.

Economic context

BEIS' objectives to support the economy and innovation systems through the COVID-19 pandemic were achieved. The adverse economic impacts of public health measures to contain the COVID-19 pandemic were less severe than reasonable worst-case scenarios projected in April 2020 and business confidence was restored rapidly. Substantial increases in unemployment and a wave of business failures were avoided. Levels of research income and industrial R&D spending were also broadly maintained. Adverse distributional outcomes were also largely avoided.

Comparisons between the UK and comparable advanced economies indicate that while the UK saw a larger initial shock to GDP (partly due to greater structural dependency on social consumption), it largely avoided a significant spike in unemployment. It should also be noted that the GDP shock associated with public health measures fell short of worst-case projections, indicating the economy may have proved more adaptable than policy makers expected. Protective measures may also have had some adverse impacts by sustaining commercially unviable businesses, by encouraging SMEs to accumulate higher levels of debt, or by encouraging the withdrawal of some workers from the labour market.

Scheme set-up and design

The introduction of non-pharmaceutical interventions in March 2020 created an imperative for response measures to be developed and implemented rapidly. However, in most cases, no 'delivery templates' for potential response measures were in place in March 2020 meaning that interventions mainly had to be developed from first principles at rapid speed. Major economic response measures were largely developed centrally by Cabinet Office and HM Treasury under conditions of considerable uncertainty regarding the impacts of the COVID-19 pandemic, a risk of catastrophic and/or irreversible damage to the economy, and limited real-time information on the effects of non-pharmaceutical interventions on the economy.

In this context, priority was given to speed of implementation which dictated several important design choices. This included making cashflow support available on a universal basis, with limited targeting of businesses facing acute financial distress due to trading restrictions, as well as launching schemes with reduced or limited requirements for due diligence. It was anticipated that the delivery complexities associated with formal assessments of need or more stringent due diligence tests would have resulted in unacceptably long delivery timescales, reducing the effectiveness of interventions in avoiding the failure of otherwise viable businesses. Early experiences with the Coronavirus Business Interruption Loan Scheme (CBILS) also indicated that attempts to target businesses at greater risk created perceptions of inequities, creating political challenges for the adoption of more targeted approaches.

These design choices carried several risks to value for money. The absence of formal tests of need inevitably meant that some businesses or universities benefitted from direct or indirect public subsidies when they did not require cashflow support and created a risk that some unviable businesses were sustained. Additionally, the removal or absence of due diligence processes created risks of fraudulent claims or payments made in error for the most significant response measures. These risks were acknowledged and accepted at a political level at the time the programmes were launched - as highlighted in Requests for Ministerial Direction and Reservation Notices published by BEIS and the British Business Bank in connection with the initiatives carrying the greatest levels of risk.

It was recognised that in most cases, central government did not have the capacity or infrastructure to deliver grant or loan interventions on the scale required. BEIS and associated agencies largely found effective solutions by externalising delivery. Delivery challenges were minimised where it was possible to leverage the infrastructure of the finance sector (e.g. as part of the COVID-19 Loan Guarantee Schemes), though the absence of pre-existing infrastructures led to inefficiencies and duplication of costs in some initiatives.

Speed of response

Despite the highly challenging operating environment, BEIS, the British Business Bank, and UKRI were able to establish a series of major stabilising interventions following the introduction of non-pharmaceutical interventions in March 2020. These interventions successfully and quickly reached a large share of the target populations and provided protective support to most businesses that were likely to face acute financial distress because of the trading restrictions imposed. Given that the interventions were largely established without existing delivery templates, or the required infrastructure, the implementation of the short-term response should be considered a major achievement.

Resource allocation

As noted, schemes were typically launched on an open or universal basis and did not involve a material test of need. Sectors experiencing the largest economic shocks tended to benefit the largest shares of protective support provided and high

shares of firms benefitting reported that cashflow support had some importance in ensuring their survival. However, balance sheet data indicated that only a minority (25 percent) of firms entered the pandemic with insufficient reserves to fund three months of normal operating costs and would have been likely to face immediate issues of financial distress. As such, it is likely that the BEIS COVID-19 response likely reached most businesses requiring cashflow support – though a significant share of public support will also have reached businesses that were not facing acute levels of financial distress.

The evaluation evidence indicates that funds were largely used for their intended purposes – i.e. to fund to day-to-day operating costs or adaptive investments to respond to the COVID-19 pandemic. However, the removal of some business-as-usual checks on borrowers as part of BBLS, as well as the launch of the Local Authority COVID-19 Business Support Grants Scheme without requirements for formal application and due diligence processes, arguably contributed to levels of irregular payments outside normal expectations.

Equity

There was no evidence of inequitable access to the support programmes, and the government was quick to adjust where eligibility criteria led to apparently equivalent businesses being treated differently. However, allowing delivery agents discretion created some perceived inequities (though not discrimination) where similar businesses or researchers were treated differently in different areas or institutions.

Effectiveness and value for money of the response

In terms of the effectiveness of the response in addressing its key objectives:

- **Short-term response:** Most resources associated with the BEIS COVID-19 response were directed at minimising the damage to the UK economy and research system. This review indicates that the BEIS COVID-19 response was highly effective in this respect. The support package reached all groups of businesses that may have needed cashflow support and may have helped avoid the closure of up to 100,000 to 150,000 workplaces and protected up to 1 million direct jobs (though net effects may have been smaller) – making a contribution alongside the CJRS and SEISS initiatives to avoiding the spike in unemployment observed in other comparable advanced economies. The interventions introduced by BEIS and UKRI helped to mitigate disruption to the academic and industrial innovation systems.
- **Recovery:** Decisions to re-open the economy were ultimately political decisions involving a trade-off between public health outcomes, economic growth, and the likelihood of having to reintroduce non-pharmaceutical decisions. However, there was a variety of evidence that the BEIS COVID-19 response produced a wide variety of influential scientific understanding to enable these decisions to be made on an informed basis. The BEIS COVID-19 response also helped develop innovations to minimise the public health impacts associated with easing restrictions (including via supporting the early

development of vaccines and therapeutics as well as providing guidance on how businesses could open more rapidly).

- **Innovation and economic transformation:** At the time of analysis for this report, there is little evidence on the effectiveness of R&I interventions in relation to BEIS' objectives of supporting economic transformation to enable economic recovery from COVID-19 (although more information will become available). However, BEIS' goals in this respect were not well defined with no explicit vision of what types of economic transformation were sought/needed and (b) only a limited number of individual response programmes would be expected to have contributed to these goals.

However, the findings of evaluations generally also show that a relatively high share of businesses benefitting from the response would have been likely to survive in the absence of this support and, in many cases, the impacts of the BEIS COVID-19 response could have been achieved with lower levels of overall public expenditure. These issues stemmed from an absence of any material test of the financial need for support, the priority given to speed of delivery, as well as the broader resilience of the economy.

It should also be noted that the UK government adopted an approach that aligned closely with almost all other advanced economies when developing its business support programmes. An OECD review of SME support measures during COVID-19 indicated that all policy support introduced at the start of the pandemic was made available on a universal basis (resulting in, for example, 70 percent of US small businesses supported by relief measures).[2] Similar concerns have been raised in relation to the international response and there are no clear examples of feasible approaches adopted elsewhere that delivered superior value for money.

Lessons learned

Finally, in terms of lessons that might be considered in the design of future emergency response measures:

Table 1: Key lessons learned

Lesson	Overview
Targeting	Improving the value for money associated with future emergency response measures will require greater targeting of businesses facing acute financial distress. On the assumption that the key objective will be to prevent unnecessary failure of otherwise viable businesses, achieving this could require examination of (a) the revenue impacts of future crises on individual businesses seeking support and (b) the ability of businesses to absorb operating costs from their reserves. Making these assessments can be expected to involve significant transaction costs, and consideration will need to be given to both how an appropriate infrastructure could be put in place quickly and what measures might be taken to streamline such assessments (including potentially scope to use open banking data as discussed below and technology to automate the processing of applications).

[2] OECD (2021) One year of SME and entrepreneurship policy responses to COVID-19: Lessons learned to build back better

Infrastructure	Delivery issues were minimised where existing delivery templates and infrastructure were in place – for example, the delivery of CBILS was expedited because the British Business Bank was able to roll over accreditations from the Enterprise Finance Guarantee. It may be helpful to consider what range of schemes might be required to facilitate an emergency response across a range of future crisis scenarios, the infrastructure necessary to deliver these schemes, and the costs and benefits of putting this infrastructure in place (or maintaining infrastructure established as part of the COVID-19 response). This could allow schemes to be activated rapidly in response to future emergencies while protecting the value for money.
Real time information	Several evaluations highlighted lessons in terms of weaknesses in the information available to policy makers – particularly in terms of a lack of real-time data on the financial performance and resilience of businesses and other institutions. This meant that the government was often reliant on engagement with representatives of the business community or surveys of businesses to understand the impact of restrictions on the economy. For example, the evaluation of the COVID-19 Loan Guarantee Schemes highlights that policy makers were working with information that indicated half of SMEs had less than one month of cash in the bank[3] when designing BBLS. This level of financial distress was not observed in evaluation studies that collected information on the balance sheets of businesses receiving support. Some evaluations have argued that strengthening the availability of real time data – for example, through open banking data arrangements – could improve the government's ability to establish the impact of emergency measures as well as aid targeting of support programmes.
Choice of instrument	It appears probable that loan-based support will offer greater value for money in the long-run than grant based support. There was little difference in the effectiveness of grant and loan based cashflow support in ensuring the survival of businesses, though as many businesses can be expected to repay loans, the long-run cost to the public sector is likely to be lower. Businesses in 'need' may also be more likely to self-select for this form of support. As such, future scenario planning could usefully consider the optimal balance of grant based and loan-based support.
Communications	While communications were effective in raising awareness of the support package, some initial delivery issues were caused by making public announcements before scheme delivery partners were able to activate initiatives. Clearly, rapid communication was needed to maintain consumer and business confidence and such issues could potentially be avoided by (a) putting in place the necessary delivery templates and scheme infrastructure in advance and (b) agreeing a communications strategy with the relevant scheme delivery partners as part of this process.
Fairness	A more targeted approach to the allocation of support is likely to produce challenges of perceived unfairness (e.g. if businesses with weaker balance sheets are prioritised over those with substantial reserves). It may be helpful to reach consensus across stakeholders (including the business community, interest groups, and the public)

[3] DBT (2023) British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year One report, page 77.

	around a set of principles underpinning the approach that should be taken in supporting the economy through future crises to minimise the risk that the design of the response is influenced by lobbying or other types of political challenge.

1.0 Introduction

Ipsos UK, Technopolis, and George Barrett were commissioned to develop a framework for undertaking a meta-evaluation of the Department for Business, Energy, and Industrial Strategy's (BEIS) overarching response to COVID-19 in October 2021. This report provides a synthesis of early evaluations of individual response programmes funded by BEIS, the British Business Bank and UKRI. This material is used to inform a broader assessment of the value for money associated with the Department's COVID-19 response against the National Audit Office's 3Es (economy, efficiency, and effectiveness) framework.

It should be noted that machinery of government changes in 2023 resulted the functions previously assumed by BEIS being allocated to three new departments (the Department for Business and Trade, the Department for Science, Innovation and Technology, and the Department for Energy Security and Net Zero). This report continues to refer to BEIS as the accountable department at the time at which the response interventions were developed and delivered.

1.1 Evaluation aims and objectives

Detailed evaluation questions were agreed with BEIS, British Business Bank, and UKRI (and Innovate UK as part of UKRI) as part of developing the underlying framework for the review. These were derived from an analysis of how individual response programmes were expected to contribute to BEIS' objectives in relation to tackling COVID-19 as defined in its 2021/22 Outcome Delivery Plan (presented in summary form in Section 2). Process and impact evaluation questions identified through this analysis are set out in the following table. It should be noted that not all questions are relevant to every programme within the scope of the review, and some do not yet have full evidence available.

Table 1.1 Process and impact evaluation questions

Process evaluation	Impact evaluation
Strength of strategic and operational response • How effectively did BEIS, UKRI, British Business Bank, Innovate UK and the Insolvency Service engage with relevant parties in the public and private sector to (a) establish the rationale for public interventions and (b) determine the research and innovation needed to support safe re-opening of the economy? • How effectively did BEIS, UKRI (including Innovate UK), British Business Bank and the Insolvency Service interact in the development and co-ordination of the COVID-19 response?	**Short and medium-term economic impacts** • How far did the BEIS COVID-19 response prevent the failure of otherwise viable businesses facing disruption as a consequence of COVID-19? • How far did the BEIS COVID-19 response create or safeguard jobs and/or limit the impact of COVID-19 on short- and long-term unemployment? • How far did the BEIS COVID-19 response enable businesses to re-open more rapidly once social distancing restrictions were withdrawn?

Process evaluation	Impact evaluation
• How did scheme development and implementation processes differ from Business-As-Usual (BAU) and how did these variations enhance or diminish the effectiveness of the response? How did risk appetite vary across intervention and policy areas and did this influence the effectiveness of the response? • To what extent were schemes designed with clear strategic objectives? • How effective was BEIS at giving clear strategic and operational guidance to partner organisations? • To what extent did schemes avoid unnecessary duplication of parallel programmes? • Did the BEIS COVID-19 response evolve appropriately in light of changes in the external environment?	• What was the total impact of the BEIS COVID-19 response on economic output, productivity, and employment? • What types of support were most effective for which groups?
Speed of response • Were the necessary delivery templates, supporting infrastructure, and resources available to enable a rapid response to the pandemic? • How effective was BEIS, UKRI, and BBB at establishing interventions quickly enough to minimise the potential economic damage of the pandemic? • How far did the requirement for speed lead to important trade-offs in other aspects of scheme design (and if so, could these have been avoided?) • To what degree were the findings or outputs of research and innovation activity available sufficiently rapidly to aid the broader COVID-19 response? • Were appropriate adjustments made in response to challenges encountered?	**Stability of the R&I system** • How far did the BEIS COVID-19 response safeguard R&I activity in the academic and industrial sectors (including maintaining the pipeline of innovative businesses)? • To what degree did the BEIS COVID-19 response preserve the UK's R&I capabilities and global competitive advantages?
Resource allocation • How far were interventions designed to reach organisations or support activities that were otherwise viable prior to COVID-19?	**Economic transformation** • To what degree did the BEIS COVID-19 response contribute to the decarbonisation of the economy and broader Net Zero objectives?

Process evaluation	Impact evaluation
• To what extent were interventions designed to reach organisations or support activities whose viability was threatened by the public health response to COVID-19? • How effective were controls to prevent fraud risks and recover irregular payments? • To what degree were funds for research and innovation directed at addressing knowledge and innovation needs identified by decision makers? • To what extent was funding allocated to support research, innovation, and adaptation activity that aimed to support long-term economic transformation?	
Knowledge exchange and communication • How effectively did BEIS, UKRI, and Innovate UK monitor and/or synthesise the findings or results of research and innovation activity? • How effectively were findings, outputs and guidance disseminated to relevant parties in the public and private sector? • To what degree was knowledge translated into actions that could be feasibly/economically implemented? • To what extent were actions to encourage compliance effective?	**Public health and other social benefits** • To what extent did knowledge generated by the BEIS COVID-19 response influence public health policy during COVID-19? • How far did the knowledge generated by the BEIS COVID-19 response reduce transmission of COVID-19 and/or limit economic damage through effects on policy? • How far did the BEIS COVID-19 response provide technologies and innovation needed for the economy and public services to adapt to social distancing restrictions or reopen safely? • What broader social and health benefits arose from the BEIS COVID-19 response?
Equity • Did the BEIS COVID-19 response provide protection to all groups of otherwise viable organisations or activities that faced significant disruption due to COVID-19? • To what extent did the research agenda and resultant projects prioritise the needs and/or safety of all groups of workers adversely affected by the pandemic? • Were all groups of eligible businesses equally able to access	**Adverse impacts** • How far did the BEIS COVID-19 response result in adverse impacts for creditors? • How far did the BEIS COVID-19 response prevent the reallocation of resources to more productive uses? • How far did the BEIS COVID-19 response contribute to supply pressures and/or increases in prices? • What other unintended consequences arose from the BEIS

Process evaluation	Impact evaluation
the support package? To what extent were interventions able to address issues of differential access? • How far did the BEIS COVID-19 response seek to limit adverse distributional effects across businesses and workers?	COVID-19 response (e.g. effects on competition)?
Lessons learned • What lessons can be learned for future pandemics and/or emergencies?	

1.2 Schemes and evidence base

The following table sets out the individual response programmes in the scope of this study and the associated evaluation evidence base (including the outputs of relevant National Audit Office investigations). Most schemes considered to form part of the BEIS COVID-19 response have been subject to an independent evaluation. Where these evaluations have sought to quantify the impacts of schemes, they were subject to an independent peer review process to provide assurance that the methodologies employed were as robust as practicable given the constraints set by the design of the initiatives and the availability of data. There were some gaps in the evidence base, which are highlighted below.

The Green Economic Stimulus schemes (the Green Homes Grant Voucher Scheme, the Social Housing Decarbonisation Fund (Demonstrator) and the Public Sector Decarbonisation Fund) were within the scope of the study only as far as their employment impacts were concerned. While process and impact evaluations of these schemes have been commissioned, findings from these studies were not incorporated into the review. Additionally, while the Vaccine Taskforce was originally within the scope of the study, it was later deemed out of scope as the Department for Health and Social Care (DHSC) had assumed responsibility for its activities. A review of the Vaccine Taskforce has been published by DHSC separately.[4]

Table 1.2 Evaluation evidence considered in this review

COVID-19 response schemes	Evaluation evidence
BEIS funded schemes Local Authority COVID-19 Business Support Grants Scheme	• Independent process, impact, and economic evaluation undertaken in 2022/23. • National Audit Office (2023) COVID-19 business grant schemes: final report

[4] Department for Health and Social Care (2023) A review of the Vaccine Taskforce

COVID-19 response schemes	Evaluation evidence
Trade Credit Reinsurance Scheme	• Independent process, impact, and economic evaluation undertaken in 2022/23.
Safer Workplace Guidance	• Case study research completed as part of this study (see below)
Green Homes Grant Voucher Scheme (note that only employment impacts are in scope)	• Independent process, impact, and economic evaluation undertaken between 2021 and 2023.
Social Housing Decarbonisation Fund (Demonstrator) and Public Sector Decarbonisation Fund (note only the employment impacts are in scope)	• Independent process and impact evaluations have been commissioned but findings were not available at the time of writing.
BEIS and UKRI Research Stabilisation Interventions	• Independent process evaluation and early impact evaluation reporting in 2024, forming part of a longer-term programme of evaluation of the programme.
British Business Bank schemes COVID-19 Loan Guarantee Schemes	• Independent process and impact evaluation reporting in 2022 (Year One report). This did not examine issues of debt recovery or fraud owing to possible interference with the National Audit Office investigation of the programme. • Independent process and impact evaluation reporting in 2023 (Year Two report). This explored issues in relation to debt recovery and fraud. Further assessments are anticipated to be published in 2024/25. • National Audit Office (2020) Investigation into the Bounce Back Loan Scheme • National Audit Office (2021) The Bounce Back Loan Scheme: an update
Future Fund	• Independent process and impact evaluation reporting in 2022 (Year One report). • Independent impact evaluation reporting in 2023 (Year Two report). Further assessments are anticipated to be published in 2024/25
Recovery Loan Scheme	• Early impact evaluation and process evaluation findings.

COVID-19 response schemes	Evaluation evidence
Insolvency Service Corporate Insolvency and Governance Act (2020)	• Process evaluation commissioned (focused on the permanent measures of the Act) • Post-Implementation Review (focused on the permanent measures of the Act) • Insolvency statistics (providing monitoring information on the outcomes of the Act)
Innovate UK COVID-19 Funding Response Programme	• Independent impact evaluation exploring the impacts of the Continuity Grants, Fast Start, and Sustainable Innovation Fund has been commissioned but findings were not available at the time of writing. • Enhanced business support (via the EDGE programme) did not form part of the evaluation scope. An evaluation of the scheme was not originally planned but has now been commissioned.
UKRI Research and Innovation Response	• Independent process evaluation reporting in 2021 • Independent impact evaluation reporting in 2022

1.3 Methodology

The study involved the following methodological steps:

- **Evaluation framework:** The first stage of the study involved the development of an overarching evaluation framework for BEIS' COVID-19 response (covering process, impact, and economic evaluation dimensions). This involved a comprehensive review of the design of individual response measures and evaluation plans to (a) develop an overarching theory of change for the response and associated evaluation questions, (b) establish how far the evidence base was likely to address those questions, (c) consider options for, and the value of, addressing any gaps through additional evaluation work. The framework was validated with a series of workshops with officials involved in the design, delivery, and evaluation of the response measures.
- **Literature review:** Once a body of evidence had emerged from the evaluation of individual response schemes, the evaluation evidence was mapped against the evaluation questions identified above. This comprised a

thematic analysis of process evaluation findings to draw out common findings across initiatives, and an aggregative synthesis of the findings of impact evaluations to provide an indicative view on the total impacts of the BEIS COVID-19 response. This included reflections on the strength of the underpinning methodologies.

- **Context review:** The findings of the review were contextualised through a broader analysis of the socio-economic outcomes of the COVID-19 pandemic. This included a synthetic control group analysis involving comparisons between UK and similar advanced economies to establish how far the UK experience differed to international comparators. This review was undertaken to enable an assessment of how far BEIS' overall objectives for the COVID-19 response were achieved and contextualise the contributions made by individual schemes.
- **Early findings report:** The study included a discrete programme of qualitative research with businesses (covering both businesses that benefitted from COVID-19 response programmes and businesses that did not) to explore how individual response measures came together to support businesses through the pandemic. This exercise involved 31 depth interviews with SMEs across a variety of sectors and exposure to trading restrictions during the COVID-19 pandemic.
- **Safer Workplace Guidance:** The development of the evaluation framework identified that no formal evaluation activity was planned in relation to the Safer Workplace Guidance. A small programme of case study research was undertaken as part of this study to address this gap. This involved a synthesis of secondary evidence from the ONS Business Impact of Coronavirus Survey (now Business Insights and Conditions Survey), the BEIS Business Compliance Dashboard, and a small number of interviews with key stakeholders (including BEIS, the Health and Safety Executive, and the UK Health Security Agency).

The analysis contained within this study was carried out prior to April 2024 – any evaluation evidence that has emerged since then has not been included.

1.4 Key limitations

The following review should be read with the following limitations in mind:

- **Interim evidence:** In many cases, this report is based on interim assessments of the impact of individual response measures. These interim studies typically provide a comprehensive evaluation of the processes deployed in the implementation of response measures. Evaluations of the programmes accounting for most significant shares of total spending also incorporated quasi-experimental assessments of their short-term impacts. Evidence on the longer-term impacts of the response programmes will become available in 2024 and beyond (particularly in relation to the COVID-19 Loan Guarantee Schemes, Innovate UK's COVID-19 Funding Response

Programme, the Future Fund, and BEIS and UKRI's Research Stabilisation Interventions).

- **Evidence gaps:** There are some evidence gaps that will likely result in an understatement of the impacts of BEIS' COVID-19 response. The Corporate Insolvency and Governance Act 2020 included some important temporary measures to ease insolvency regulations during the COVID-19 pandemic which may have had some important impacts in promoting the survival of firms facing acute trading restrictions. A decision was made in 2020 to focus the evaluation of the Act – including a process evaluation undertaken by University of Wolverhampton and a value for money assessment undertaken as part of the Post-Implementation Review – on the permanent measures of the legislation rather than its temporary elements. While this is consistent with the principles of the Better Regulation Framework, this also means that the impacts of the legislation in protecting the economy are not fully reflected in the analysis set out in the report.
- **Macro-economic impacts:** The assessment of the impact of the BEIS COVID-19 response is largely based on an aggregation of a series of micro-econometric studies that have sought to estimate the incremental effects of individual response programmes on the group of businesses that benefitted from these schemes. This aggregation can only provide an indicative assessment of the overall scale of impacts resulting from the BEIS COVID-19 response:
    - Firstly, there were interactions both between BEIS funded schemes and other response programmes funded elsewhere in government (e.g. the Coronavirus Job Retention Scheme), with individual businesses benefitting from multiple schemes. While micro-econometric studies have sought to control for the availability of parallel support programmes, the fact that businesses received support from multiple sources largely at the same time creates some challenges for statistical modelling in separating the impacts of different programmes. Macro-economic headwinds following the COVID-19 pandemic – including on-going supply chain frictions arising from the disruption caused as well as the energy price crisis caused by the Russia – Ukraine war – will also make it harder to disentangle effects. A more detailed discussion of the underlying issues and how they were handled by each scheme level evaluation is set out in section 4.5.
    - Additionally, the COVID-19 response is likely to have had numerous effects that cannot be adequately accounted for in micro-econometric studies. These include the confidence building impacts of the response which may have stimulated greater levels of household and business spending across the economy more generally, and the effects of the response in increasing consumer spending amongst those whose jobs were safeguarded. Equivalently, the response may also have had offsetting effects by sustaining demand levels during a period of supply side constraints, particularly when the issues created by COVID-19

began to ease (leading to upward pressure on prices and reductions in economic activity elsewhere in the economy). While options for exploring these effects via macro-economic modelling were explored as part of developing the evaluation framework, this type of exercise is out of the scope of this review.

- **Public health impacts:** Some aspects of the BEIS COVID-19 response would be expected to have enabled the economy to re-open more safely than may have otherwise been the case (particularly via investments in research and innovation and the adoption of the Safer Workplace Guidance). While there is some descriptive evidence of the scale and significance of these impacts, it was not possible to quantify these results as part of scheme level evaluations.
- **Scope of the response:** The BEIS COVID-19 response was highly diverse spanning both short term economic stimulus measures alongside efforts to aid the technological and public health response to the pandemic. While the objectives of BEIS' Outcome Delivery Plan have been used to structure this meta-evaluation exercise, it should be noted that these activities with highly divergent objectives are not normally brought together in typical meta-evaluation activities.

1.5 Structure of this report

The remainder of this report is structured as follows:

- **Section 2** sets out an overarching theory of change for the BEIS COVID-19 response, providing an overall framework for the meta-evaluation.
- **Section 3** provides a brief overview of the UK socio-economic context between 2019 and 2023 and explores how far the Department's overall objectives for COVID-19 were achieved.
- **Section 4** provides a synthesis of the evidence relevant to BEIS' short-term response to COVID-19, covering both the effectiveness of processes adopted in the design and delivery of individual response measures and their effectiveness in stabilising the economic and research systems.
- **Section 5** provides a synthesis of the evidence relevant to BEIS' interventions to support safe re-opening of the economy and the enable economic transformation as part of the recovery process.
- **Section 6** sets out the conclusions of the review. This includes an assessment of value for money structured against the National Audit Office's 3Es framework.

2.0 BEIS COVID-19 response

This section provides an overall theory of change explaining how the components of BEIS' overarching response to COVID-19 were expected to come together to produce their intended outputs, outcomes, and impacts. The following analysis is structured against BEIS' overarching objectives (as set out in the Department's Outcome Delivery Plan) and highlights broader contextual factors that may have facilitated or hindered the achievement of these objectives.

The following analysis is based on a review of both programme documentation and consultations with policy officials. It was broadly agreed with BEIS, British Business Bank, and UKRI through a series of validation workshops – and serves as an organising framework for the synthesis of evaluation material.

2.1 Aim and objectives

BEIS' overarching objectives for its COVID-19 response were set out in the Department's Outcome Delivery Plan (ODP) for 2021/22.[5] These were used as a starting point to set the criteria against which the success of the COVID-19 response should be assessed. Stakeholders engaged in validation workshops suggested that these objectives did not fully capture the breadth of activities supported by BEIS because objectives and priorities evolved over time due to the dynamic situation.

For the purposes of setting evaluation criteria, the wording of the ODP objectives was augmented to capture BEIS and UKRI's aims to stabilise the research and innovation system and generate knowledge and innovation to tackle the economic, social, and public health challenges created by the COVID-19 pandemic. It should also be noted that the BEIS' objectives included a fourth aim to develop and secure access to promising vaccine candidates (via the Vaccine Taskforce) which is out of the scope of this study.

[5] BEIS (2021) BEIS Outcome Delivery Plan: 2021 to 2022

Table 2.1 BEIS COVID-19 response objectives

Objective	Description
#1: Short-term response	Minimise the damage to the UK economy and research system by supporting businesses, universities (and other research performing institutes), and researchers through necessary restrictions and maintaining business and consumer confidence.
#2: Recovery	Supporting safe working during the COVID-19 through robust Safer Working Guidance, working with the Department for Health and Social Care to provide businesses with access to free lateral flow testing, and funding research and innovation to inform the broader government response to COVID-19 and enable the economy and public services to adapt and reopen safely.
#3: Innovation and economic transformation	Support all business sectors and the academic sector through the negative effects of COVID-19 and to capitalise on the sectoral changes needed to drive growth in the UK.

Source: Adapted from BEIS (2021) Outcome Delivery Plan: 2021 to 2022

2.2 Rationale for intervention

The rationale for BEIS' overarching COVID-19 response can be summarised as follows:

- **Mitigating the economic impact of non-pharmaceutical interventions:** The introduction of social distancing arrangements in March 2020 in response to the first wave of the COVID-19 pandemic resulted in the enforced closure of large sectors of the economy. These closures were expected to have considerable effects on the cashflow of businesses by limiting their ability to generate the revenues needed to meet their spending commitments. While firms may have been able to reduce wage spending via redundancies, other liabilities could have prompted significant issues with liquidity or solvency, leading to a wave of business failures.
- **Stability of the economic and financial system:** Uncertainty about how long social distancing restrictions would be needed, and the extent to which otherwise viable firms could be exposed to business failures in their supply chains or amongst their customers, also had the potential to destabilise the broader economic and financial system. As well as reducing confidence amongst consumers and businesses and their willingness to spend or invest, there were also threats to credit markets if lenders found themselves unable to assess the risks involved with new lending propositions – amplifying economic risks.
- **Scarring effects:** Widespread failures of businesses would have been expected to produce substantial increases in unemployment and the loss of the physical and intangible capital needed to restart the economy. This risked permanent losses of productive capacity, issues of long-term unemployment, and associated social problems. These long-term impacts would have been unevenly experienced across different types of area and sectors of the labour market, causing more significant issues in areas and amongst groups less able to adapt.

- **Threats to the research and innovation system:** The research and industrial innovation system is central to the UK's competitiveness through generating new knowledge, providing the economy with skilled workers, and providing new business models and technologies. The innovation system also faced threats from the COVID-19 pandemic. Alongside the general disruption caused by the introduction of non-pharmaceutical interventions, the ability of the academic sector to fund research with fees earned from international students was expected to be constrained by international travel restrictions. Elevated uncertainty and reduced revenues were also expected to lead to lower levels of industrial R&D spending. The resultant loss of research and innovation capabilities would have limited the long-term growth potential of the economy and reduced the UK's competitiveness.
- **Public goods:** The COVID-19 pandemic also produced public good problems resulting from the novelty of the virus and uncertainty about how to mitigate its impacts:
    - **Knowledge generation:** The pandemic created a need for scientific knowledge about the biology of the disease, transmission mechanisms, the likely effectiveness of non-pharmaceutical interventions, and the development of treatments and vaccines. This knowledge had potentially profound economic, health, and social impacts. For example, understanding the distance at which risk of transmission falls would have significant implications for a variety of sectors and their ability to re-open safely. However, no private actor had adequate incentives to invest in the generation of this knowledge as they would have been unable to internalise the full scope of the benefits involved – requiring the public sector to drive the research agenda and fund relevant research.
    - **Formulation and communication of guidance:** The pandemic also created an important role for the public sector in assimilating knowledge to develop principles under which economic activity could take place relatively safely while minimising transmission. This also involved a need to communicate these principles effectively to businesses and to provide confidence in the practical steps and investments required to reopen safely for customers and employees.
- **Structural impacts:** The COVID-19 pandemic accelerated several trends that were visible prior to the pandemic, particularly in term of digitalisation of consumption and working patterns. Though it is too early for definitive judgements, it is likely that some behavioural changes will have some permanence. These changes may undermine some traditional business models, and after the initial economic shock of the pandemic, there has been a need for the public sector to promote adaptation to boost productivity.
- **Equity:** Finally, the adverse impacts of the COVID-19 pandemic have been differentially experienced by different groups of workers. For example, younger workers were more exposed to job losses during the pandemic and research has shown that women with children have been relatively more

disadvantaged by the requirements for home schooling during the first and third national lockdowns. The public sector has an important role to play in limiting these negative 'distributional effects.'

2.3 Objective 1: Short-term response

For the purposes of this report, the short-term response refers to support provided to businesses, universities, and researchers to aid them with cashflow issues through the periods in which social distancing restrictions resulted in closures of sectors of the economy. The scope of interventions relevant to this objective comprises direct financial support provided in the form of grants to businesses, academic institutions, indirect support (e.g. via loan guarantees and guarantees on trade credit insurance contracts), regulatory interventions (easements and permanent changes to insolvency regulations) and job creation measures (via the Green Economic Stimulus Schemes).

2.3.1 Activities

The following table provides an overview of relevant aspects of BEIS' COVID-19 response.

Table 2.2 Objective 1 – Core Activities

Intervention	Description
Grant funding	
Local Authority COVID-19 Business Support Grant Schemes (England)	BEIS introduced a variety of grant schemes to support the smallest businesses with cashflow issues, fund non-wage expenditures during periods of restrictions, and support reopening. The schemes were introduced in cohorts coinciding with changes to the prevailing public health environment.
UKRI and BEIS Research Stabilisation Interventions	UKRI and BEIS launched a variety of schemes to provide financial support to the research system with the aim of safeguarding science and other research activity. Measures included bringing forward quality-related research funding, providing extensions to grants and doctoral training, and grant support for major scientific facilities, Research and Technology Organisations, and Public Sector Research Establishments (PRSEs). The Sustaining University Research Expertise (SURE) scheme also provided loan-based support for universities.
Innovate UK Continuity Grants (UK wide)	Grant funding was made available to SMEs or third sector organisations holding Innovate UK (part of UKRI) that faced a sudden shortage of funding due to the COVID-19 pandemic to support continuation of their live R&D projects. Loans were also provided through the Continuity Loans programme.
Financial market support	
COVID-19 Loan Guarantee Schemes (UK wide)	The British Business Bank introduced the Bounce Back Loan Scheme (BBLS), the Coronavirus Business Interruption Loan Scheme (CBILS) and the Coronavirus Large Business Interruption Loan Scheme (CLBILS) between March and May 2020. The schemes aimed to stimulate the supply of debt finance to otherwise viable firms by guaranteeing commercial lending with some or all the default risk transferred from lenders to the public sector, as well as subsidising short term interest costs for some borrowers.

Future Fund (UK wide)	The Future Fund was launched by the British Business Bank to meet the short-term funding needs of innovative businesses dependent on equity funding to finance their activities. The scheme provided convertible loans to businesses of up to £5m, subject to at least equal match funding from private investors.
Trade Credit Reinsurance Scheme (UK wide)	The Trade Credit Reinsurance Scheme (delivered by BEIS) indemnified insurers against 90 percent of all claims and expenses against trade credit insurance contracts issued. These contracts allow businesses to insure themselves against the risk of non-payment by customers. The scheme was delegated to insurers and was announced in May 2020.
Regulation	
Insolvency regulations (UK wide)	The Corporate Insolvency and Governance Act (CIGA) 2020 introduced temporary easements to support businesses through the pandemic. These included prohibiting winding-up petitions where unpaid debt was due to COVID-19, removing the threat of personal liability for wrongful trading from directors, and suspension of serving statutory demands. Temporary measures took effect in June 2020 and expired in September 2021 (with modified rules applying between October 2021 and March 2022).
Job creation	
Green Economic Stimulus (England)	The Green Economic Stimulus measures provided grant funding for the installation of insulation and energy efficiency measures with dual objectives of stimulating job creation and decarbonising the building stock. The schemes included grants to households (the Green Homes Grant Voucher Scheme), to Local Authorities to fund energy efficiency measures in social housing (the Social Housing Decarbonisation Fund), and to public sector entities (the Public Sector Decarbonisation Fund).

2.3.2 Expected outcomes and impacts

These interventions were expected to mitigate the economic damage of the pandemic by:

- **Cashflow and balance sheet impacts:** Improving the cashflow and balance sheets of firms and institutions was expected to improve their ability to meet their short-term spending obligations and give greater confidence when entering transactions (particularly where knowledge of the underlying financial health of the counterparty was weak). UKRI also awarded grants to researchers and doctoral trainees. These grants will have given researchers and doctoral trainees financial 'headroom' to complete research activities and training that were disrupted by COVID-19.
- **Use of grant and loan proceeds**: It was anticipated that grants and loan proceeds could have been used to (a) meet short-term spending obligations, (b) invest in adaptation to enable the business to reopen safely when legally allowed to do so, or pivot to alternative business models (e.g. opening on-line sales channels), (c) support spending on R&D or research activities, or (d) provide firms with greater liquidity in the event that it ran into difficulties. Resources channelled through the Green Economic Stimulus Schemes were

ringfenced for investments in insulating and/or decarbonising the building stock. There is also a possibility that some funds were used for reasons unlinked to the pandemic.

- **Reduction in insolvencies:** Easements to insolvency regulations were also expected to lead to a reduction in the number of winding-up petitions and insolvencies.
- **Confidence:** Crucially, BEIS' COVID-19 response was designed to raise confidence in the stability of the economic and research system by demonstrating the lengths the government was prepared to go to achieve this. The benefits of this were likely to have extended beyond the specific firms or workers that received direct support, resulting in altered perceptions of economic risk, and positively influencing spending and investment decisions that may have otherwise been deferred.
- **Safeguarding of jobs:** Firms' employment decisions may have been altered by the programme of support made available. Firms that would have otherwise failed would have had to release their workers. The availability of protective support may also have encouraged firms, universities, and research institutions to retain workers that otherwise would have been made redundant to reduce operating costs and risk exposure. The Green Economic Stimulus Schemes would have been expected to lead to the creation of additional jobs in the installation sector (or safeguard jobs at risk).
- **Safeguarding of R&D activities and capabilities:** In the case of resources channelled to innovative firms, universities and research institutions, the programme of support measures would be expected to safeguard research and R&D programmes that would have otherwise been curtailed or postponed. It is anticipated that this would have helped organisations preserve their human capital by retaining researchers and R&D workers.
- **Safeguarding of productive capacity:** The protective support provided by BEIS would be expected to have had important benefits in safeguarding the productive capacity of the economy. This will be partly reflected in business survival rates. However, physical, human, and intangible capital (e.g. intellectual property embodied in R&D and research programmes) may also have been lost as a result of widespread business failures.
- **Avoidance of unemployment:** Enabling the survival of firms and safeguarding jobs will also have reduced the unemployment impacts of non-pharmaceutical interventions. While the Coronavirus Job Retention Scheme (CJRS) will have been key in enabling firms to retain workers in a non-productive capacity, the scheme would have been ineffective in cases where firms were wound up. Maintaining the attachment of workers to their jobs may also help avert socially costly issues of longer-term episodes of unemployment.
- **Consumer spending:** Reductions in unemployment will also have preserved incomes and stimulated consumer demand in the short-term. These demand side impacts are not typically considered economically significant under normal conditions - when the economy is operating at full resource utilisation,

an increase in demand will place pressure on prices, causing others to reduce their consumption. However, as the economy was operating well below full resource utilisation for a significant period, demand stimulus effects will arguably have encouraged more productive use of resources (including by bringing workers out of furlough).

2.4 Objective 2: Recovery

This section provides a theory of change for the 'recovery' pillar of the BEIS' COVID-19 response. The Outcome Delivery Plan defines this in terms of the Safer Workplace Guidance and Mass Testing programme. However, for the purposes of this analysis, the scope of this pillar has been extended to cover all BEIS' interventions supporting the safer reopening of the economy including the generation of knowledge and technologies enabling safe reopening (via the Innovate UK and wider UKRI R&I response).

2.4.1 Activities

The core activities relevant to this objective are set out in the following table.

Table 2.3 Objective 1 – Core Activities

Intervention	Description
UKRI R&I response (UK wide)	Funds for open and directed research calls for solutions to COVID-19 and its effects, including therapeutics, diagnostics, technological solutions, and clinical and sociological research to aid economic recovery and improve health outcomes. Research priorities were informed by SAGE, the CSA network and GO-Science, and consolidated by the UKRI COVID-19 Taskforce. There was also repurposing of grants and funds, as well as funding process flexibilities.
Innovate UK COVID-19 response (UK wide)	Innovate UK funded the Fast Start and Sustainable Innovation Fund programmes from June 2020 as part of its response. These programmes offered grants or contracts for R&D projects 'to develop solutions that tackle new or emerging societal or industry needs in the wake of the COVID-19 pandemic' (though not all projects aimed to tackle issues created by COVID-19).
Safer Workplace Guidance (England)	The production of evidence-informed guidance to allow businesses to remain open and re-open during the pandemic. This was produced with Public Health England (PHE) and the Health and Safety Executive (HSE), with PHE providing scientific advice and HSE advising on legislation. It was updated in stages in tandem with the changes to restrictions, the tier system, and the stepwise roadmap out of lockdown. Compliance with the guidance was legislated for and monitored by BEIS and HSE.
Recovery Loans (UK wide) and Restart Grants (England)	While the bulk of the financial support provided through BEIS' COVID-19 response was directed at promoting the survival of businesses, two initiatives aimed to support businesses with costs attached to reopening. Restart Grants offered grants of up to £6,000 for non-essential retail premises and £18,000 for hospitality, accommodation, leisure, personal care, and gym businesses. The Recovery Loan Scheme (v1.0) provided an 80 percent guarantee on loans or overdrafts of between £25,001 and £10m per business, or invoice or asset finance of between £1,000 and £10m per

	business. The parameters of the scheme were adjusted in subsequent iterations.

2.4.2 Expected outcomes and impacts

These core activities were expected to produce the following types of results:

- **Knowledge outputs:** Studies funded by UKRI were intended to provide a range of policy relevant knowledge including (but not limited to) surveillance of the disease, data on key aspects of disease biology (e.g. transmissibility, immunity), and real-time data on the effectiveness of non-pharmaceutical interventions. The intention was that these outputs would be used to inform the design of social distancing restrictions, evaluate risks associated with their withdrawal, inform back to work policies, and establish the effectiveness of measures introduced to contain transmission.
- **Diagnostics, therapeutics, and other technologies:** UKRI and Innovate UK funding was directed at the development of novel diagnostics to facilitate the implementation of self-isolation policies, therapeutics for hospitalised patients, and other technologies to support recovery and reopening of the economy.
- **Safer Workplace Guidance risk assessments and compliance checks:** Alongside the production of the guidance itself, the Safer Workplace Guidance recommended businesses complete a COVID-19 risk assessment to be published or displayed to give staff and customers confidence that the business had taken the recommended measures to control COVID-19 transmission and made residual risks clear.
- **Compliance with guidance:** The Safer Workplace Guidance would be expected to have given employers and facilities managers confidence in the steps required to reopen their premises, leading to compliance with the guidance. Reopening may have required employers to invest in their premises, equipment, or internal processes to comply with the guidance or adapt to social distancing restrictions. Firms may also have adopted innovations emerging from the Innovate UK and wider UKRI portfolio of R&D projects, while adaptation may also have been supported with funding via the Restart Grants or Recovery Loans programmes.
- **Policy influence:** The knowledge-based outputs of UKRI R&I calls would be expected to have fed into the formulation of public health policy. The knowledge generated will have influenced the design of non-pharmaceutical interventions via SAGE, PHE, and DHSC. In turn, this may have facilitated easement of restrictions or helped identify key steps to be taken to enable some economic activities to take place safely.
- **Re-opening:** In turn, this would be expected to have enabled more rapid or safer re-opening of the economy than may have otherwise been possible. This would be expected to have stimulated demand and help revitalise local economies, increasing the turnover of firms and encouraging them to expand their output, resulting in an increase in short-term output (GVA) driven by consumer and supply chain spending. The retention of workers or creation of

job opportunities may also have helped avoid long-term losses of productive capacity through increases in long-term unemployment.

- **Improved productivity of public services:** The productivity gains associated with the BEIS COVID-19 response will not have been confined to the private sector. Many innovations and knowledge-based outputs were targeted at addressing social issues caused by the pandemic or frictions limiting the effectiveness of public services. Improvements resulting from the adoption of these outputs in policy or by the public sector could have produced important social benefits either by raising productivity or improving the wellbeing of individuals.
- **Public health impacts:** Reductions in COVID-19 transmission – as well as therapeutic interventions developed with UKRI or Innovate UK funding – will also have had important public health benefits. This could take the form of reduced numbers of hospitalisations, patients requiring critical care, or fatalities from COVID-19. However, there may have been other important benefits for health services. For example, reducing patients' length of stay would have important effects in reducing pressure on NHS capacity.

2.5 Objective 3: Transformation

The third strategic pillar of the BEIS COVID-19 response was to support all business sectors and the academic sector through the negative effects of COVID-19 and to capitalise on the sectoral changes needed to drive growth in the UK. Only a limited number of interventions in the scope of BEIS' COVID-19 response had direct objectives to support economic transformation (the Sustainable Innovation Fund and the Green Economic Stimulus schemes described above) - though interventions to safeguard the UK's research and innovation system may also have contributed to this objective indirectly. These interventions would be expected to result in the following outcomes:

- **Skilled labour supply:** The BEIS COVID-19 response would be expected to improve the supply of skilled labour in the UK by supporting the retention of skilled R&D workers and leading researchers, contributions made via training (for example, through Doctoral programmes or the training of workers in the vaccine or installation industries) or maintaining the UK's ability to attract skilled labour and researchers from overseas.
- **Commercialisation of innovations:** The support provided by UKRI, Innovate UK, and the British Business Bank would also be expected to have accelerated the commercialisation of innovations (or the rate at which basic research was translated into innovations) and/or help maintain the number and quality of spinouts emerging from UK academic institutions to act as commercial vehicles to exploit research findings. The continuation of R&D efforts should also have helped to maintain levels of equity investments into firms which have successfully progressed their core technological assets towards commercialisation.

- **Installation of energy efficiency measures:** The Green Economic Stimulus schemes would be expected to lead to the installation of energy efficiency measures in residential and public sector buildings.
- **UK competitiveness:** In the long-term, BEIS COVID-19 response would be expected to preserve the competitiveness of the UK academic research sector. This would potentially be visible in the quality of academic research outputs, which could be understood from the point of view of citation based bibliometric indicators and the 'Impact Factor' of journals in which academic research outputs are published. The BEIS COVID-19 response would be expected to support long term productivity growth, including through stimulating higher levels of overseas investment in the economy.
- **Decarbonisation:** The Green Economic Stimulus schemes and exploitation of innovations emerging from the Sustainable Innovation Fund would also be expected to contribute to the decarbonisation of the economy.

2.6 Contextual factors

Finally, there are numerous contextual factors that also have the potential to contribute to or otherwise influence the impacts of BEIS' COVID-19 response.

Table 2.4 Contextual factors

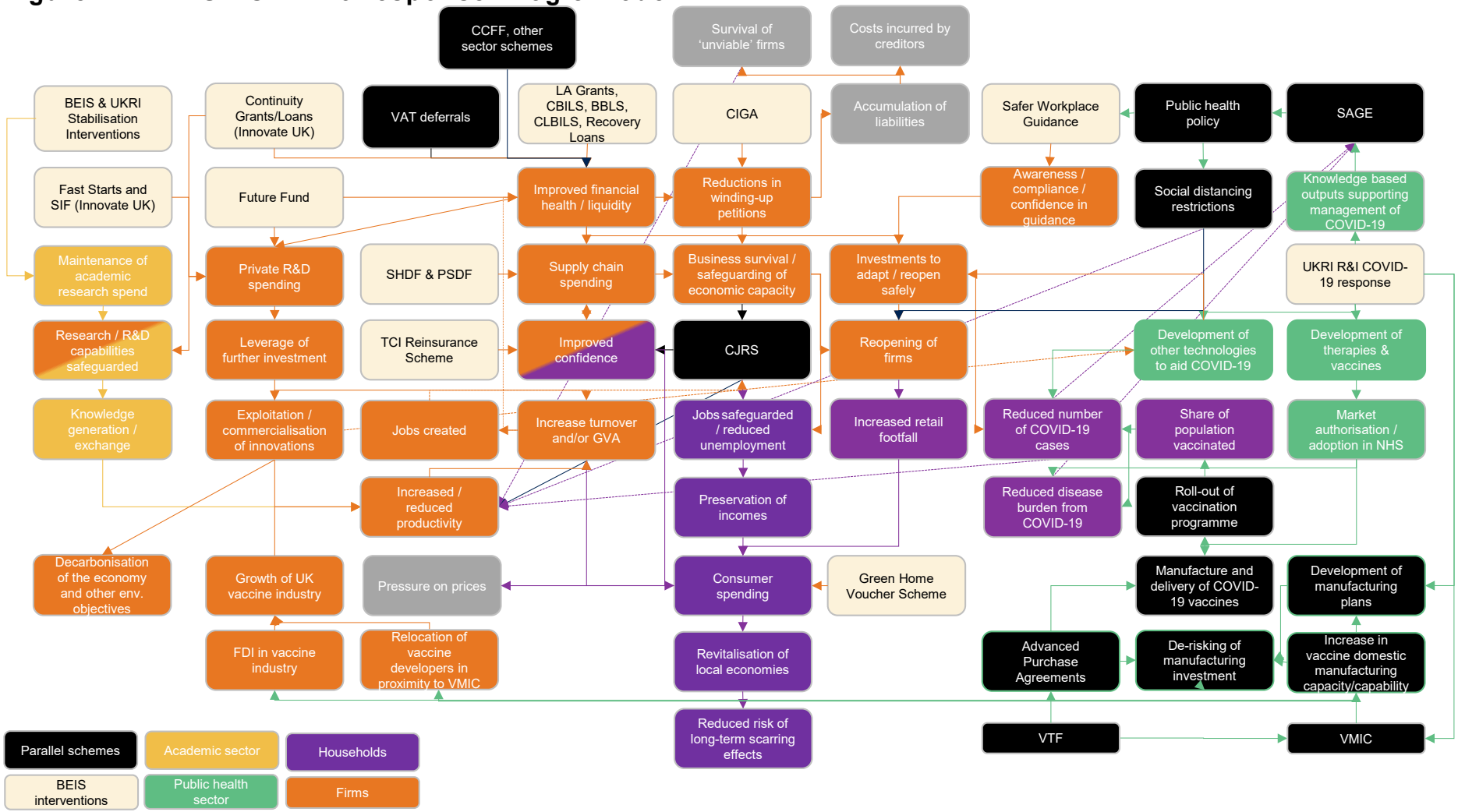
Intervention	Description
Parallel interventions	The government launched many parallel interventions that would also be expected to contribute to the results outlined above. The Coronavirus Job Retention Scheme (CJRS) was the most financially significant parallel intervention - providing support to employers with the wage costs of workers that could not be productively deployed during the COVID-19 pandemic. The Self-Employed Income Support Scheme (SEISS) also provided significant income support to self-employed workers. Numerous other interventions were introduced to provide cashflow support to businesses. This included HMRC schemes to allow businesses to defer VAT payments, business rate holidays, and the Bank of England Coronavirus Corporate Financing Facility. The government also introduced demand stimulus schemes (such as Eat-Out-to-Help-Out) and wage subsidy programmes via the DWP-led Plan for Jobs programme. These schemes all aimed to contribute to similar objectives to the BEIS COVID-19 response (particularly the first objective).
Post-COVID supply chain disruption	There were several post-COVID-19 disruptions to international supply chains that will have increased costs for businesses to the UK. These arose both from disruptions caused by COVID-19 restrictions applied in other countries, as well as later disruptions caused by international conflicts.
Withdrawal from the EU	The UK withdrew from the EU in January 2020 (with trading arrangements changing significantly from 1 January 2021). This resulted in a new set of trading arrangements that many businesses will have needed to adapt to.

Vaccination rollout	Many of the response programmes were developed in a period of considerable uncertainty regarding how long it may take to develop effective treatments and vaccines against COVID-19. In practice, effective vaccines were developed and rolled out significantly more rapidly than may have been anticipated in March 2020 (and facilitated in part by the Vaccine Taskforce which is not in the scope of this study). This will have enabled more rapid removal of non-pharmaceutical interventions and reducing the likelihood of the 'worst case scenarios' foreseen by policy makers at the start of the pandemic.
Policy decisions	It should also be recognised that many of policy decisions influencing the outcomes being targeted by BEIS were not in its direct sphere of control (with decisions regarding the nature and timing of non-pharmaceutical interventions being a key example). As illustrated in the following sections, these policy decisions did create some challenges for the delivery of some initiatives.

2.7 Logic model

The processes outlined above are summarised in the following systems diagram.

Figure 2.1: BEIS COVID-19 response – logic model



Acronyms not referenced above: CCFF = Coronavirus Corporate Financing Facility, SAGE = Scientific Advisory Group for Emergencies, VTF = Vaccine Taskforce, VMIC = Vaccine Manufacturing and Innovation Centre

3.0 Context

This section provides an overview of the performance of the UK economy between 2020 and 2023 to provide an understanding of the economy wide effects of the government response to COVID-19. This section combines an analysis of publicly available data on the economic performance of the UK between 2020 and 2023, alongside a comparison between UK and comparable advanced economies to draw out insights into its relative performance.

Key findings

- BEIS' short-term objectives to support the economy and innovation system through the COVID-19 pandemic were achieved. The adverse economic impacts of public health measures to contain the COVID-19 pandemic were substantially less severe than worst case scenarios projected in April 2020 and business confidence was restored rapidly. Substantial increases in unemployment and a wave of business failures were avoided. Levels of research income and industrial R&D spending were also broadly maintained.
- The adverse economic impacts of the pandemic were concentrated in sectors that experienced enforced closures (the accommodation and food, transport, other services, and retail sectors). However, the scale of job losses did not vary significantly by either levels of deprivation or by the economic density of the area. Adverse distributional outcomes were also largely avoided - while unemployment rates rose fastest amongst younger workers and workers in minority ethnic groups, these had returned to pre-COVID-19 levels by 2022.
- Recovery of the economy was slowed by the need to reintroduce social distancing restrictions to manage the waves of infection caused by the Alpha and Delta variants. The UK economy has also subsequently faced inflationary headwinds and other factors (such as international supply chain disruption and the transition to new trading arrangements with the EU) which may also have influenced recovery.
- Comparisons between the UK and comparable advanced economies indicate that while the UK saw a larger initial shock to GDP (partly due to greater structural dependency on social consumption), it largely avoided a significant spike in unemployment. As such, it is probable that the package of economic support measures introduced by BEIS and other parts of government helped to substantially limit the potential scarring effects of the pandemic.
- However, it should be noted that the GDP shock associated with public health measures fell short of worst-case projections, indicating the economy may have proved more adaptable than policy makers expected. Protective measures may also have had some adverse impacts by sustaining commercially unviable businesses, by encouraging SMEs to accumulate higher levels of debt (while noting that deposits also increased markedly), or by encouraging the withdrawal of some workers from the labour market.

3.1 Business disruption during the COVID-19 pandemic

The UK government implemented a wide range of non-pharmaceutical measures to limit social contacts in response to the COVID-19 pandemic. In England, three national 'lockdowns' involving restrictions on social mixing were implemented between March 2020 and March 2021. At their most restrictive, these rules required that people stayed at home, workers worked remotely where possible, non-essential retail and hospitality businesses were forced to stop trading, and restrictions on international travel were introduced.

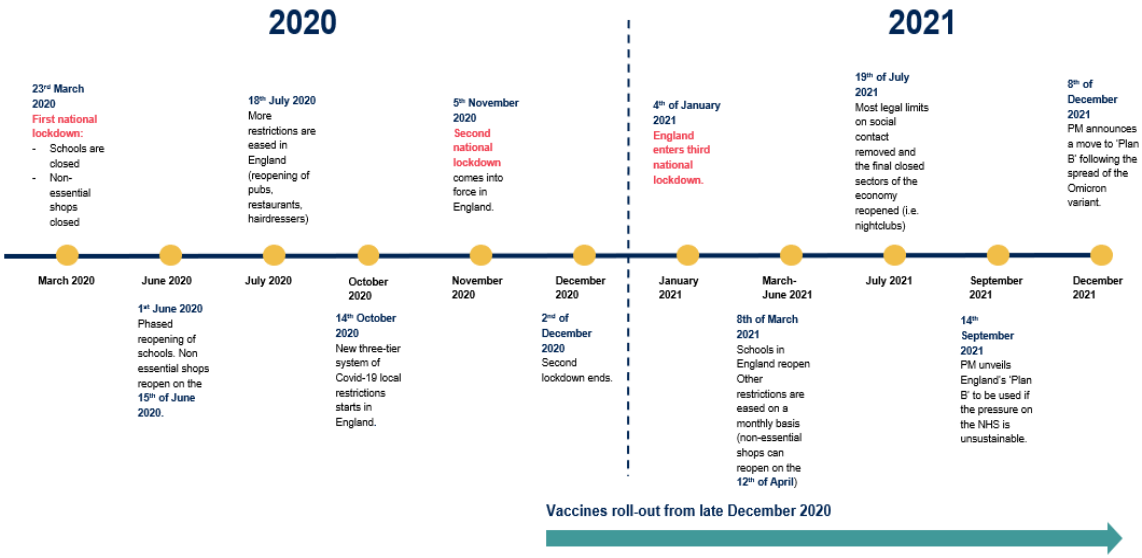
These restrictions were eased and subsequently reintroduced in response to the emergence of new variants, as illustrated in Figure 3.1. The removal of restrictions in July 2021 was significantly facilitated by the development and roll out of effective vaccines against COVID-19, which was achieved substantially more rapidly than anticipated at the outset of the pandemic.

These restrictions had a significant effect on businesses. Key findings from ONS' Business Impacts of COVID-19 Survey (BICS)[6] in late March to early April 2020 included:

- **Trading status:** Twenty four percent of businesses reported they had temporarily closed or paused trading for the period 23 March to 5 April 2020, while 75 percent continued trading.
- **Turnover and financial performance:** Amongst businesses that had not paused trading, two-thirds (66 percent[7]) reported their financial performance was outside 'normal' expectations, with the large majority reporting a lower than normal turnover.
- **Employment:** Four in ten businesses reported they were reducing staff levels in the short term, and almost a third reported reducing working hours.
- **Business confidence:** While 60 percent of businesses reported they were confident that they had sufficient depth of resources to be able to continue trading, 34 percent were uncertain about their prospects, and six percent did not feel confident about their ability to stay open.

[6] The reported findings refer to the second wave of the BICS survey carried out by the Office of National Statistics, just after the start of the first lockdown, between the 23rd of March and the 5th of April.
[7] Corresponding to 4,650 businesses.

Figure 3.1: Timeline of COVID-19 restrictions in England



Source: Institute for Government 2021

3.2 Economic impacts of the pandemic

These measures were expected to have substantial adverse economic impacts – although the nature of the shock was unprecedented in modern times creating large uncertainty regarding the scale of the impact and ability of the economy to adapt. The Office for Budget Responsibility's (OBR) 'Coronavirus reference scenario'[8] published on 14 April 2020 projected a worst-case scenario in which GDP would contract by 35 percent between April and June 2020 (after allowing for the impacts of response measures). The ILO unemployment rate was also projected to rise to 10 percent before falling gradually to 5.5 percent at the end of 2021. As illustrated in the Figure 3.2, experiences in practice diverged from these projections:

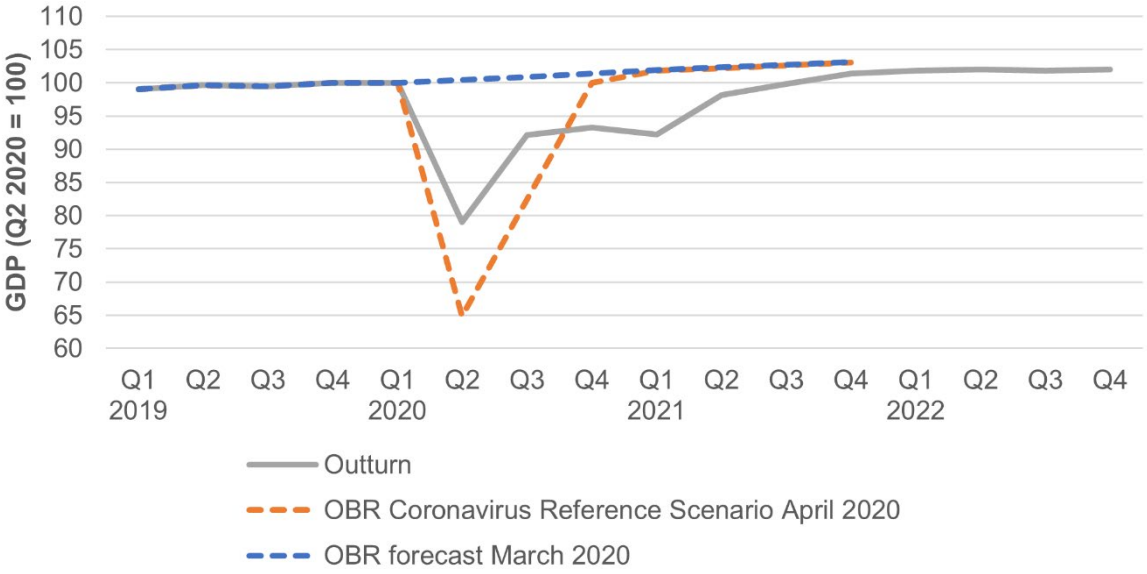
- **Resilience of the economy:** The economy proved more resilient than originally anticipated. While the economy saw a major contraction in GDP between April and June 2020, the scale of the reduction in output (at 21 percent) was around 40 percent smaller than projected in the OBR's initial illustrative scenario prepared in April 2020.[9] This was also seen in the first quarter of 2021 when lockdown restrictions were reintroduced on a national basis. While the OBR's 'downside' scenario published in its November 2020 Economic and Fiscal Outlook projected a six percent fall in GDP in the event

[8] Based on the assumption of a three-month lockdown, while allowing for the impact of some policy measures (such as the CJRS).
[9] In which people's movements were assumed to be heavily restricted for three months, and would get back to normal over the subsequent three months. See OBR (2020) The OBR's coronavirus analysis.

of lockdown restrictions being maintained through the winter period, the actual contraction was just over one percent.[10]

- **Second and third waves:** However, the economy subsequently recovered more slowly than originally expected, with GDP recovering to pre-pandemic levels only in the third quarter of 2021. This was principally caused by the need to reintroduce restrictions in response to the emergence of the Alpha variant.

Figure 3.2: OBR GDP projections vs outturn, 2019 to 2022

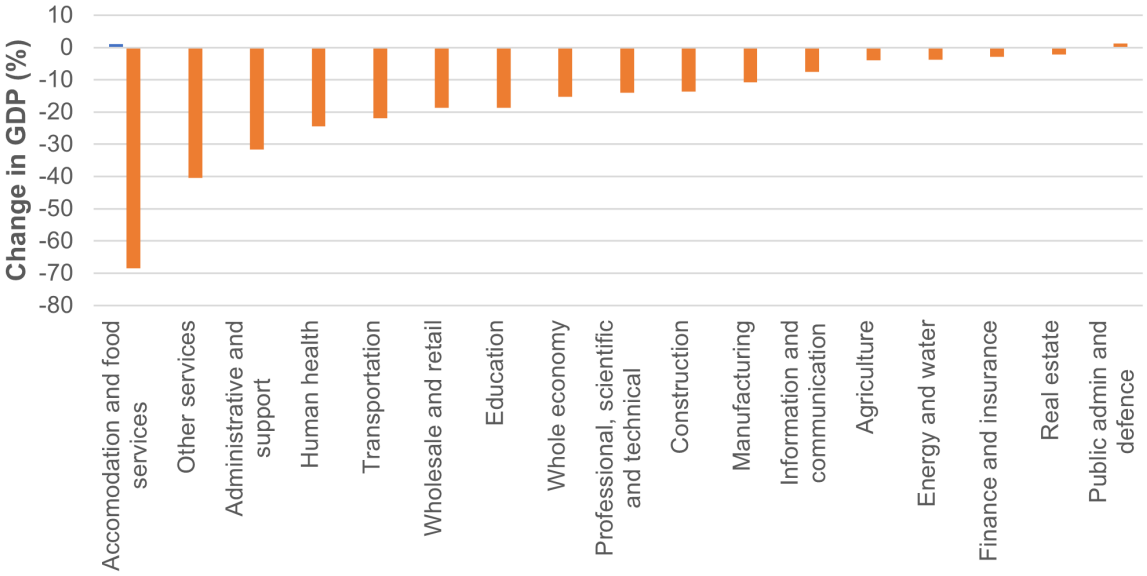


Source: Office for Budgetary Responsibility (March 2020 and April 2020), and ONS GDP (quarter on quarter growth)

As illustrated in Figure 3.3, the economic shock of the COVID-19 pandemic was concentrated in consumer facing services sectors that faced the most acute restrictions on their ability to trade. The accommodation and food services sector saw the most significant shock, with its total output falling by 68 percent.

[10] The downside scenario in this case involved a scenario in which the second 'circuit breaker' lockdown failed to reduce cases to manageable numbers, resulting in stricter restrictions being imposed through spring (which was closest to what transpired in practice). See OBR (2020) November Economic and Fiscal Outlook.

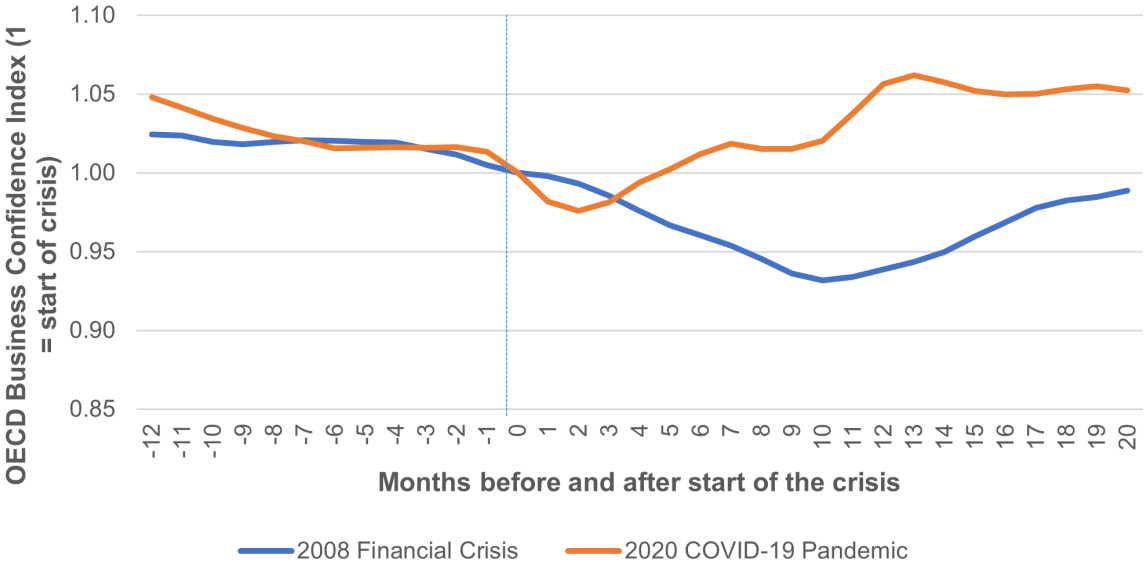
Figure 3.3: Peak to trough falls in sectoral GDP, January 2020 to November 2020



Source: Taken from Office for Budgetary Responsibility (2020) Economic and Fiscal Outlook November 2020, based on ONS data

Business confidence was also stabilised rapidly after the beginning of the pandemic. The OECD Business Confidence Index for the UK recovered to pre-pandemic levels within five months of the announcement of lockdown restrictions – much more rapidly than in the aftermath of the 2008 financial crisis.

Figure 3.4: Business Confidence Index – COVID-19 pandemic and 2008 financial crisis

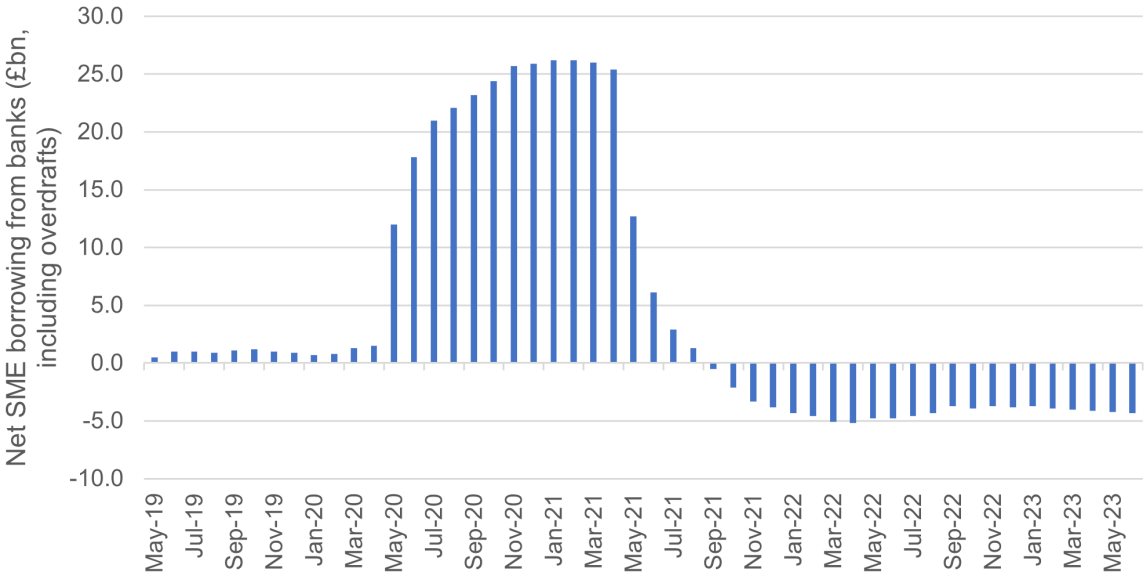


Source: OECD Business Confidence Index (rebased to 1 at May 2008 and March 2020), taken from British Business Bank (2022) Evaluation of BBLS, CBILS, and CLBILS - Year One report.

3.2 SME borrowing

As highlighted, the onset of the COVID-19 pandemic saw concerns that SMEs would face challenges in obtaining credit to support their cashflow needs (prompting major interventions in credit markets). The effects of BEIS' interventions in SME finance markets are visible in Bank of England statistics on SME borrowing as illustrated in Figure 3.5. In 2020, lending to SMEs rose to £105bn, which was largely driven by government guaranteed COVID-19 loans.[11] SMEs have since been reducing their liabilities and made 22 continuous months of net repayments between September 2021 and June 2023. It should also be noted that total SME deposits rose from around £200bn at the start of 2020 to £272bn at the end of 2021, indicating that many SMEs may have sought credit facilities as a protective measure rather than using loan proceeds to fund day to day operational expenditures.[12]

Figure 3.5: Net SME borrowing, £bns, 2019 to 2023



Source: Bank of England, Bankstats

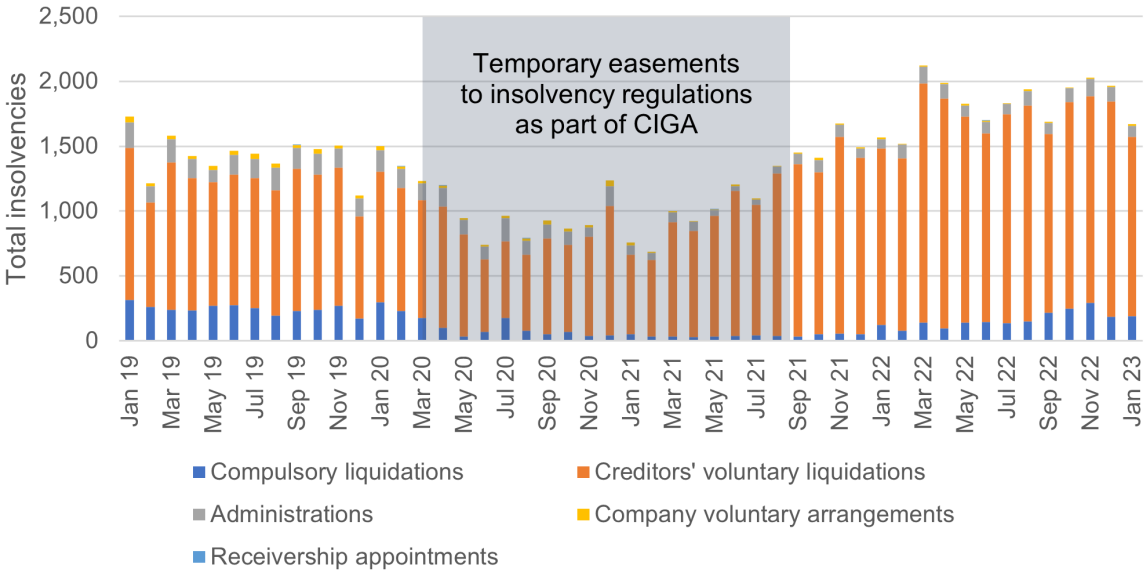
3.4 Business survival

As illustrated in Figure 3.6, the number of businesses closing due to insolvency fell during the COVID-19 pandemic. The number of insolvencies fell by almost 25 percent between 2019 and 2020, and remained low until temporary easements to insolvency regulations were withdrawn in late 2021. Given the scale of the economic shock experienced in 2020, this indicates that the package of measures introduced to protect the business stock was effective in preventing a wave of business failures in the short-term. Similar patterns were also observed internationally. Research indicates that some 90 percent of countries introduced some form of insolvency

[11] British Business Bank (2023) Small Business Finance Markets 2022/23
[12] Ibid.

reform in 2020, although it remains unclear how far these measures have deferred, rather than prevented, higher insolvency levels in the longer term.[13]

Figure 3.6: Total monthly company insolvencies, January 2019 to March 2023



Source: Insolvency Service (2023) Monthly Insolvency Statistics

The reduction in the volume of business failures could also imply that some firms continued to trade that would have otherwise failed under normal economic conditions, potentially acting as a drag on productivity (which was a known and unavoidable trade-off). However, it should be noted that (based on ONS data) that the overall business death rate did not change markedly between 2019 and 2021, indicating that the reductions in the number of businesses closing due to insolvency was offset by businesses closing for other reasons.[14] Additionally, the number of unregistered businesses (self-employed individuals not captured in the figures above) is estimated to have fallen from 3.3m to 2.8m between 2019 and 2022.[15] The Annual Population Survey indicates this was principally caused by reductions in self-employment levels amongst those aged 25 and 49, though this effect was largely offset by increases in employment levels amongst this group.

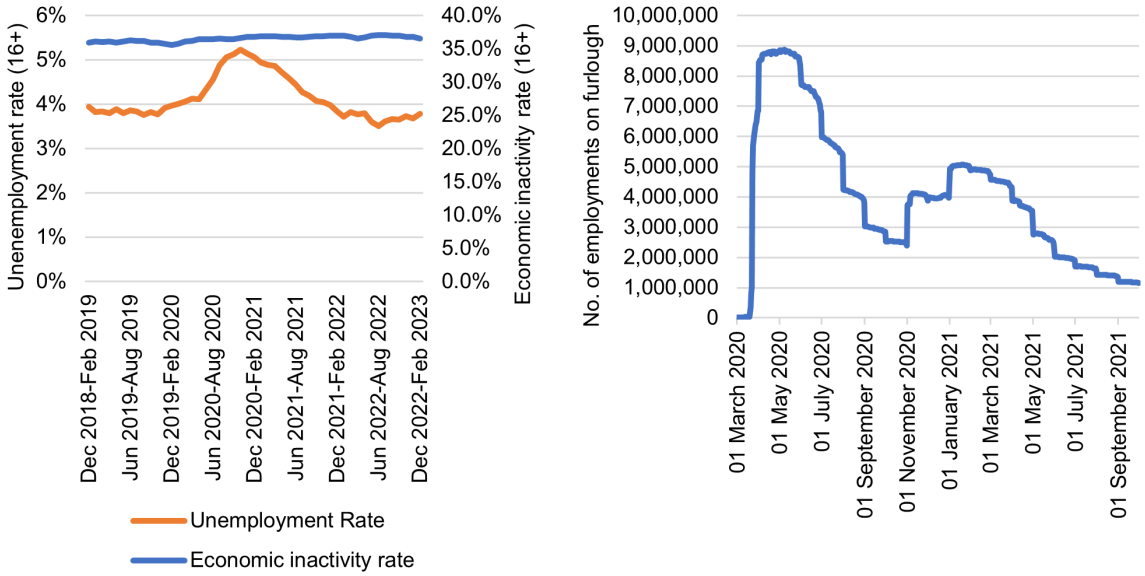
3.5 Labour market

The severe and long-lasting impacts of the COVID-19 pandemic on the labour market that were initially feared did not occur. Unemployment rates increased following March 2020, but reached their highest point at 5.2 percent in the final quarter of 2020, before decreasing to historically low levels (3.5 percent) as the economy began to emerge from periods of restrictions.

[13] Menezes and Lawless (2023) A Cross-Country Policy-Maker Perspective on Corporate Restructuring Laws Under Stress
[14] ONS (2022) Business demography, UK: 2021
[15] BEIS (2022) Business Population Estimates for the UK and Regions 2022

This is likely attributable in part to the package of economic support measures implemented by the Government to protect the economy. While this will include the impacts of BEIS' economic response measures, it is also important to recognise the significance of CJRS and SEISS in supporting the labour market (evaluation findings in relation to these programmes are considered in Section 5). Just under nine million 'employments' were furloughed under the CJRS between April and June 2020, with usage of the scheme thereafter strongly correlated with the severity of public health restrictions. The impact of the pandemic on unemployment may also partly have been mitigated by the apparent increase in the proportion of workers considered to be 'economically inactive'.

Figure 3.7: UK unemployment rates, economic inactivity rates, and 'furloughed' employments, 2019-2022



Source: Annual Population Survey (ONS) and HMRC (2021) Coronavirus Job Retention Scheme statistics

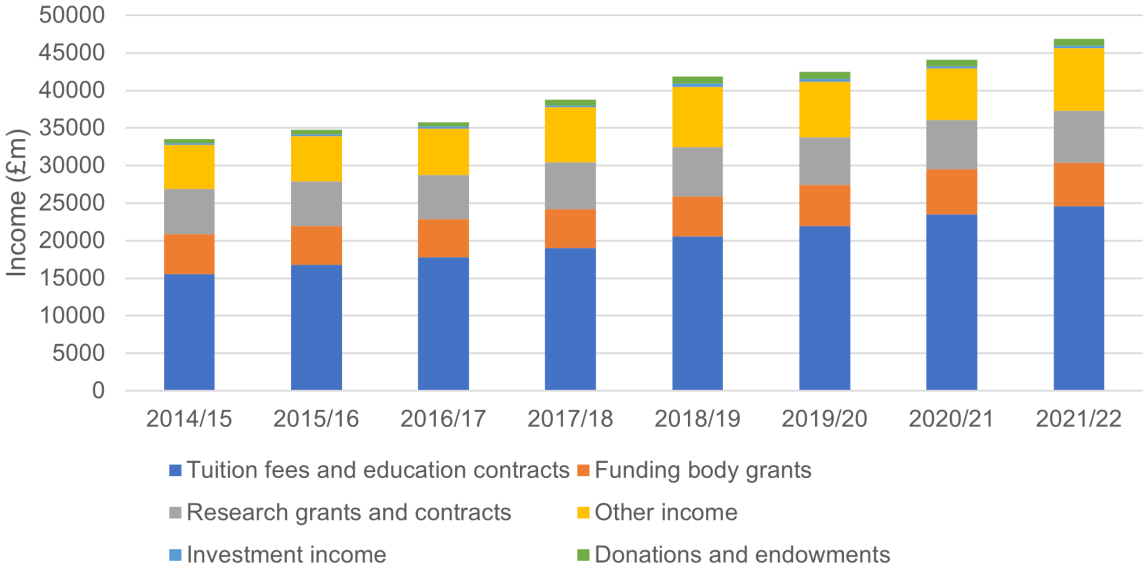
3.6 Research and innovation systems

The evidence indicates that both the academic and industrial research systems were also broadly stable over the period. The following figure indicates that the overall incomes of higher education institutions (HEIs) appeared to be relatively unaffected by the COVID-19 pandemic, with research income (and academic staff numbers) remaining broadly stable.

Doctoral completion numbers fell from 24,000 to 21,000 between the 2019/20 and 2020/21 academic years (attributed in part to delayed PhD work due to university closures, which were accommodated by the doctoral extension schemes supported by BEIS and UKRI as part of the Research Stabilisation programme).[16] There is, however, little evidence on how far the pandemic led to temporary or permanent changes in the volume or quality of academic research undertaken by HEIs.

[16] DSIT (2024) UKRI and BEIS stabilisation interventions to mitigate against the negative impacts of COVID-19, page 40.

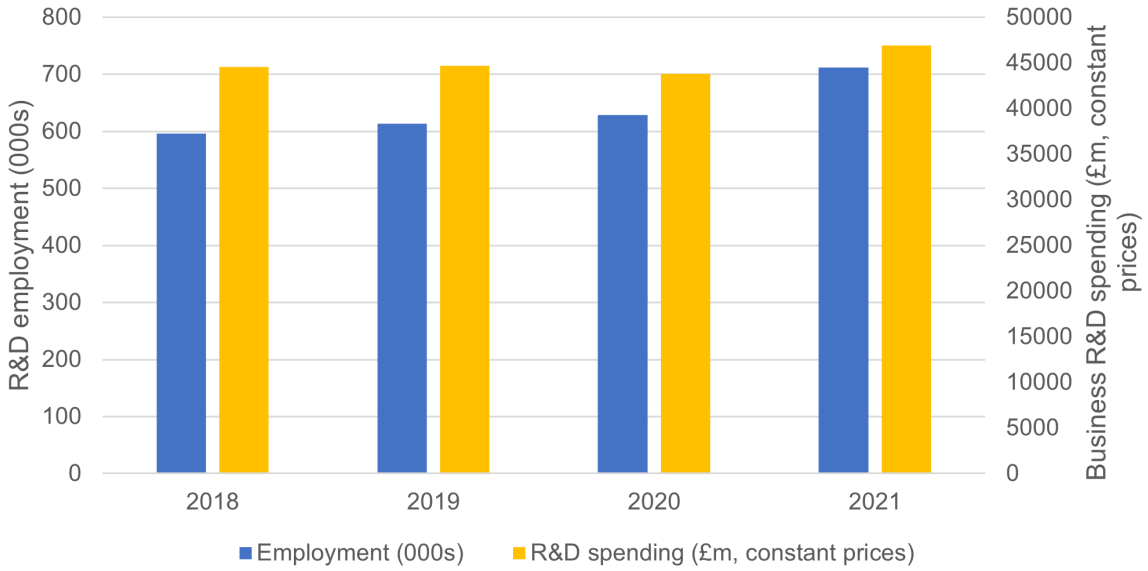
Figure 3.8: HEI incomes between 2014/15 and 2021/22, by income source



Source: Higher Education Statistics Authority

Similarly, there is little evidence that the COVID-19 pandemic led to significant disruption to the stability of the industrial innovation system. While overall business R&D spending (in real terms) fell between 2019 and 2020 by two percent, it increased substantially in 2021. R&D employment levels were also seemingly largely unaffected by the pandemic - indicating that the feared losses of R&D capability did not materialise (or were conceivably mitigated by the relevant interventions).

Figure 3.9: R&D expenditure (at constant prices) and R&D employment

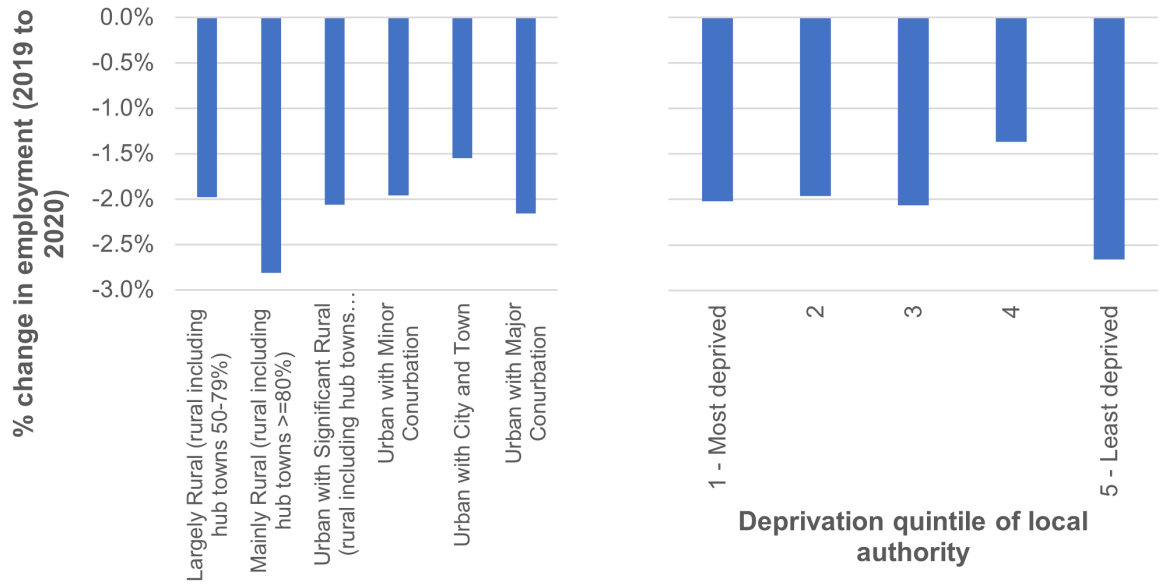


Source: Business Enterprise Research and Development: 2021, ONS (2022). The figures are based on an improved methodology to produce estimates of the R&D performed by smaller businesses introduced in 2022, which has been applied to the 2018 to 2021 period.

3.7 Differential impacts

Although the economic impact of the COVID-19 pandemic was highly differentiated across sectors of the economy, evidence of variable effects across types of area - at least in terms of job losses - is more limited. The figures below show the percentage change in employment levels between 2019 and 2020 across areas of different levels of urban density and deprivation levels. Local authorities generally saw a 1.5 to 2.5 percentage fall in the number of jobs with limited variation across different types of area.

Figure 3.10: Percentage change in total employment by urban density and deprivation quintile, 2019 to 2020



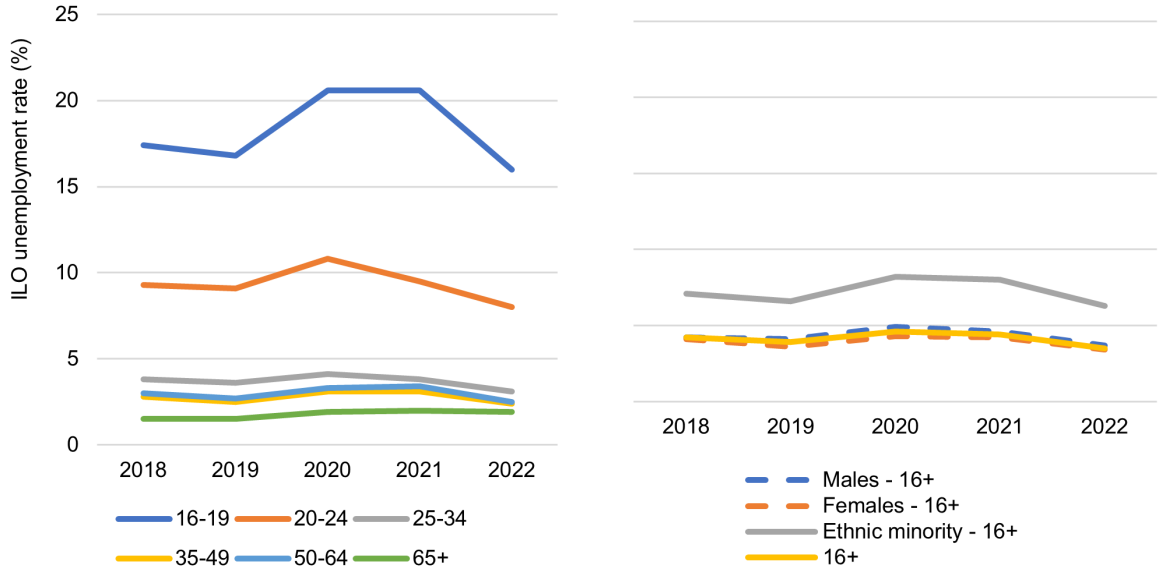
Source: Business Register Employment Survey (BRES), retrieved from NOMIS. Defra/ONS Urban-rural classification. Deprivation quintile for local authorities calculated by taking the average rank of LSOAs using DLUHC (2019) English indices of deprivation 2019.

While the labour market impacts of the pandemic were not as extensive as initially feared, there is evidence that (a) younger workers (those aged between 16 and 24) and (b) workers in minority ethnic groups were disproportionately exposed to the economic impacts of the COVID-19 pandemic. As illustrated in the following panel, unemployment rates amongst these groups rose more rapidly between 2020 and 2021 (though had returned to pre-COVID levels in 2022).

There was less evidence of differential outcomes by gender (which has been attributed to the greater likelihood that women work in sectors most affected by the pandemic - such as hospitality and retail - meaning their employments were more likely to be eligible for furlough).[17] Differential outcomes may also be hidden in economic activity rates (rather than unemployment). For example, research by the Institute for Fiscal Studies indicated that by May 2020, mothers were 1.5 times more likely to have lost their job or quit than fathers since March 2020.[18]

[17] House of Commons Library (2021) How has the coronavirus pandemic affected women in work?
[18] Institute for Fiscal Studies (2020) How are mothers and fathers balancing work and family under lockdown?

Figure 3.11: Unemployment rate by age group, gender, and ethnic group



Source: ONS, Annual Population Survey

3.8 International comparisons

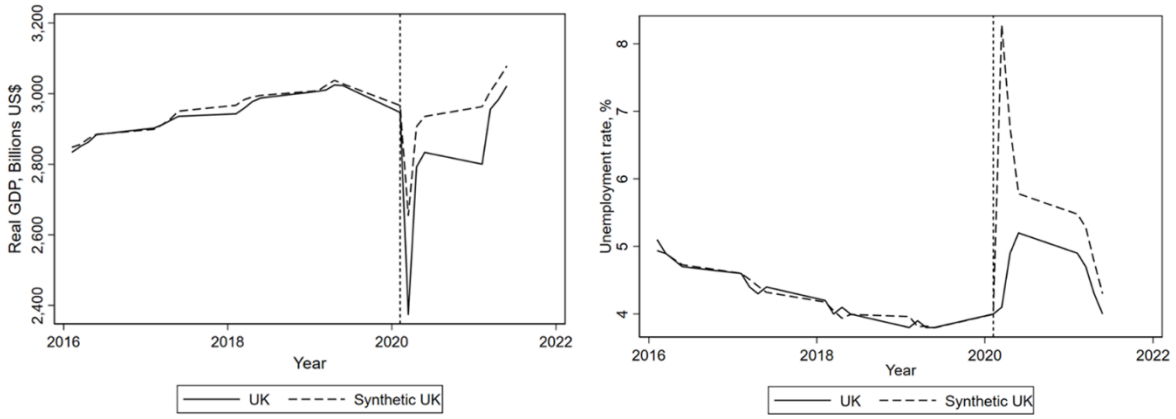
Additional analysis was completed as part of this study to compare the UK and comparable economies (using the synthetic control group method, based on OECD data)[19] to establish the relative impact of the COVID-19 pandemic on the economy:

- **Impact on economic output:** The analysis indicated that the UK saw a more significant shock to economic output in the first and second quarters of 2020 than comparable nations. As demonstrated by ONS in separate research, this is partly due to international differences in the way that public sector output is measured. However, structural differences in the UK economy were also significant. UK households tend to dedicate a higher share of spending to social consumption than other advanced economies, which were particularly affected by lockdown restrictions.[20] The UK also took longer to recover than comparable nations. This may be related to the longer period over which more stringent public health restrictions were in place in 2021 (as discussed below).
- **Unemployment:** However**,** despite higher levels of economic disruption, the UK avoided the substantial spike in unemployment seen in comparable nations. OECD figures suggest that the UK ILO unemployment rate rose from four to five percent shortly after the emergence of the COVID-19 pandemic - while peaking at eight percent in a weighted average of comparable nations. While these results may be partly explained by structural differences across economies, this could indicate that the policy mix pursued by the UK

[19] The application of the synthetic control method in this context considered the impact of the emergence of the COVID-19 pandemic on the UK by comparing the UK to a weighted average of other OECD countries (with the weights selected such that they mirrored UK trends in GDP and unemployment as closely as possible in the period prior to COVID-19).
[20] ONS (2021) International comparisons of GDP during the coronavirus pandemic

government was effective in limiting economic damage associated with the restrictions put in place and maintaining the attachment of workers to jobs. Internationally comparable measures of other indicators of economic damage (such as business failure rates) were not available to support further analysis.

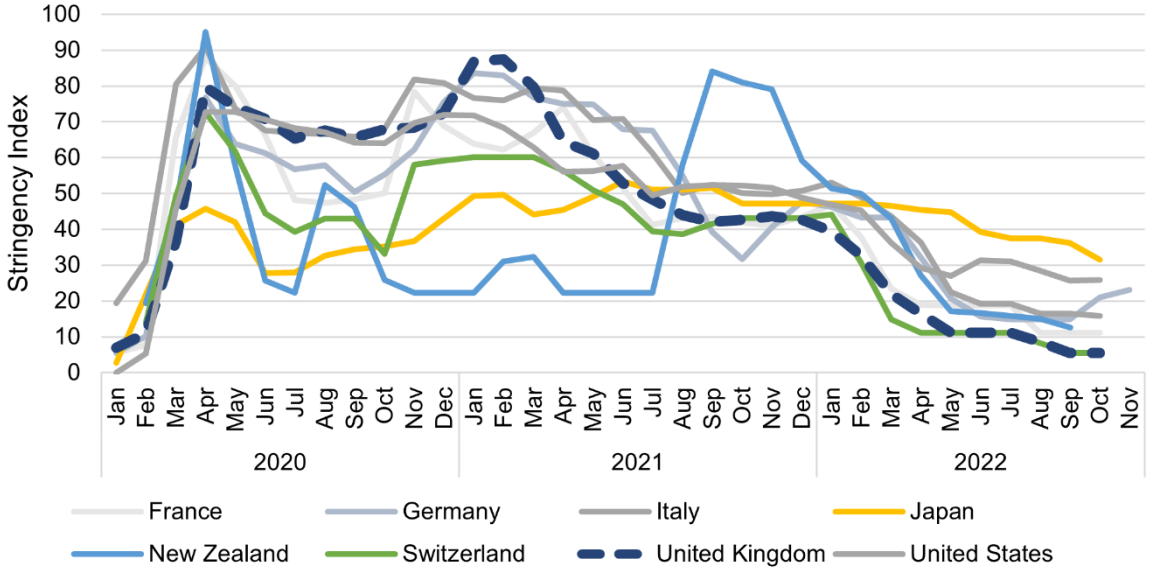
Figure 3.12: Real GDP and unemployment - UK vs synthetic UK



Source: Ipsos UK analysis of OECD data

Data from Oxford University's COVID-19 Policy Tracker Stringency Index (which measures the relative stringency of COVID-19 restrictions) illustrates that the UK was one of the last advanced economies to implement strict public health measures - but maintained more stringent measures for a longer period. As highlighted above, this is likely at least partly responsible for the larger impact of the COVID-19 pandemic on GDP in the UK and slower recovery.

Figure 3.13: OxCGRT Stringency Index - selected advanced economies



Source: Ipsos UK analysis using data from OxCGRT Variation in government responses to COVID-19

4.0 Objective 1: Short Term Response

This section provides a synthesis of the process and impact evaluation evidence available in relation to BEIS' short-term response to COVID-19. This covers the major BEIS and British Business Bank funded economic response programmes - which comprised extensive cashflow support to businesses via guaranteed loans and grants and support for the trade credit insurance market. This section also covers evaluation evidence in relation to the support provided to the research system through the BEIS and UKRI Research Stabilisation measures and its effectiveness in safeguarding research activity.

As highlighted previously, there is no process or impact evaluation evidence in relation to temporary easements to insolvency regulations introduced through the 2020 Corporate Insolvency and Governance Act. These easements are likely to have made a significant contribution to minimising business failures during 2020 and 2021, as well as influenced the effectiveness of other response measures. Additionally, Innovate UK provided significant levels of support to safeguard industrial R&D spending via the Continuity Grants programme. While an impact evaluation of this scheme is underway, evidence is not yet available.

Key findings

- BEIS, the British Business Bank, and UKRI were able to establish a series of major stabilising interventions following the introduction of non-pharmaceutical interventions in March 2020. These interventions successfully and quickly reached a large share of the business population and provided protective support to most businesses that were likely to face acute financial distress because of the trading restrictions imposed. The interventions were largely established without existing delivery templates, or the required infrastructure, and the implementation of the short-term response should be considered a major achievement.
- Delivering the short-term response at speed necessitated the acceptance of several threats to value for money. Schemes were largely launched without any specific targeting of businesses facing acute levels of financial distress to ensure schemes were simple and straightforward to deliver. Due diligence requirements were eased for some major economic response programmes, creating elevated risks of fraud and error. Lack of preparedness to deliver the response also led to a variety of inefficiencies that reduced overall value for money. These risks were largely acknowledged at the outset and accepted at a political level (via Requests for Ministerial Direction). Some issues were addressed as the response evolved through later periods of restrictions (e.g. by increasing targeting of sectors facing enforced closures), though at no point was consideration given to the financial health of businesses benefitting from the support programmes.
- The BEIS COVID-19 response had significant beneficial direct economic impacts - including averting the closure of some 100,000 to 150,000

workplaces and safeguarding up to 1.1m jobs - and is likely to have made an important contribution to avoiding the spike in unemployment observed in comparable advanced economies (though net impacts cannot be quantified). However, it is important to acknowledge that BEIS funded elements of the response worked in conjunction with numerous other major schemes that supported the economy through the period. Evaluations of the HMRC led CJRS and SEISS schemes have shown they had substantially larger effects (with the former estimated to have safeguarded 3.4m jobs at its peak) and may also have enhanced the impacts of BEIS funded schemes.

- The evaluation evidence also indicates that a large share of the resources made available reached businesses that did not require cashflow support to survive the pandemic. The high levels of deadweight observed in several evaluations is likely a consequence of the absence of targeting measures.
- There was no evidence of inequitable access to the support programmes, and the government was quick to adjust where eligibility criteria led to apparently equivalent businesses being treated differently (such as via the introduction of the Local Authority Discretionary Grant Fund). However, allowing delivery agents discretion created some perceived inequities (though not discrimination) where similar businesses or researchers were treated differently in different areas or institutions.

4.1 Scheme design and set-up

4.1.1 Scheme design process

The introduction of non-pharmaceutical interventions in March 2020 to manage the COVID-19 pandemic created an imperative for short-term response measures to be developed and implemented rapidly given the adverse economic impacts anticipated. Process evaluations of BEIS' COVID-19 response schemes highlighted that, in most cases, no 'delivery templates' for potential response measures were in place in March 2020 and there had been 'limited planning around what economic policy levers to use when faced with a national emergency with macroeconomic impacts of greater significance than a typical recession.'[21]

Consequently, interventions mainly had to be developed from first principles at rapid speed (with some exceptions - e.g. it was possible to base the CBILS on the existing Enterprise Finance Guarantee programme):[22]

- **Central direction:** Process evaluations indicate that the most significant economic response measures (e.g. COVID-19 Loan Guarantee Schemes, Local Authority COVID-19 Business Support Grant Schemes, and the Trade Credit Reinsurance Scheme) were largely designed centrally by Cabinet Office and HM Treasury - with BEIS and associated agencies typically involved in establishing implementation plans. It was also typically reported that individual schemes were developed in isolation without specific details of

[21] British Business Bank (2022) Evaluation of BBLS, CBILS, and CLBILS: Year One Report, page 47
[22] British Business Bank (2022) Evaluation of BBLS, CBILS, and CLBILS: Year One Report, page 47

parallel support programmes which were under development.[23] As highlighted below, it is inevitable that this may have resulted in some duplication of support for businesses and universities (and/or reduced the need for intervention).

- **Uncertainty:** Interventions were developed under conditions of both considerable uncertainty regarding the likely magnitude of the adverse impacts of the COVID-19 pandemic as well as the risk of potentially catastrophic and/or irreversible damage to the economy and the research system. BEIS and its agencies had limited access to accurate real time information on the impacts of restrictions on the financial health of businesses and universities, creating some challenges in predicting the need and demand for, as well as the likely costs of, intervention. For example, the evaluation of the BEIS and UKRI Research Stabilisation measures highlighted that UKRI synthesised evidence from multiple data sources that indicated that universities could see anything from a 10 to 45 percent loss of income due to reduced volumes of overseas students.[24] Similar uncertainties were reported in relation to modelling of likely default rates in relation to the COVID-19 Debt Guarantee Schemes and the likely costs of claims under the Trade Credit Reinsurance Scheme.

4.1.2 Scheme design principles

Priority - at least for initial schemes - was given to speed of implementation which dictated several important design choices. This included making cashflow support available on a universal basis, with limited targeting of businesses facing acute financial distress due to trading restrictions, as well as launching schemes with reduced or limited requirements for due diligence.

For example, the Local Authority COVID-19 Business Support Grant Schemes were launched without a requirement for a formal application process and with eligibility based on the rateable value of premises (as this data was readily available to local authorities).[25] Based on experiences with a comparable scheme launched in response to the 2008 financial crisis, a decision was made to avoid the adoption of substitution guarantees in the design of the Trade Credit Reinsurance Scheme, where insurance guarantees are only provided in cases where insurers do not want to underwrite risks associated with particular buyers.[26] The Future Fund relied on self-certification of investors and companies providing confirmations throughout the CLA process, with no due diligence undertaken on company viability, companies' articles of association, or companies pre-existing senior debt/ overdraft facilities. The need for the investor to provide matched funding alongside the Future Fund was intended to ensure incentives were aligned between government and investors, with due diligence made on investors and eligibility checks on the investee company by

[23] See BEIS (2023) Evaluation of the TCR Scheme: Final Report, page 26
[24] DSIT (2024) UKRI and BEIS stabilisation interventions to mitigate against the negative impacts of COVID-19, page 40.
[25] DBT (2023) Evaluation of the Local Authority COVID-19 Business Support Grant Schemes, page 65.
[26] BEIS (2023) Evaluation of the TCR Scheme: Final Report, page 26.

the delivery agent.[27] BBLS was also introduced to accelerate loan approvals for smaller businesses and allowed businesses to self-certify their viability and credit-worthiness for loan requests of up to £50,000.

It was anticipated that the delivery complexities associated with formal assessments of need or more stringent due diligence tests would have resulted in unacceptably long delivery timescales, reducing the effectiveness of interventions in avoiding the failure of otherwise viable businesses. The possible consequences of such complexities were apparent in early experiences with CBILS. The scheme was initially launched with a requirement for businesses to demonstrate they could not obtain finance on commercial terms (in line with the requirements of the Enterprise Finance Guarantee). However, this requirement was removed owing to concerns regarding low levels of take-up.[28] The evaluation also highlights the political challenges associated with stronger targeting of businesses in need - these requirements reportedly created perceptions of inequities amongst customers, as only stronger businesses were required to bear the interest costs of new borrowing.[29]

These design choices carried several risks to value for money. The absence of formal tests of need inevitably meant that some businesses or universities benefitted from direct or indirect public subsidies when they did not require cashflow support to see out the pandemic and created a significant risk that businesses that were not commercially viable were sustained. Additionally, the removal or absence of due diligence processes created risks of fraudulent claims (or payments made in error) for the some of the most significant response measures (particularly the Local Authority COVID-19 Business Support Grant Schemes and BBLS). These risks were acknowledged and accepted at a political level at the time the programmes were launched - as highlighted in Requests for Ministerial Direction and Reservation Notices published by BEIS and the British Business Bank in connection with the initiatives carrying the greatest levels of risk.

It should be noted that similar risks were also accepted by many advanced economies that launched comparable economic support programmes over the period.[30]

4.1.3 Infrastructure

It was recognised that in most cases, central government did not have the capacity or infrastructure to deliver grant or loan interventions on the scale required. The evaluation evidence indicates that BEIS and associated agencies largely found effective solutions to this difficulty by externalising delivery - and the mechanism through which this was achieved varied across the response:

[27] British Business Bank (2022) Future Fund Early Assessment Report, page 13 and 16
[28] British Business Bank (2022) Evaluation of BBLS, CBILS, and CLBILS: Year One Report, page 48
[29] Ibid.
[30] OECD (2022) First lessons from government evaluations of COVID-19 responses: a synthesis. Box 13.

- **Financial market interventions:** Delivery challenges appeared to be minimised where it was possible to leverage the infrastructure of the finance sector - as was the case with the schemes offering guarantees on lending and trade credit insurance contracts. This required extensive engagement with lenders and insurers to develop a product that they were both willing to offer, that minimised the risk of moral hazards, and could be feasibly and rapidly implemented. The evaluation evidence indicated that BEIS, British Business Bank and HM Treasury were effective in their engagement and collaboration with the finance sector - which aided the highly rapid launch of the COVID-19 Loan Guarantee Schemes in particular.[31] However, while this provided the large-scale infrastructure needed to administer the interventions - some challenges were encountered:
    - The establishment of the Trade Credit Reinsurance Scheme was more protracted and was formally launched in September 2020 (some five months following its announcement in May 2020). This was partly attributed to an extensive process of negotiation with insurers to develop a Heads of Terms and contracts (involving bilateral discussions with individual insurers).[32] While the COVID-19 Loan Guarantee Schemes involved a lender accreditation process, some 40 lenders were already accredited to deliver the Enterprise Finance Guarantee, providing immediate lending capacity to the schemes. [33] This highlights the importance of reaching agreements ahead of the advent of crises in enabling rapid response - though it should be noted that these issues did not create major impediments to the delivery of the Trade Credit Reinsurance Scheme as insurers were willing to work at risk.
    - Businesses were not permitted to obtain multiple guaranteed loans under the COVID-19 Loan Guarantee Schemes. However, the schemes were initially launched without a platform that allowed lenders to establish whether a prospective borrower had obtained guaranteed lending from another source (an issue highlighted in the British Business Bank's Reservation Notice).[34] While a system was put in place one month following scheme launch, identification of duplicate and ineligible facilities has reportedly absorbed resources and increased scheme costs.[35]
    - These schemes were also required to operate under the State aid Temporary Framework introduced in March 2020. This was identified as a primary contributor to delays to the signature of contracts as part of the Trade Credit Reinsurance Scheme.[36]

[31] British Business Bank (2022) Evaluation of BBLS, CBILS, and CLBILS: Year One Report, page 48
[32] BEIS (2023) Evaluation of the TCR Scheme: Final Report, page 33.
[33] British Business Bank (2022) Evaluation of BBLS, CBILS, and CLBILS: Year One Report, page 47
[34] National Audit Office (2020) Investigation into the Bounce Back Loan Scheme, page 9
[35] British Business Bank (2022) Evaluation of BBLS, CBILS, and CLBILS: Year Two Report, page 62
[36] BEIS (2023) Evaluation of the TCR Scheme: Final Report, page 33

- **Local authority grants:** Local authorities were selected as the preferred delivery partner for the Local Authority COVID-19 Business Support Grants as substantial HMRC resources had been deployed to deliver the CJRS and other relief measures and in view of the strengths of the existing relationships of local authorities with their local business base.[37] However, delivery of the schemes required local authorities to assume a different role (i.e. from collection to distribution of funds) whilst the supporting infrastructure (such as supporting data, software, and tools) was not in place.[38] To establish the programmes at speed, inefficient manual systems were largely adopted in the initial stages of the programme, only being replaced with more efficient systems at later stages once the need for further restrictions became apparent in late 2020. These costs were duplicated across over 300 delivery agents, reducing the overall efficiency of the programme.
- **Research offices:** BEIS and UKRI faced similar issues in the delivery of the Research Stabilisation interventions and sought to give autonomy to University Research Offices in the allocation of funds. For example, the Coronavirus Grant Extension, Medical Charity Early Career Researcher Fund, and the World Class Laboratory Fund were all given as a block grant, with institutions given the freedom to allocate resources according to local priorities (within guidance on expectations set by UKRI).[39] The evaluation of the scheme was complementary in relation to the quality of engagement by UKRI and BEIS with research offices in understanding their needs.[40] However, it was noted that this approach created costs for universities that were also duplicated across institutions (as they had to run internal funding competitions to allocate resources).[41]

In the main, the design of schemes involved nationally set parameters with limited levels of flexibility across delivery partners to allocate resources. The main exceptions to this were the Local Authority Discretionary Grant Scheme (one of the initial grant schemes delivered by local authorities) and the Research Stabilisation interventions highlighted above. While the evaluation research did not highlight that the use of discretion created significant delivery issues, it did contribute to perceptions of inequities (as discussed further below).

4.1.4 Clarity of objectives

The available evaluation evidence did not always consider how far schemes were established with clear strategic objectives. It was noted that the COVID-19 Loan Guarantee Schemes and the Local Authority COVID-19 Business Support Grant Schemes were launched without a formal Business Case process and did not have clearly defined strategic objectives at the outset (though the British Business Bank put in place SMART objectives for the guaranteed loan schemes following scheme

[37] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 38.
[38] Ibd, page 39.
[39] DSIT (2024) UKRI and BEIS stabilisation interventions to mitigate against the negative impacts of COVID-19, page 40.
[40] Ibid, page 57
[41] Ibid, page 40.

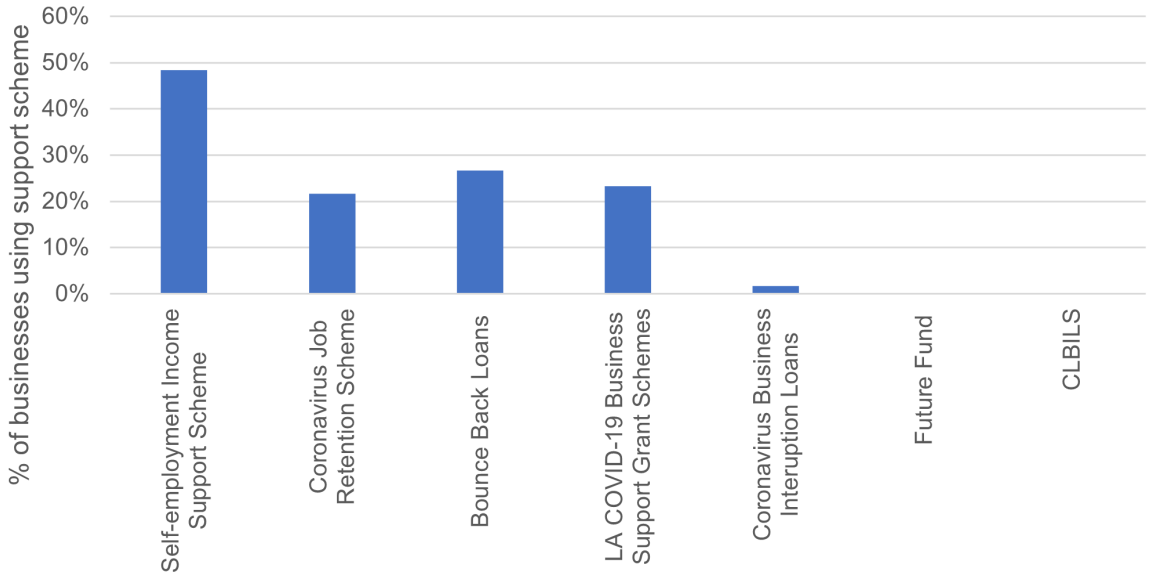
launch, and other schemes were developed using the Business Case process). Even so, there was no evidence reported across the evaluations reviewed that delivery issues were caused by lack of clarity around the strategic objectives of schemes.

4.1.5 Relationships between schemes

Process evaluations almost universally highlighted that businesses and universities made extensive use of multiple support programmes. This is partly illustrated in the following figure – which illustrates that the most significant economic response schemes reached large shares of the total business population (including parallel schemes administered by HMRC)[42]. Across the evaluations, the evidence highlighted:

- **CJRS:** There was widespread take-up of the CJRS scheme amongst beneficiaries of the BEIS economic response programmes (e.g. almost 60 percent of recipients of Local Authority COVID-19 Business Support Grants Schemes, and 50 percent of BBLS borrowers). As such, many businesses (and universities) benefitting from BEIS, British Business Bank, and UKRI programmes were receiving assistance with their wage costs.
- **Other support with non-wage costs:** Many businesses received cashflow support for their non-wage expenditures from multiple sources. For example, 40 percent of recipients of grants reported that they also obtained government backed loans.[43]

Figure 4.1: Estimated share of the business population making use of key economic response measures



[42] Take up statistics were derived from House of Commons Library (2023) Coronavirus Business Support Schemes: Statistics with the exception estimates of the total number of businesses taking up Local Authority COVID-19 Business Support Grants which was taken from its evaluation. Estimates of the total 20202 business population were taken from BEIS (2020) Business Population Estimates for the UK and the regions, 2020. These results cover both registered and unregistered businesses.
[43] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 46.

Source: House of Commons Library (2023) and BEIS (2020) Business Population Estimates for the UK and the regions

Evaluations provided some evidence to indicate that individual elements of the support package tended to duplicate rather than complement each other, although the evidence on this point is not comprehensive. For example, qualitative research undertaken as part of this study in 2021 provided examples of businesses that had used grants received from the local authority to pay off Bounce Back Loans.[44] The value of claims received under the Trade Credit Reinsurance Scheme was substantially lower than anticipated at the point the scheme was developed – attributed in the main to the mitigating impacts of the broader support package on insolvencies (which were not anticipated in scheme design). The UKRI and BEIS Research Stabilisation interventions were more unique in that they generally provided funding for university researchers and Public Sector Research Establishments to maintain or complete their activities (who would not have been eligible for other schemes). However, low levels of take-up of the SURE intervention were also attributed in part to the availability of (more attractive) support from other sources.[45]

4.1.6 Evolution of scheme design

The evaluation evidence (where available) generally indicated that the design of Schemes evolved appropriately, considering changes in the prevailing public health and economic environment:

- **Responsiveness:** In response to challenges that emerged, BEIS, the British Business Bank, and UKRI all took active steps to enhance the operation of schemes with a view to improving their accessibility, effectiveness, and/or value for money. For example:
    - Continuous feedback was sought from the business community in relation to the COVID-19 Loan Guarantee Schemes, resulting in both a variety of adjustments to the design of the initial CBILS scheme and the introduction of BBLS and CLBILS to meet the needs of smaller and larger businesses respectively.[46]
    - New grant schemes and extensions to existing financial market interventions (e.g. the Trade Credit Insurance Reinsurance Scheme and the COVID-19 Loan Guarantee Schemes) were introduced to respond to new public health restrictions. There was no suggestion in any evaluations that support was withdrawn too rapidly and (where conclusions were drawn) the duration of support provided was considered appropriate.[47]
    - The Local Authority COVID-19 Business Support Schemes were initially launched with relatively open eligibility criteria based on the rateable value of the premises. This resulted in businesses from a

[44] BEIS (2021) Early findings report, page 14.
[45] DSIT (2024) UKRI and BEIS stabilisation interventions to mitigate against the negative impacts of COVID-19, page 63.
[46] British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year One Report, page 49
[47] BEIS (2022) Evaluation of the Trade Credit Reinsurance Scheme, page 8.

range of sectors – including those less affected by trading restrictions – receiving cashflow support. Targeting of the programme was substantially improved as new schemes were launched in response to local lockdowns and the Tiering systems, which focused resources on those sectors experiencing the most acute levels of trading disruption. Additionally, several important steps were made to tighten assurance and due diligence requirements as the programme developed.[48]
    - Adaptability as part of the Research Stabilisation interventions was reportedly enabled by giving Research Officers flexibility to deploy funding in response to needs,[49] as well as committing to reviewing key initiatives (such as the Doctoral Extension Allocation) at regular intervals to ensure they were meeting those in need.[50]
- **Areas for improvement:** Some areas for improvement were highlighted:
    - The most significant issue raised in the evidence was highlighted by the National Audit Office investigation into the Bounce Back Loan Scheme. There may have been missed opportunities to tighten fraud prevention processes later in 2020 as the volume of loan applications fell and the need for urgent finance had receded.[51]
    - There is evidence that the grant programme was introduced on the expectation that the pandemic would be relatively short lived with little scenario planning for the possible need for the reintroduction of non-pharmaceutical measures. This reportedly led to some efficiency costs – for example, the replacement of inefficient manual with automated systems in the delivery of the Local Authority COVID-19 Business Support Grant Schemes (though it would have been impracticable to introduce such systems sufficiently quickly had reintroduction of restrictions been anticipated).[52]
    - Other issues highlighted in the study were more frictional in nature (such as rigidities with the Coronavirus Grant Extension scheme or challenges in updating guidance for grant schemes in line with regularly changing public health restrictions[53]).

4.2 Speed of response

4.2.1 Speed of launch

The package of response measures was mobilised rapidly in response to the introduction of non-pharmaceutical interventions in March 2020:

[48] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 42 and 43.
[49] DSIT (2024) UKRI and BEIS stabilisation interventions to mitigate against the negative impacts of COVID-19, page 77.
[50] Ibid, page 78.
[51] NAO (2022) The Bounce Back Loan Scheme: An update (2022), page 25.
[52] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 65.
[53] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 41.

- All the major economic support programmes were launched within three months of the introduction of lockdown restrictions. Significant financial support was also made available from the outset through the Small Business Grant Fund, Retail Hospitality and Leisure Grant Fund, and CBILS.
- While the Trade Credit Insurance Scheme took longer to formally launch in September 2020 (after being announced in May 2020), this had no material effect on the availability of coverage since, as noted, insurers were willing to operate at risk while the parameters of contracts were agreed.[54]
- The evaluation of the BEIS and UKRI Research Stabilisation Interventions highlighted a wide range of steps taken to accelerate approvals for relevant schemes – reportedly reducing timescales for approval of major investment decisions from four weeks to seven to nine days.[55] The first phase of doctoral extensions was announced in April 2020, with the broader support package announced in June 2020 (including SURE, costed grant extensions, and national academy extensions). Though some concerns regarding timeliness are highlighted in the report, surveys of institutional leaders generally reported that the timing of interventions had either a positive or no impact on a range of outcomes considered (in relation to disruption to research activities, retention of staff and recruitment of students).[56]

Given the absence of existing delivery templates and the variety of operational challenges involved in the mobilisation of initiatives of this scale, this should be considered a considerable achievement.

4.2.2 Effectiveness of communications

The evaluation evidence indicates that steps to raise awareness of the availability of support amongst the relevant communities were generally highly effective (e.g. awareness of the COVID-19 Loan Guarantee Schemes reached 85 percent of SMEs by the end of 2020[57], while 75 percent were aware of the Future Fund[58]). Lack of awareness of the schemes were rarely given as reasons for not accessing support programmes in surveys undertaken of the wider business population.

This was achieved through:

- **Initial announcements:** Awareness of the major economic response programmes (grants and loan guarantee schemes) were boosted significantly by public announcements by the government.[59] For example, it was reported by some large lenders that they had no need to market the loan guarantee

[54] BEIS (2022) Evaluation of the Trade Credit Reinsurance Scheme, page 7.
[55] DSIT (2024) UKRI and BEIS stabilisation interventions to mitigate against the negative impacts of COVID-19, page 48..
[56] DSIT (2024) UKRI and BEIS stabilisation interventions to mitigate against the negative impacts of COVID-19, page 73..
[57] BVA BDRV (2021) SME Finance Monitor Q4 2020
[58] British Business Bank (2022) Future Fund Early Assessment Report: page 38
[59] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 39.

schemes owing to the high-profile public announcements made by politicians.[60]

- **Direct communications**: High levels of awareness were also supported by a range of extensive direct communications with businesses. These included efforts made by local authorities to raise awareness of grant schemes amongst their local business populations – and external observers considered that all reasonable mechanisms at their disposal to raise awareness amongst hard-to-reach groups had been deployed.[61] Equally, there was also significant word of mouth awareness raising in the private sector (with many businesses alerted to the availability of support by accountants or direct telephone marketing by businesses).[62]
- **Clarity of communications:** Few issues were raised were by businesses in terms of the clarity of communications around schemes (e.g. in relation to eligibility rules and guidance).
- **BEIS and UKRI Research Stabilisation:** Conclusions were less clear in relation to the BEIS and UKRI Research Stabilisation Interventions. While the study reported that communications activities had worked well[63], the primary reason given by institutional leaders for not applying for support for most interventions was lack of awareness.[64]

While communications activities were generally effective in raising awareness amongst the eligible, the speed of communications did raise some issues. Firstly, evaluations of the two major response schemes indicated that public announcements were made before the details of schemes had been agreed[65] or before delivery agents were made aware that they were required to deliver the scheme.[66] This created some issues in that delivery agents began to receive inquiries without knowledge of the details of the schemes that had been announced. Similar issues were also flagged in relation to the BEIS and UKRI Research Stabilisation interventions.[67]

4.2.3 Speed of delivery

Finally, there was a broad consensus across the evaluation evidence that resources reached businesses, research institutions and researchers at a rapid speed. Where considered, the evidence indicates that most businesses were able to access financial support within one month of applying (and less for some schemes).[68] There

[60] British Business Bank (2023) Evaluation of BBLS, CBLS, and CLBILS: Year One report, page 69
[61] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 40.
[62] British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year One report, page 69
[63] DSIT (2024) UKRI and BEIS stabilisation interventions to mitigate against the negative impacts of COVID-19, page 6.
[64] Ibid, page 63..
[65] British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year One report, page 59
[66] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 39.
[67] DSIT (2024) UKRI and BEIS stabilisation interventions to mitigate against the negative impacts of COVID-19, page 49..
[68] British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year One report, page 72. British Business Bank (2022) Future Fund Early Assessment: Year One report page 9. DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 31 and 32.

was widespread satisfaction amongst the relevant communities with the speed of delivery. No evidence was reported in any study that delays in the distribution of funds led to adverse outcomes.

4.2.4 Take up

Owing to both their comparatively open design and the effectiveness of communication arrangements, the BEIS COVID-19 response measures generally reached a significant share of their relevant target populations. Evidence in relation to take-up is summarised in the following table.

Table 4.1: Take-up of BEIS COVID-19 response schemes

Scheme	Take-up levels	Scheme costs (generally excluding administrative costs to the public and private sector)
Local Authority COVID-19 Business Support Grant Schemes	**1.4m** registered and unregistered businesses received grants over the lifetime of the schemes (estimated).[69] The first cohort of grants schemes reached over 90 percent of the eligible population (equivalent data is not available for later schemes).	**£23bn** of grants were paid to businesses between April 2020 and March 2022.
COVID-19 Loan Guarantee Schemes	**1.6m** businesses obtained government backed loans across the three schemes (including unregistered businesses). As highlighted above, this represents a material share (over 25 percent) of the total population of businesses in the UK.	The cost of the loan guarantee schemes will depend on long-run default rates. The latest evidence indicates that £77bn of lending facilities were provided. £21.5bn had been fully repaid by March 2024, the outstanding balance on loans making payments on schedule totalled £21.4bn, and the outstanding balance on loans that had fallen into arrears or defaulted totalled £12.9bn
Future Fund	**1,190** businesses received convertible loans through the Future Fund. Owing to the nature of the target group (i.e. firms dependent on equity funding) it is difficult to assess how far the intended group was reached. However, the evaluation concluded that the funding	A total of **£1.1bn of funding** was provided through Convertible Loan Agreements. However, the cost of the Future Fund will depend on the default rates on convertible loans and price at which the government is able to dispose of equity stakes

[69] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 29.

	was relatively focused on equity backed businesses with growth potential.[70]	acquired. No update on the financial costs of the scheme was provided in the Year Two evaluation report given the early-stage nature of the portfolio.
Trade Credit Reinsurance Scheme	**11,456** policyholders benefitted from the Trade Credit Reinsurance Scheme. Nine insurers, representing 85 percent of the market, participated in the scheme.[71] As such, the intervention is likely to have reached a large share of users of trade credit insurance.	Premium income totalled £411m, while administrative expenses paid to insurers totalled £150m and claim amounts totalled £44m. This meant the scheme generated a final **net financial surplus of £187m.**[72]
BEIS/UKRI Stabilisation Interventions[73]	**Grant Extension Allocation**: Nearly all organisations eligible for grants had accepted them. COVID-19 Institute Support Fund: Funding reached six strategically funded institutes, although the application volumes were lower than expected. SURE: Take-up was considered low – only five from hundreds of eligible institutions. **Doctoral Extensions interventions:** 80% of those eligible applied for support for Phase 1 Doctoral Extensions. Eligibility for Phase 2 was widened though funding requests fell.	Data on scheme costs are not systematically reported.

4.3 Resource allocation

4.3.1 Level of need

As noted above, schemes were typically launched on an open or universal basis and – aside from the BEIS and UKRI Research Stabilisation schemes – did not involve a

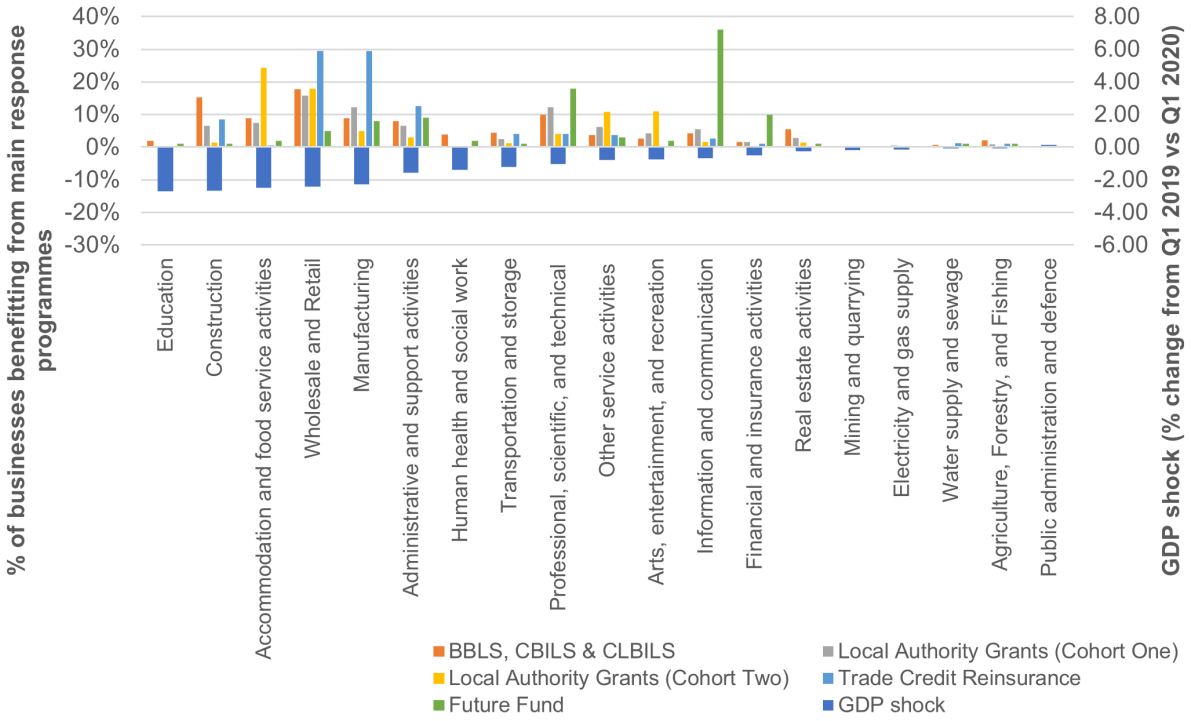
[70] British Business Bank (2022) Future Fund Early Assessment Report: page 8.
[71] BEIS (2023) Evaluation of the Trade Credit Reinsurance Scheme, page 8.
[72] An earlier estimate of £217m was quoted in the evaluation of the scheme.
[73] DSIT (2024) UKRI and BEIS stabilisation interventions to mitigate against the negative impacts of COVID-19, Section 3.3.

material test of need.[74] The degree to which resources reached businesses, universities, and researchers in need of cashflow support to see through the pandemic was explored in a variety of ways across the available evaluation research:

- **Sectors experiencing the most acute impacts:** Despite the comparatively open design, there was a broad correlation between the size of the economic shock experience by a sector and the degree to which it benefitted from the response programmes. As illustrated in the following figure, a large share of resources provided through the most financially significant programmes reached the wholesale, retail, accommodation, food service, construction, and manufacturing sectors. These sectors were amongst those that saw the most significant short-term economic shock due to the pandemic. The principal exception to this pattern was the Future Fund where a large share of resources went to the Information and Communication sector (though this may not be surprising given its focus on early-stage technology companies rather than traditional industries). There was also some evidence that the professional services sector – which was more easily able to trade through periods of restrictions – attracted a significant level of support (e.g. ten percent of loans approved under the COVID-19 Loan Guarantee Schemes and 12 percent of grants awarded through the initial cohort of Local Authority COVID-19 Business Support Schemes).

[74] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 41. British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year One report, page 51

Figure 4.2: Sector distribution of support provided and scale of GDP shock in the first quarter of 20202/21



Source: Evaluation reports and ONS (2021) Contributions to monthly GDP

- **Perceived level of need:** Surveys of firms benefitting from the COVID-19 response programmes generally indicated that high shares of firms perceived the support provided had some importance in ensuring their survival (e.g. 40 to 60 percent of businesses receiving grants[75], 42 percent of BBLS borrowers[76], and almost 50 percent of beneficiaries of the Future Fund[77]). Insurers engaged as part of the Trade Credit Insurance evaluation also reported that they would have withdrawn cover for 15 to 35 percent of the market (rising to 50 percent for sectors – such as retail and hospitality – facing the highest level of risk)[78] and increased the cost of premiums by five to 25 percent.[79]
  However, the evaluation evidence also highlights that these self-reported accounts are likely to overstate the level of need for cashflow support. The results of qualitative interviews reported in evaluations highlighted some inconsistencies with views on the likelihood of failure and how funds were used in practice. For example, some firms which indicated interventions were important in securing their survival also reported that they spent funds on

[75] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 41, page 50.
[76] British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year Two Report, page 14.
[77] British Business Bank (2022) Future Fund Early Assessment: Year One report, page 61.
[78] BEIS (2023) Evaluation of the Trade Credit Reinsurance Scheme, page 69.
[79] Ibid, page 71.

refurbishments, training, or to top up wages of existing staff.[80] There were also examples of firms reporting that financial support principally provided a confidence building effect[81] and reports that creditors displayed some level of patience and understanding in the circumstances (reducing immediate balance sheet pressures on firms).[82]

- **Balance sheet data:** The evaluation of the Local Authority COVID-19 Business Support Grant Schemes considered detailed balance sheet measures in assessing how far support reached firms likely to face acute financial distress due to trading restrictions. Although there are questions regarding the representativeness of the underlying data, the study indicated that the average firm receiving grants entered the pandemic in March 2020 with sufficient reserves to fund 45 to 50 months of normal operating expenditure. Only around 25 percent would have been unable to fund three months of normal operating costs from assets (and as these firms could seek support with wage costs via CJRS, they would have likely had greater resilience to issues of lost revenues than implied by these numbers).[83]
- **Other evidence:** There was also other evidence to indicate that the resilience of the economy (given other response interventions) was stronger than initially expected. In particular, the Trade Credit Reinsurance Scheme (which provided insurance against the risk of insolvency of counter parties) generated a significant financial surplus for the Exchequer (£218m) despite initial expectations that the scheme would lead to losses of more than £1bn.[84] Additionally, the evaluation also indicates that with knowledge of the scale of the support provided by the government, one insurer indicated that their withdrawal of coverage would have been substantially less extensive in practice.[85]
- **BEIS and UKRI Research Stabilisation:** Equivalent information is not available for the BEIS and UKRI Research Stabilisation interventions as the funding was not aimed at industrial sectors. The evaluation also did not give detailed consideration of how far resources were effectively directed at those facing the highest levels of disruption – though it concluded that the stabilisation interventions were generally effective in meeting the needs of the sector).[86]

On balance, it appears that the BEIS COVID-19 response likely reached most businesses that required cashflow support to help them survive the pandemic. However, owing to the universality of the schemes and the absence of material tests

[80] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 49.
[81] BEIS (2022) BEIS COVID-19 Response: Early Findings Report, page 21.
[82] British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year One Report, page 81.
[83] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 45.
[84] BEIS (2022) Evaluation of the Trade Credit Reinsurance Scheme, page 80.
[85] Ibid. page 69.
[86] DSIT (2024) UKRI and BEIS stabilisation interventions to mitigate against the negative impacts of COVID-19, page 78.

of need, it is clear that a significant share of the public support provided also reached businesses that were not facing acute levels of financial distress.

4.3.2 Use of funds

The evaluation evidence indicated that funds were largely used for their intended purpose. Cashflow support provided to businesses was predominantly used to (a) fund day-to-day operating costs or (b) fund adaptive investments to respond to the COVID-19 pandemic (such as sanitisers, additional cleaning costs or plastic barriers).[87] There was also some evidence that BBLS, CBILS and CLBILS borrowers may have obtained loan funding to provide financial 'headroom' and resources that could be deployed if needed.[88] The use of funds provided through the BEIS and UKRI Research Stabilisation Interventions was not explored in detail although the evaluation concludes that resources were used for their intended purpose.[89]

4.3.3 Irregular payments

Risks in relation to losses due to irregular payments (fraud and error) were highlighted in Requests for Ministerial Direction in relation to two of the major economic response programmes. These risks were accepted in light of the priority given to ensuring support reached businesses rapidly in scheme design – including from (a) the launch of the Local Authority COVID-19 Business Support Grant Schemes without requirements for formal application, due diligence, and assurance processes[90] and (b) allowing applicants to self-certify their viability and creditworthiness for term loan requests as part of the Bounce Back Loan Scheme (to accelerate loan approval decisions). Evaluation of the effectiveness of fraud prevention and recovery mechanisms are still on-going, but the available evaluation evidence indicates that:

- **Local Authority COVID-19 Business Support Grant Schemes:** The NAO investigation into the scheme provided estimates that the total value of irregular payments totalled £1.1bn (just under five percent of the value of grants awarded).[91] The majority of these losses (90 percent) were attributed to payments made through the first cohort of schemes, and were largely payments made in error (such as payments to ineligible businesses) rather than fraud. Recovery of these losses were also relatively limited at the time of the investigation (£20.9m by May 2023).[92] Losses were largely attributed to weaknesses in the infrastructure established to deliver the initial schemes. While these processes were considerably strengthened for later cohorts, these initial weaknesses had later efficiency costs – the process of

[87] British Business Bank (2022) Evaluation of BBLS, CBILS, and CLBILS: Year One report, page 78. DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 48.
[88] British Business Bank (2022) Evaluation of BBLS, CBILS, and CLBILS: Year One report, page 78. DBT
[89] DSIT (2024) UKRI and BEIS stabilisation interventions to mitigate against the negative impacts of COVID-19, page 65.
[90] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 38.
[91] BEIS (2022) Annual Report and Accounts 2021 to 2022
[92] UK Parliament (2023) 11 May 2023 - Local authority administered COVID grant schemes - oral evidence.

reconciliation of payments under the initial schemes was reportedly subcontracted to a team of 20 people and took one year to complete. [93]

- **Bounce Back Loan Scheme:** Estimates of fraud have changed as more evidence and information has become available. The Year 2 evaluation of the bounce back loan schemes indicates that accredited lenders have flagged around £1.7bn of lending as suspected cases of fraud[94] whereas original estimates placed the potential value of fraud at £4.9bn.[95] It is clear that BEIS (now DBT) and the British Business Bank have put in place a number of actions to improve processes in relation to fraud – including introducing a counter-fraud strategy for the programme, enhanced processes for detection of fraud cases, and a variety of enforcement activities (with varying degrees of effectiveness).[96] However, the evaluation evidence makes it clear that these activities have carried significant resource costs.[97]

There are, however, major questions as to how the schemes could have feasibly been implemented with lower levels of risk of fraud and error while still achieving the speed of mobilisation described above. In both cases, the volume of transactions involved were highly significant (i.e. millions of loan and grant applications) and more intensive processing could reasonably be expected to increase delivery timelines extensively.[98] However, given the evidence presented above on the level of need for cashflow support, these issues may have been more manageable if interventions had been more strongly targeted at businesses facing more acute levels of financial distress (and some studies raise questions as to how far the speed of the response needed to be accelerated given levels of liquidity).

4.4 Equity

The evaluation evidence largely indicated that schemes were designed and implemented in an inclusive manner (although not every study considered the issues involved in detail):

- **Eligibility criteria:** The initial eligibility criteria with which some schemes were launched raised some concerns regarding fairness and perceived inequities – principally driven by the characteristics of the businesses themselves rather than the characteristics of their owners. For example, businesses that operated within another's premises under a sublet or those that operated out of non-fixed premises were ineligible for the initial programmes launched under the Local Authority COVID-19 Business Support Grant Schemes (even though the impact of the pandemic were in no way different to businesses that rented their own premises).[99] As noted above, there were also perceived inequities with initial scheme rules for CBILS in

[93] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 43.
[94] British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year Two report, page 56
[95] NAO (2022) The Bounce Back Loan Scheme: An update (2022)
[96] British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year Two report, page 57
[97] Ibid: Year Two report, page 62 and 63
[98] British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year One report, page 18
[99] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 35.

which only weaker businesses would be eligible for government backed loans. These issues were relatively rapidly addressed – for example, with the introduction of the Local Authority Discretionary Grant Fund and adjustments to CBILS scheme rules.

The evaluation evidence did not highlight any group that remained ineligible for support except for pre-revenue start-ups without any history of equity fundraising (which were ineligible for Future Fund support).[100] The impact of this apparent gap in the support package was not explored in the evaluation – though it was noted that overall equity fundraising by SMEs rebounded rapidly after an initial decline following the introduction of non-pharmaceutical interventions[101], so any impacts may have been relatively short lived.

- **Accessibility of support:** No significant concerns were raised in evaluation studies in terms of whether implementation arrangements created obstacles to participation for some groups. Where these issues were raised, they principally related to digital mechanisms of delivery and the degree to which this may have excluded some groups. For example, some minor concerns were raised that most information about the Local Authority COVID-19 Business Support Grant Schemes was published online – though local authorities universally reported that some in person support was provided through the pandemic.[102] While the studies undertook extensive research with non-users of the support package, no cases were identified where this group were either unaware of the support available or faced insurmountable obstacles to accessing support.[103]
- **Distribution of funding:** Where examined, evaluations demonstrated that the ownership profile of businesses (in terms of gender and membership of minority ethnic groups) broadly aligned with the ownership profile of the broader business population.[104] There was also evidence from the Local Authority COVID-19 Business Support Grant Schemes that areas characterised by lower levels of deprivation tended to receive lower shares of funding.[105] Similar evidence was presented in the evaluation of the BEIS and UKRI Research Stabilisation interventions, though the study also noted that there was limited evidence that the groups most severely affected by the pandemic received disproportionate levels of support. [106]
- **Use of discretion:** However, some perceived inequities (though not discrimination) were reported where delivery agents were given discretion in how funds were distributed. A particular issue was raised in relation to the Local Authority COVID-19 Business Support Grants where discretion was

[100] British Business Bank (2022) Future Fund Early Assessment, page 38.
[101] British Business Bank (2022) Future Fund Early Assessment, page 11.
[102] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 40.
[103] See for example, British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year One report, page 74
[104] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 34. BEIS (2022) Evaluation of the Trade Credit Reinsurance Scheme, page 47.
[105] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 34.
[106] DSIT (2024) UKRI and BEIS stabilisation interventions to mitigate against the negative impacts of COVID-19, page 122.

intended to help local authorities address locally specific issues. However, there were examples of sectors (e.g. taxi drivers) in which neighbouring local authorities would adopt different stances – causing complaints from businesses to whom such decisions may have felt arbitrary.[107]

4.5 Impacts of the COVID-19 response

This section synthesises the available evidence on the economic and other intended impacts of the short-term COVID-19 response. There are a variety of challenges involved in developing an understanding of the net impacts of programmes funded:

- **Universality:** A robust assessment of quantitative impact requires comparisons between firms, institutions or researchers benefitting from the response to an equivalent group of non-recipients of funding. However, as the schemes were largely made available on a universal basis, it can be anticipated that those benefitting from the response will differ in systematic ways from those that did not. For example, firms seeking cashflow support may have been more likely to face issues of financial distress caused by the pandemic than those that did not.[108] If so, comparisons between businesses receiving support and the wider business population will understate the impacts of the COVID-19 response. This issue was handled in different ways:
    - Studies exploring the impacts of direct financial support sought to address these problems by using statistical methods to find comparison groups of firms with similar characteristics (e.g. historic performance, exposure to forced closures, financial health, sector etc). While this is the most robust approach available (and evaluations largely attained SMS Level III), there remains a risk that there are unobserved differences between the groups compared that may bias results and consequently the estimates of impact presented below should largely be considered indicative rather than definitive.[109] Nevertheless, these findings should be typically considered more robust than those based on the self-reported accounts of those benefitting from support.
    - The underlying challenges are not tractable in the case of systems wide interventions that affect the entire business population. For example, the Trade Credit Reinsurance Scheme intervened across a large share of the market for trade credit insurance, meaning an equivalent group of businesses that did not benefit from the guarantees could not be identified.[110] In this case, indicative estimates were developed via assumption-based modelling drawing on the self-reported accounts of participating insurers and other secondary

[107] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 43.
[108] Though note that the Evaluation of the Local Authority Business Support Grant Schemes did not find a significant correlation between the financial health of a firm in March 2020 and the probability that it obtained grant funding.
[109] The one exception to this is the evaluation of the Continuity Grants programmes which will be able to exploit eligibility rules to identify a more robust counterfactual. This evaluation will report in 2024.
[110] BEIS (2022) Evaluation of the Trade Credit Reinsurance Scheme, page 67.

evidence. Although an impact evaluation has not been commissioned, it can be anticipated that similar issues would be encountered in assessing the impact of easements to insolvency regulations.

- **Parallel interventions:** As highlighted above, in many cases firms and institutions received support from multiple sources. These sources of funding will have been available to the comparator groups identified in each study, and as such, each study sought to identify the incremental impact of the initiative in question by accounting for the availability of these parallel schemes (with some evaluations directly controlling for take-up of parallel schemes where the information was available). However, it is also possible that firms benefitting from BEIS COVID-19 response programmes were also more likely to take up parallel support programmes (e.g. CJRS) – which appears likely based on findings reported. Support from parallel programmes frequently obtained simultaneously, creating challenges for statistical models in separating the effects of different interventions.[111] As such, comparisons between firms that did and did not take-up support would likely conflate the impacts of multiple programmes. As such, while individual findings have been aggregated to provide an indication of the scale of impacts achieved, the results presented below may not be considered strictly additive.
- **Displacement and crowding out:** Comparisons between groups of firms are useful in identifying the gross impacts of initiatives (i.e. net of deadweight). However, the net impacts of programmes will also depend on the extent of secondary adjustment mechanisms which are more difficult to account for. For example, workers employed by firms that would have otherwise failed in the absence of the COVID-19 response may have obtained alternative employment elsewhere within reasonable timescales. Equally, any demand side stimulus may have placed upward pressure on prices, leading to reductions in economic activity elsewhere in the economy. These issues were directly explored as part of the Local Authority COVID-19 Business Support Grants by examining effects at the area as well as the firm level. However, other studies have largely made assumption-based adjustments (and are not reported below).
- **Aggregation:** The issues above also create challenges for understanding the total impacts of the BEIS COVID-19 response. The findings of individual evaluations provide estimates of 'direct' effects on the businesses supported. These results can be considered additive in gross terms to the degree to which steps taken to control for other elements of the COVID-19 response were effective. However, owing to the likelihood that schemes will have second order effects via the displacement of activity in the economy, estimates of the total net economic impact of the BEIS COVID-19 response are more challenging to provide (particularly as scheme level evaluations did not generally quantify these spillovers). As such, while estimates of the total

[111] As receipt of support from parallel interventions could also be caused by participation in an individual initiative, including controls for the receipt of support from these schemes could also produce biased findings.

direct impact of the BEIS COVID-19 response provided below are based on summing the effects of individual scheme level evaluations, this should not be taken as a measure of the total net economic impacts of the response.

- **Data issues:** The robustness of the evaluation of the Local Authority COVID-19 Business Support Grants was also constrained in some instances by lack of data arising from weaknesses in the monitoring of programmes. No data was available on the individual firms receiving support as part of first cohort of the Local Authority COVID-19 Business Support Grants.
- **Evidence gaps:** As highlighted in Table 4.2, there are several important evidence gaps.

The following table provides a summary of the available impact evaluation evidence and associated limitations.

Table 4.2: Summary of impact evaluation approaches

Scheme	Approach	Limitations
Quasi-experimental studies		
Local Authority COVID-19 Business Support Grant Schemes	Comparisons between businesses receiving grants to a matched comparison group of businesses that did not receive support. Net effects are explored by comparing areas that distributed higher and lower levels of funding.	Favoured results are based on data drawn from administrative records within the ONS SRS. However, this only provides coverage of the second cohort of grant schemes. It was not possible to develop conclusive estimates of the impact of the programme on unregistered businesses.
COVID-19 Debt Guarantee Schemes[112]	Comparisons between businesses receiving loans to a matched comparison group of businesses that did not receive support. The findings below are drawn from the Year Two report (a third assessment will be published in 2024). Other estimates of impact are produced using self-reported accounts of beneficiaries.	Results focus on the gross impacts of the programme, and do not explore net effects.
Future Fund	Comparisons between businesses receiving grants to a matched comparison	The most recent report provides descriptive comparisons between firms

[112] Early findings from an early impact evaluation of the Recovery Loan Scheme led to a 17 percent impact on turnover levels (though no effects on employment). Self-reported accounts also indicated that the impact on business survival may have been significant (with 12 percent reporting they would have ceased trading, and a further 47% reporting they would have been 'very or fairly likely' to have ceased trading.

	group of businesses that did not receive support. The findings below are drawn from the Year Two report (a third assessment will be published in 2024/25).	benefitting from the programme and the comparison group. However, the report does not provide statistical estimates of impact at the firm level or the aggregate level.
Continuity Grants	Comparisons between businesses eligible for Continuity Grants and holders of Innovate UK grants that were ineligible.	Impact evaluation results will only be available in 2024.
Green Homes Grant Voucher Scheme	Comparisons between accredited installers that delivered energy efficiency measures funded by the scheme and other accredited installers.	Scheme was only expected to produce temporary impacts on employment and turnover in the sector, and while quarterly data was obtained, recording lags may prevent precise identification of impacts.
Non-experimental studies		
Trade Credit Reinsurance Scheme	Assumption driven modelling of impact on economic activity based on self-reported accounts of insurers and other secondary evidence.	Only feasible approach available, though results can only be treated as indicative given the approach adopted.
BEIS/UKRI Stabilisation Interventions[113]	Theory based approach synthesising evidence on aggregate outcomes across the research system with self-reported accounts from beneficiary institutions.	Conclusions are largely qualitative in character.
No impact evaluation evidence		
Other Green Economic Stimulus Schemes	No impact evaluation evidence was available for SHDF(D) or the Public Sector Decarbonisation Fund at the time of writing.	Job creation impacts are likely to be marginal relative to the major economic response programmes.
CIGA	No impact evaluation of the temporary measures of CIGA has been commissioned.	Potential to understate impacts of the COVID-19 response given the significance of the intervention in preventing winding-up petitions and providing other easements limiting pressure on firms to wind-up.

[113] DSIT (2024) UKRI and BEIS stabilisation interventions to mitigate against the negative impacts of COVID-19, Section 3.3.

4.5.2 Business survival

The evaluation evidence indicates that the BEIS COVID-19 response was effective in preventing business failures – though many businesses that would have survived the pandemic regardless also received cashflow support:

- All studies exploring the effect of support programmes on business survival found that businesses receiving support from BEIS COVID-19 support programmes were less likely to fail than the relevant comparison group. Results were broadly comparable across studies – indicating that failure rates would have been 3 to 5 percentage points higher in the absence of the programmes in the short-term (i.e. to 2021 to 2022).
- If the results of studies can be considered additive, 100,000 to 150,000 workplaces or businesses may have avoided closure in the absence of the major economic response programmes (based on summing the low to high ranges put forward in the evaluations of the major economic response schemes). Evidence from the Local Authority COVID-19 Business Support Grant Schemes also indicates these impacts may be additional in net terms (i.e. businesses that failed would not have been quickly replaced by new businesses in the same area), though there are some uncertainties with this result.
- However – as failure rates were at low levels across the whole economy over the period – the findings also imply that most businesses that benefitted from the schemes would have survived in the absence of the programme, at least in the short-term. This result might be anticipated given the lack of targeting at businesses facing acute financial distress.
- The evaluation of the Local Authority COVID-19 Business Support Grant Scheme indicated that the support provided may have had some negative productivity costs by encouraging firms to keep open less productive sites (although these costs could not be quantified).[114]

The available studies are largely driven by administrative data that provides coverage of registered businesses only. There is no conclusive evidence on the impact of the BEIS COVID-19 response on unregistered business (largely self-employed workers with no employees).

[114] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 65

Table 4.3: Estimated impacts on business survival

Scheme	Estimated impact on business survival	Aggregate impacts
Local Authority COVID-19 Business Support Grant Schemes	The study found that grants awarded through programme reduced the probability of a workplace closure from 8.2 percent to 5.3 percent amongst registered businesses.[115] As many businesses benefitting from the programme operated from multiple sites, this is not always equivalent to the survival of the overall enterprise. Analysis of the link between programme spending and the number of workplaces at a LA level indicated that the programme may have safeguarded 2.1 percent of workplaces in the UK.[116]	It was estimated that between 21,000 and 59,000 workplaces may have avoided closure due to the programme by the end of 2021/22.[117] These estimates are contingent on a number of strong assumptions regarding how far the findings can be generalised to the broader population of businesses receiving grants.
COVID-19 Debt Guarantee Schemes	The evaluation found that the programme reduced failure rates from an average of 9.9 percent to 4.2 percent amongst BBLS borrowers and from 4.9 percent to 0.6 percent amongst CBILS/CLBILS borrowers (based on comparisons between borrowers and a matched sample of non-borrowers).[118] Findings based on the self-reported accounts of borrowers suggested larger impacts – with 12 to 42 percent of BBLS, and 6 to 35 percent of CBILS/CLBILS borrowers avoiding permanent closure.	The quasi-experimental findings indicate that 74,000 to 96,000 business closures avoided amongst BBLS borrowers and 3,000 to 3,500 amongst CBILS/CLBILS borrowers by the end of March 2021.

[115] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 53
[116] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 62
[117] Ibid, page 65
[118] British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year Two report, page 85

Future Fund	Survival rates amongst firms receiving Future Fund support were estimated at 97 percent and 92 percent for the matched comparison group – indicating slightly better survival prospects amongst the comparison group, though this result is only weakly significant and will be investigated further in future assessments.[119] This was based on markers of acute financial distress recorded with Companies House – which tend to provide lower estimates of failure rates than the ONS sources used in the studies above.	No estimate of the aggregate effect of the Future Fund was provided.
Trade Credit Reinsurance Scheme	The study quotes modelling undertaken by the Association of British Insurers that predicted 10 percent of buyers benefitting from the Scheme would have failed in its absence. No comment is provided on the robustness of the underlying methodology.[120]	Not reported.

4.5.3 Employment and unemployment impacts

The BEIS COVID-19 response – and major economic response programmes in particular – had a significant effect in protecting jobs both by preventing business failures and by encouraging firms that would have otherwise survived to retain workers.

- **Total jobs safeguarded:** The findings indicate that the BEIS COVID-19 short-term response helped safeguard a sizeable number of jobs that would have otherwise been lost (1.1m jobs if studies can be treated as additive[121]). This was principally driven by the major cashflow support programmes for which the most robust findings are available. Other parts of the response – including the Green Economic Stimulus Schemes – made more marginal contributions. It should be noted that scheme level evaluations only captured the direct effects of individual schemes, and there may have been

[119] British Business Bank (2023) Year 2: Future Fund Early Assessment Report - An Update, page 38.
[120] BEIS (2022) Evaluation of the Trade Credit Reinsurance Scheme, page 76.
[121] Note that this does not include the 400,000 jobs safeguarded predicted by the Association of British Insurers in relation to the jobs impacts of the Trade Credit Reinsurance Scheme as these represent ex-ante estimates and the underlying rigour of the methodology has not been independently assured.

unquantified offsetting displacement effects lowering the net effect of the response.

- **Unemployment:** Evidence from the Local Authority COVID-19 Business Support Grant Schemes suggested that these direct impacts fed through to reductions in unemployment. However, there is some uncertainty as to how far and how quickly workers who may have otherwise been displaced would have been able to take up alternative employment in other sectors.
- **Grants versus loans:** There was some evidence to indicate that loans may have proven a more effective instrument in protecting employment than grant support. It is possible to speculate that as loans (unlike grants) require firms to take on long-term liabilities, creating some disincentives for firms that do not require cashflow support to seek out this form of support. Equally, lenders may also be better able to screen out those businesses with less favourable prospects. However, as evaluations have largely focused on the schemes in question, direct comparisons between the two forms of support are not made in the evaluation literature.
- **Role of CJRS:** While significant, the implied total impacts of the BEIS COVID-19 response are insufficient to fully explain the limited spike in unemployment observed relative to that in comparable advanced economies (as set out in Section 3). An evaluation of the CJRS undertaken by HM Treasury found that the initial scheme launched in March 2020 increased employment rates amongst eligible employees by a peak of 2.4 percentage points during May 2020.[122] This was equivalent to safeguarding 3.4m jobs. The extension of the scheme, announced in October 2020, was also found to have protected 300,000 jobs at its peak in January 2021. Additionally, while evaluations of BEIS COVID-19 response schemes have taken the availability of CJRS as given, it is also plausible that it may have enhanced the effectiveness of BEIS funded initiatives (e.g. a less generous furlough scheme may have resulted in more significant losses on the Trade Credit Reinsurance Scheme).

Table 4.4 Estimated impacts on employment and unemployment

Scheme	Estimated impact on employment and unemployment	Aggregate impacts
Local Authority COVID-19 Business Support Grant Schemes	In addition to impacts on business survival, the study found that grants also led to a 1.0 percent increase in employment by March 2022 amongst surviving firms (equivalent to 0.2 workers per surviving firm).	It was estimated that the programme saved just over **300,000 direct jobs** by preventing the closure of workplaces[123] and **100,000 jobs amongst firms that would have survived without the support provided**.[124] These broadly aligned with the estimated

[122] HMT (2023) The Coronavirus Job Retention Scheme Final Evaluation
[123] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 54
[124] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 60

	Analysis at the area level indicated that the effects of the grants programmes were likely additional in net terms. The programme was estimated to have led to an increase in overall employment by up to 1.0 percent in the average local authority, and reducing the number of unemployed claimants in the LA by 7.1 to 27.1 percent.	reduction in the number of ILO unemployed residents (110,000 to 430,000) indicating that only a share of workers that would have otherwise lost their jobs would have been able to take up employment opportunities elsewhere.[125]
COVID-19 Debt Guarantee Schemes	Modelling indicated that BBLS and CBILS increased employment levels by 5.7 percent and 9.0 percent respectively (relative to the comparison group). [126]	It was estimated that the loan guarantee schemes safeguarded **700,000 jobs in total** through both avoidance of business closures and impacts on the decisions of firms that would have survived the pandemic. [127]
Future Fund	Median employment growth between 2020 and 2022 was lower amongst firms receiving funding (10 percent) than the matched comparison group (13 percent). It is conjectured that funding fed through to higher salaries rather than to job creation.[128]	Not applicable.
Green Homes Grant Voucher Scheme	Each installation lodged with the Scheme created between 0.01 and 0.03 jobs (with firms largely able to accommodate additional demand within their existing capacity or were able to reduce or delay other types of work to deliver measures funded through the Scheme).[129]	The study estimates that the scheme may have created or safeguarded between **550 and 1,700 direct jobs** and reduced the number of unemployed claimants by 900. These positions were likely temporary though the short-term nature of the study means that this cannot be confirmed.
Trade Credit Reinsurance Scheme	Not available.	The ABI modelling mentioned above also predicted that **400,000 jobs**

[125] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 62
[126] British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year Two report, page 94
[127] British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year Two report, page 97
[128] British Business Bank (2023) Year 2: Future Fund Early Assessment Report - An Update, page 54.
[129] DESNZ (2023) Evaluation of the Green Homes Grant Voucher Scheme: Final Outcome and Economic Evaluation Report, page 60-61.

		would be supported by the scheme. [130]

4.5.4 Turnover and GVA impacts

As illustrated in the following table, the evidence does not permit overall assessment of the impact of the COVID-19 response on overall economic activity levels. There are numerous challenges involved in assessing the overall impact of BEIS COVID-19 economic response programme on economic output and most studies did not seek to estimate the GVA impacts of the relevant programmes. In particular, the overall impact of the schemes on the productive capacity of the economy is highly challenging to estimate as it is not possible to establish directly how many workers were retained in a productive capacity.[131]

Some studies examined the impacts of response programmes on the revenues earned by companies (which can potentially be treated as proxy for economic activity levels under some assumptions) but did seek to provide estimates of the aggregate effects of programmes. Clearly, the lack of evidence in relation to the value of economic impacts creates some challenges in drawing clear conclusions around how far the costs of the BEIS COVID-19 response were justified by its benefits.

Table 4.5 Estimated impacts on turnover and/or GVA

Scheme	Estimated impact on turnover and/or GVA	Aggregate impacts
Local Authority COVID-19 Business Support Grant Schemes	The evaluation found that grants had a negative impact on the turnover of Local Units (i.e. branch sites) receiving grants. However, there were no statistically significant differences in the turnover of businesses when comparisons are made the level of the overall enterprise. This was taken as indicative that a signal that firms awarded grants were encouraged to keep open less productive sites.[132]	No estimates were provided in terms of the overall impact of the programme on economic activity levels (in terms of either turnover or GVA).
COVID-19 Debt Guarantee Schemes	The findings indicated that while the pandemic had a negative impact on the revenues of borrowers and non-borrowers, borrower's **turnover was 10 and 12 percent** higher than it would have been in the absence of	While these findings indicate the programme may have had positive effects on overall levels of economic activity, estimates of the aggregate effect of the programme are not provided.

[130] BEIS (2022) Evaluation of the Trade Credit Reinsurance Scheme, page 77.
[131] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 66
[132] DBT (2023) Evaluation of the Local Authority Business Support Grants Scheme, page 57.

	COVID-19 Loan Guarantee Schemes.[133]	
Future Fund	Median turnover growth between 2020 and 2022 was lower amongst firms receiving funding (16 percent) than the matched comparison group (34 percent). Possible explanations offered included the possibility the firms receiving funding have had a relatively greater focus on R&D or that firms in the portfolio may have suffered a 'high growth penalty'.[134]	Not applicable.
Green Homes Grant Voucher Scheme	The evaluation did not find that GHGVS had a statistically significant effect on the turnover of installers delivering energy efficiency measures funded through the scheme. However, owing to lags in the recording of turnover in the available data, these findings were not considered conclusive.	Estimates of the GVA impacts of the Scheme were derived from its effects on employment. It was estimated that the programme may have delivered **£8.1m** in gross additional economic output.[135]
Trade Credit Reinsurance Scheme	Not available.	Based on assumptions-based modelling with parameters informed by primary research with insurers, it was estimated that the programme had a direct effect in safeguarding GVA of **£0.9bn** and an indirect effect on the upstream supply chain of **£1.6bn.**[136]

4.5.5 Safeguarding of R&D and research activity

At the time of writing, the only evidence available on the effectiveness of the BEIS COVID-19 response was in relation to the BEIS and UKRI Research Stabilisation interventions (as noted, the evaluation of the effects of Innovate UK support will be

[133] DBT (2023) British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year Two report, page 92.
[134] British Business Bank (2023) Year 2: Future Fund Early Assessment Report - An Update, page 50.
[135] DESNZ (2023) Evaluation of the Green Homes Grant Voucher Scheme: Final Outcome and Economic Evaluation Report, page 61.
[136] BEIS (2022) Evaluation of the Trade Credit Reinsurance Scheme, page 74.

available in 2024). The following table summarises the conclusions of the early impact evaluation of the interventions against the key impact areas identified.

The evaluation appeared to indicate that the COVID-19 pandemic created substantial but temporary disruption to the research system (which was partly mitigated by the interventions). However, evidence of longer-term scarring effects was relatively limited.

Table 4.6 Early impacts of BEIS and UKRI Research Stablisation Interventions

Scheme	Estimated impact on business survival
Research capacity	While lockdown restrictions limited access to research facilities and reduced researcher productivity, academic staffing levels were broadly maintained (though non-academic staff levels fell).[137] Around 45 percent of researchers surveyed reported that the interventions (as a group) enabled institutions to retain researchers and technical staff, though the evaluation did not provide any detailed quantification of these effects.[138] Unlike undergraduate and Masters degrees, enrolments and completions of Doctoral programmes fell in 2020/21, though Doctoral Extension programmes were considered particularly important in enabling students to complete their research. [139]
Research activity	The pandemic reportedly led to an increase in the number of research projects that were paused or cancelled, though surveys indicated that 68 percent of institutions expected that there would have been a slight or significant increase in the number of project delays or cancellations in the absence of intervention.[140] While the interventions enabled research to continue, the pandemic altered the types of research activities completed (with a reduction in laboratory work and an increase in desk-based research and writing of papers) and there were widespread views that pandemic led to a reduction in both the quality and volume of research outputs.
Knowledge exchange	The pandemic led to a 31 percent decline in interactions between businesses and universities and income from businesses and overseas sources fell (for the first time since 2011) - though commercialisation activity was unaffected. The evaluation concluded that the interventions seemed to have a positive impact on innovation focussed activities, with the CGE and PSRE interventions making significant contributions.
Research infrastructure	Lockdown restrictions severely limited access to almost all research infrastructure, though WCL fund and other interventions allowed institutions to upgrade infrastructure to allow some facilities running in a COVID-19 secure manner.
Financial impact	The available data did not indicate that the COVID-19 pandemic had an adverse impact on research income - though some types of institutions (small institutions, less research-intensive organisations, and the medical charities sectors) may have seen more substantial impacts. The interventions were reported to have had a 'cushioning effect'.

[137] DSIT (2024) UKRI and BEIS stabilisation interventions to mitigate against the negative impacts of COVID-19, page 84.
[138] Idid, page 88.
[139] Ibid, page 91.
[140] Ibid, page 93.

5.0 Objective 2 and Objective 3

This section provides an aggregative synthesis of the evaluation evidence in relation to BEIS' second and third objectives in relation to the COVID-19 response. Unlike the short-term response (in which multiple initiatives were launched with analogous aims), interventions making contributions to these objectives were typically unique in character. As such, in most cases below, the analysis largely summarises individual evaluations rather than drawing out common patterns across the response.

Key findings

- Although UKRI did not have any strategic objectives defining the role it should take in response to a pandemic situation, it mobilised rapidly to respond firstly to the public health issues caused by the pandemic and then to its adverse economic, environmental, and social impacts. This was enabled by the implementation of new governance arrangements that enabled both cross-Research Council co-ordination and an interface with central government to identify lines of enquiry where new knowledge or innovation were needed. A series of major calls for funding were also launched rapidly leading to extensive mobilisation of the UK research sector to address the need for new scientific understanding to aid the response to the crisis.
- The research funded through the research and innovation response appears to have been internationally influential both amongst the academic community and policy makers. Although a comprehensive assessment of the impact of the research and innovation response is not feasible, there are numerous examples of how studies funded led to significant public health benefits either through the identification of treatments and vaccines or providing information or modelling to inform policy decisions. Notable examples include the identification of the therapeutic benefits of dexamethasone through the RECOVERY trial (which reportedly saved the lives of 22,000 patients in the UK), the early development of the Oxford/AstraZeneca vaccine, and the provision of critical surveillance information and modelling to SAGE and other decision makers in relation to policy decisions (such as the vaccine roll-out strategy and the timing of the removal of public health restrictions).
- The safe re-opening of the economy was also supported by the publication and enforcement of the Safer Workplace Guidance by BEIS and the Health and Safety Executive (HSE) which provided businesses with information on what measures needed to be put in place to minimise the risk of COVID-19 transmission. The available evidence indicates that high levels of awareness and compliance were achieved over the relevant period, although there is limited information on either the public health benefits associated with this or whether the guidance enabled faster re-opening of key sectors of the economy.
- At this stage, the evidence on how far BEIS' objectives in terms supporting economic transformation to enable economic recovery from COVID-19 is

limited. More information will become available once the findings of the evaluation of Innovate UK's COVID-19 Funding Response Programme becomes available. However, it should be noted that (a) BEIS' goals in this respect were not well defined with no explicit vision of what types of economic transformation may be needed and (b) only a limited number of the individual response programmes would be expected to contribute to such goals.

5.1 Research and Innovation Response

Two groups of initiatives were established to provide knowledge and innovation to aid the response to COVID-19. The UKRI Research and Innovation response - which provided a wide range of funding for both academic and industrial research to respond to the COVID-19 pandemic – has been subject to both a process and impact evaluation (the findings of which are summarised below).

Additionally, Innovate UK funded a series of programmes to fund industrial innovation to both respond to and recover from the adverse effects of the pandemic. While a small-scale process review of these programmes was completed, this focused largely on administrative processes and did not address the broader questions relevant to this study. An impact evaluation of the programme is on-going and will report in 2024 (though descriptive information on the objectives of some projects funded is reported below).

5.1.1 Development of the research and innovation agenda

The evaluation of UKRI's Research and Innovation response notes that there was no overarching strategy defining the objectives of UKRI or the role it should take in response to a pandemic situation.[141] However, UKRI assumed an implicit role to fund research on COVID-19 and its wider implications, including research that would be relevant to the stated, emerging, and potential needs of government and other actors (e.g. public services and private enterprise). UKRI's response had two distinct elements:[142]

- **Pandemic response:** In the early stages of the COVID-19 pandemic, UKRI focused predominantly on pandemic response measures (e.g. generating a biological, genetic, and epidemiological understanding of the disease, and developing vaccines, therapeutics, and diagnostics to facilitate the public health response). The main funding instruments underpinning this component of the response was the UKRI/NIHR Rapid Response initiative launched in February 2020 along with a series of platform and consortia programmes (e.g. the RECOVERY, ACCORD and AGILE trials seeking to develop therapeutics, the ISARIC and PHOSP-COVID programmes to develop a clinical understanding the disease, and the COG-UK and GEL-GenOMICC consortia focusing on genetics).
- **Societal emergency:** The second component of the response had a broader thematic remit and involved investments in research to address challenges

[141] UKRI (2021) Process review of UKRI's Research and Innovation Response to COVID-19, page 8,
[142] Ibid, page 10.

relating to the adverse economic, social, and environmental effects of the pandemic. The main funding instrument associated with this aspect of the response was the establishment of the Agile Research and Innovation Call which provided £172.5m of grants for 515 research projects.

A new governance structure was established by UKRI in March 2020 to manage its COVID-19 response, set research priorities, and oversee implementation. Alongside existing UKRI structures (the UKRI Board Executive Committee), a COVID-19 Co-ordination Group was established to oversee the management of the UKRI Agile Call which was informed by other COVID-19 advisory groups established by government (e.g. SAGE Committee, Vaccine Taskforce, Chief Scientific Advisors etc), a UKRI COVID-19 Taskforce providing advisory support around identification of priorities and opportunities for research and innovation, and a COVID-19 Working Group to co-ordinate handling of proposals submitted to UKRI open calls.

The evaluation of the programme concludes that these governance arrangements proved effective in both supporting cross-Research Council collaboration and co-ordination[143] and in providing multiple lines of communication with central government to ensure that funding was directed at the research needs presented by the pandemic.[144] These priorities were articulated in a composite list of research topics requested by SAGE, the CSA network, the UKRI COVID-19 Taskforce, and other government departments which was published alongside calls for proposals and evolved throughout the pandemic.

This provided clear strategic direction for research funding (which was confirmed by the views of researchers successfully applying for funding through the relevant calls as well as UKRI administrative staff).[145] However, the evaluation also notes that there was no further prioritisation of research needs (e.g. in terms of urgency) or the types of funding instrument required.[146] This meant that no distinction was drawn between policy questions that were related to time-bound real-world events and other issues where the availability of findings was not time critical.[147]

5.1.2 Speed of response

The lack of scientific understanding of COVID-19 and its potential impacts on public health in January 2020 created an urgent need for new knowledge and technologies to support the development of appropriate mitigating measures. This was clearly recognised by UKRI (whereas some other nations such as Germany and Japan focused on longer time horizons[148]), although a variety of factors meant that achieving timescale goals was not always possible:

- **Mobilisation of UKRI:** UKRI mobilised rapidly to respond to the pandemic. A variety of key initiatives (including the UKRI/NIHR Rapid Response Scheme)

[143] Ibid, page 15.
[144] Ibid, page 16.
[145] Ibid, page 18, 19.
[146] Ibid, page 16,
[147] Ibid, page 16.
[148] UKRI (2023) Impact evaluation of UKRI's R&I response, page 21.

were put in place in February 2020. New governance arrangements were also put in place within one week of the announcement of lockdown restrictions, and a series of major calls for funding were launched in April 2020.[149]

- **Timescales to award:** Reflecting the urgency of the situation, UKRI set an initial ambition to approve applications for funding within two weeks (relative to normal timescales for decisions of four months) which was later extended to six weeks. However, this revised target was missed in more than 50 percent of cases. This was partly attributable to extensive timelines for HM Treasury approval of a UKRI Business Case to repurpose £177m of UKRI funding for COVID-19 response funding (which was submitted in late July 2020, received ministerial clearance in mid-August 2020, and was given HM Treasury clearance at the end of September 2020).[150] However, high volumes of applications (which also demonstrates the effectiveness of UKRI in mobilising the UK research sector) also placed a strain on both UKRI capacity and the capacity of reviewers and panellists.[151]
- **Duration of funded projects:** UKRI clearly specified the need for urgency and required that funded research needed to have an impact within its lifetime (within a maximum duration of 18 months). However, the length of the project was at the discretion of the applicant and analysis of the duration of awards indicates that only a very small share of projects were expected to report within six months (one third were expected to conclude in 11 months, and a further 45 percent within 17 months). This was considered less helpful by the evaluation in the context of urgent policy questions. While it was noted that COVID-19 Urgency Grants were launched in January 2021 (requiring outputs within three to six months), it was considered by the evaluators that shorter awards would have almost certainly have been useful prior to this.[152]

Despite these findings, the associated impact evaluation reported that these timescale issues may not have been a materially significant factor in determining the effectiveness of the response. It was noted that many projects produced useable outputs more rapidly than implied by the overall timescale for awards (with 60 percent of projects leading to a new research tool, method, database or model within six months, and 26 percent leading to their first publication)[153] – with almost half of researchers indicating that they were able to produce research findings significantly faster than from previous research awards. Findings reported in publications were also cited in policy documents within an average of 77 days (compared to 228 for publications from the 2017 to 2019 period).[154]

5.1.3 Equity

The body of evaluation evidence does not consider the degree to which the research and innovation effort addressed inequities caused by the pandemic. However,

[149] UKRI (2021) Process review of UKRI's Research and Innovation Response to COVID-19, page 6.
[150] Ibid, page 24.
[151] Ibid, page 27.
[152] Ibid, page 20.
[153] UKRI (2023) Impact evaluation of UKRI's R&I response, page 21 and 22
[154] Ibid, page 25.

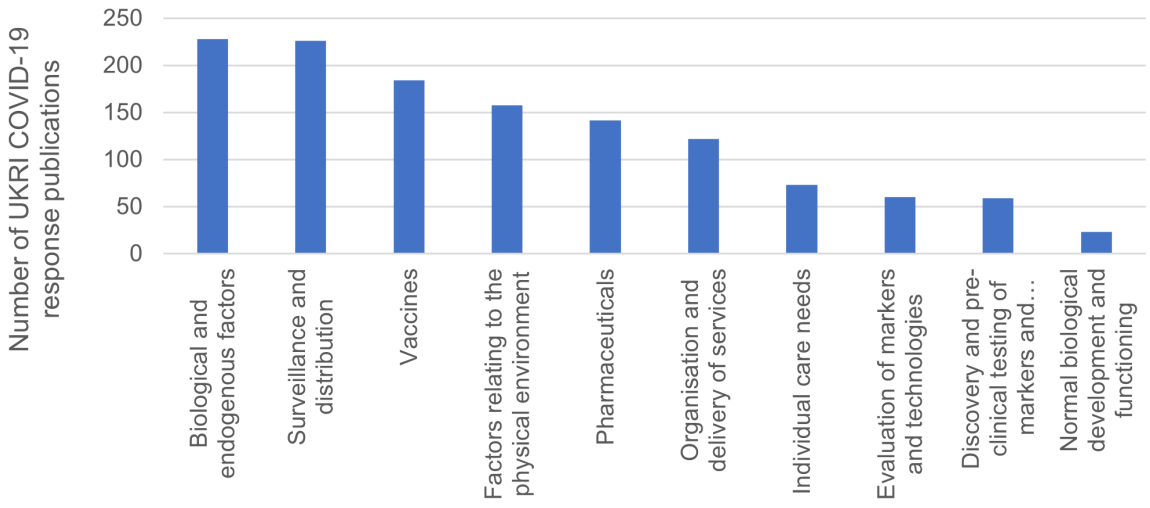
examples of studies funded – such as the 'Responding to the COVID-19 domestic abuse crisis: developing a rapid police evidence base' and 'Ensuring Respect for Human Rights in Locked-Down Care Homes' projects cited in the report[155] - indicate that such issues were a prominent concern amongst researchers.

5.1.4 Impacts of R&I programmes

The impact evaluation indicates that the UKRI R&I response had significant impacts on the scientific output of the research community that produced some notable impacts in terms of supporting the government's response to COVID-19:

- **Impact on research output:** The UKRI response appears to have been highly effective in mobilising the UK research base to develop knowledge and innovations to help mitigate the COVID-19 pandemic. A total of 19,313 UK produced academic publications were identified over the period between November 2019 and July 2022 (of which 9,972 were funded or part funded by UKRI). This was equivalent to 10 percent of total UK research output and represented a greater share of research publications than that produced by funders based in the US, China, Canada, Germany, Japan, Australia, and Belgium (which includes EC funded research).
- **Thematic focus of research:** The focus of research activities is illustrated in the following figure and indicates that that there was a particularly strong focus on (a) understanding basic disease biology and the factors involved in the causes and risk of developing COVID-19 (biological and endogenous factors), (b) monitoring the prevalence of the disease in the population (surveillance and distribution), and (c) developing clinical interventions – including research in relation to vaccines, pharmaceuticals, and diagnostics.

Figure 5.1: Research activities associated with UKRI COVID-19 response publications



Source: Digital Science, taken from UKRI (2023)

[155] Ibid, page 34.

- **Take-up of findings:** The evaluation also indicates that there was a high take up of research findings in both the academic community and amongst policy makers:
    - **Citations:** Bibliometric analysis illustrated that publications funded through the UKRI COVID-19 response received an average of 69 citations (a measure of the significance, influence, or quality of the results). This compared to 25 for all UK funded COVID-19 publications. The analysis also suggested research funded through the UKRI COVID-19 response produced internationally significant findings, with citation rates considerably higher than those produced by research groups in other nations.[156]
    - **Policy makers:** Bibliometric analysis also indicated that take-up of findings by policy makers in the UK and internationally was also comparatively widespread. 12.9 percent of publications funded through the UKRI R&I response were cited in policy documents – relative to 0.2 percent of publications emerging from UKRI funded research in prior years (2017 to 2019). [157]
- **Nature of impacts:** The impact evaluation examined the details of the impact of UKRI funded research through a series of thematic case studies. These case studies indicated that UKRI investments made substantial impacts in a range of areas (although a quantitative aggregation of the impacts of the response is not feasible, given the nature of the interventions involved). Findings from these case studies are summarised in the following table. These represent examples of the impact of the research funded and numerous other cases are described in the evaluation.

Table 5.1: Thematic impacts of UKRI's R&I response

Theme	Overview of impacts
Responsive (vaccines and treatments)	The RECOVERY trial was part of a global initiative that led to the identification of the therapeutic benefits of dexamethasone and tocilizumab in COVID-19 (as well as negative results for a range of other repurposed treatments). The results of the study led to updates to clinical guidelines for the UK NHS, the US National Institutes for Health, and the European Medicines Agency. The adoption of dexamethasone as a treatment has reportedly saved the lives of 22,000 patients in the UK and one million lives globally. Early development of the Oxford/AstraZeneca vaccine was funded through the UKRI and NIHR Rapid Response Call. While other funders (including the Vaccine Taskforce) made major contributions to later stage development and manufacturing, the vaccine accounted for 2.5bn out of 10bn doses administered globally and attained the greatest global reach – not just due to its affordability but also its temperature tolerant design and efficacy.
Predictive (understanding	The case study focused on seven awards in relation to surveillance and disease modelling. The research outputs from these projects had

[156] Ibid, page 21.
[157] Ibid, page 26.

and preventing transmission)	considerable influence over government policy decisions – including the decisions to lockdown in March 2020, the implementation of an age-prioritised vaccine rollout strategy, and the timed removal of restrictions between March and July 2021. These policy decisions have been estimated to have had considerable public health benefits (including reducing peak hospital admissions by 30 percent because of the four-week delay in Step 4 of the roadmap to recovery).
Transmission	UKRI funded a variety of research to understand transmission on public transport and in the built environment. The findings from these studies contributed to a variety of policy decisions – including the introduction of modifications of the London bus fleet by Transport for London and the Department for Education's decision to buy CO_2 monitors for schools in England. UKRI also supported the Events Research Programme which fed into advice around the safe re-opening of the events sector.
Economic recovery	Evidence of impact on economic recovery was less direct. For example, economic and social research funded by UKRI (such as the Understanding Society survey) provided data which helped inform the design of the CJRS as well as Bank of England monetary policy decisions (alongside many other sources of evidence). UKRI also funded some economic modelling to show how shocks in one sector spill over into others to help estimate the cost of stay-at-home measures and helped inform BEIS and Cabinet Office in relation to decisions on reopening the economy after the first lockdown.
Commercialisation of health research	The evaluation focused on five UKRI-funded awards concerned with improving healthcare delivery via commercialising innovative products. The most prominent example highlighted was the development of Appt, an automated booking system for health appointments – whose reach expanded from 1 borough to 7 London boroughs in England and reportedly increased patient uptake of preventative healthcare by up to 40 percent.

Source: UKRI (2023) Impact evaluation of UKRI's R&I response, pages 25 to 33

5.1.5 Innovate UK funding

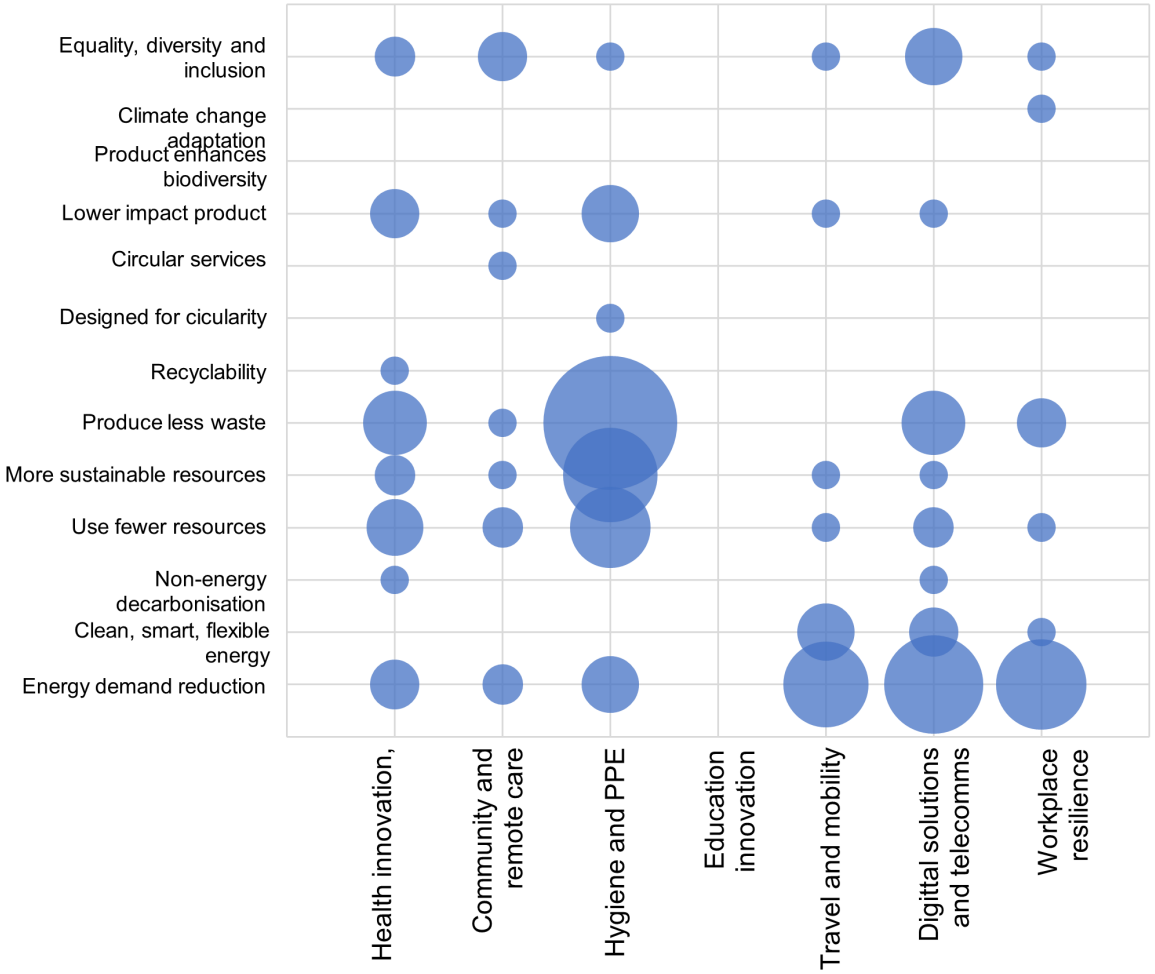
While summative evaluation evidence in relation to Innovate UK's COVID-19 Funding Response was not available at the time of writing, some analysis has been published in relation to the aims of projects with both sustainability and clean growth objectives as well as aims to address COVID-19 challenges which is illustrated in Figure 5.1 below. The report highlighted two significant clusters of innovation projects that were funded through the Fast Start and Sustainable Innovation Fund programmes:

- **Resource efficiency and PPE:** The COVID-19 pandemic prompted a significant increase in the use of PPE globally. Production of PPE relies on single-use plastics raising concerns about associated environmental impacts arising from the extraction of raw materials, transport, and waste. Innovate UK funded numerous projects seeking to tackle these issues in different ways - including through improving the reusability of PPE or reducing the environmental impact of its manufacturing.

- **Energy demand reduction:** Innovate UK also funded a cluster of projects seeking to reduce demand for energy in the fields of transport and mobility, digital solutions, and workplace resilience. These projects were highly diverse – ranging from attempts to support alternative transport modes (e.g. deliveries by UAVs), efforts to improve efficiency in the allocation of space on cargo flights, development of energy efficient ventilation units, improved workplace collaboration tools, and digital tools to manage COVID-19 infection risk and energy and water usage in the hospitality industry.

This analysis only includes projects with environmental objectives, and it should be noted that Innovate UK funded many other projects seeking to address social challenges created by COVID-19 without environmental objectives (particularly through the Fast Start programme).

Figure 5.2: Intersection between sustainability and clean growth objectives and COVID-19 challenges – projects funded under Innovate UK's COVID-19 response



Source: Innovate UK (2021) COVID-19 Funding Response programme evaluation: page 28. The size of the bubbles shows the number of R&D projects funded in relation to the relevant combination of issues and technology themes.

5.2 Safer Workplace Guidance

The following section summarises evidence in relation to the effectiveness of the Safer Workplace Guidance collected as part of this study. This evidence primarily relates to procedural issues relating to the process of developing the guidance, and levels of awareness and compliance amongst the relevant segments of the business population. However, the impacts of the guidance on public health outcomes and how far it helped minimise transmission levels are largely unknown.

5.2.1 Development of guidance

On 11 May 2020, the government published the Safer Workplace Guidance (SWG) which provides information to employers on how to remain open or safely re-open during the pandemic. Its intention was to help businesses understand what measures they need to put in place to minimise the risk of COVID-19 and keep their employees and clients safe and ensure that all businesses followed a consistent set of rules and principles.

The development of the guidance was a collaborative process with inputs from BEIS policymakers who drafted the guide with the help of third-party consultants, PHE clinical scientists who provided information on the spread of the virus, and HSE officers who provided advice on the legal implications of the guidance on businesses. Business representative organisations and trade unions were consulted via interviews in May 2020 to gather their views on what constitutes a safe re-opening of the economy. After its publication, the guide saw several updates with additional sector-specific information in line with the gradual re-opening of the economy.

The main consensus from BEIS' engagement with businesses was that guidance was fit for purpose. However, one of the most significant challenges of developing the Safer Workplace Guidance reported was finding a middle ground between the needs of different internal stakeholders (e.g., BEIS and DHSC) and establishing a workable balance between minimising the spread of the virus and allowing businesses to resume normal operations. Additionally, the extent to which the reasoning behind COVID-19 regulations has been clearly communicated was contested, with feedback from businesses suggesting that the guidance did not always make it clear why certain decisions had been taken and the evidence to support them.

5.2.2 Awareness of the guidance

Levels of awareness of the Safer Workplace Guidance was high across all sectors and all sizes of business. After its publication, the Safer Workplace Guidance received significant public attention as it became a top media story for several days and the most downloaded document on gov.co.uk for nearly a month. BEIS also implemented a proactive approach to reach wider audiences by promoting the guide on news channels and social media platforms. Findings from the ONS Business Impact of Coronavirus Survey found that around 97 percent of businesses were aware of the guide in June 2021 (exceeding BEIS's target of 90 percent).

5.2.3 Compliance

The guidance introduced a new requirement for businesses to carry out a COVID-19 risk assessment (in consultation with unions and workers), identifying what facilitates the transmission of the virus and what measures could be put in place to mitigate the risks. There was a high level of compliance with the Safer Workplace Guidance by businesses continuing to operate or restarting their operations during the pandemic. According to the OPSS LA compliance survey, around 93 percent of businesses were compliant upon inspection in June 2021, up from 84 percent in November 2020 and above BEIS's target of 85 percent. The high level of compliance observed in the survey is also consistent with data from HSE's spot checks (though these figures may not capture minor non-compliance incidents).

Table 5.2: Compliance rates with safety measures

COVID-19 secure compliance	Target	Actual in June 2021	Test & Trace compliance	Target	Actual in June 2021
Guideline awareness	90%	97%	QR code display	90%	88%
Risk assessment	75%	66%	Entry refusal	75%	69%
Table spacing	75%	95%	Logbook provision	90%	86%
Face cover reminders	70%	62%	Entry visitor check-in	80%	35%
Seated food & drinks	75%	94%	Venues check-in	85%	53%

Source: Technopolis analysis using BEIS Business Compliance Dashboard

5.2.4 Feedback on the guidance

Feedback from the consultation activities conducted by BEIS suggests that businesses appreciated having a practical framework to think about what they needed to do to continue, or restart, operations during the COVID-19 pandemic. Businesses also welcomed efforts to provide sector specific guidance instead of high-level information, although it was also recognised that the context in which businesses operate varies considerably between and within sectors.

For example, one interview with a business representative from the entertainment industry revealed that, while the guide provided flexibility to interpret the information and decide what measures businesses could put in place within the parameters of the information presented in the guide, there were instances where the constraints were so tight that they effectively meant that businesses had to pause operating. More generally, the guide provided valuable information regarding the day-to-day activities needed to make workplaces COVID-secure, with some flexibility to make technical adjustments to allow businesses to operating viably, although this could be challenging. For example, operating at reduced capacity to maintain social distancing proved difficult in certain industries with high fixed costs, where full capacity needed to be maintained to justify spending resources on high fixed costs.

According to research published by the Federation of Small Businesses (FSB), most small businesses in the UK understood the implications of the guidance in relation to the COVID-19 security of their businesses, but slightly more than a third found it

challenging. The lack of clarity on what constituted a minimum compliance level was one source of confusion, with 22 percent of small businesses saying that the distinction between mandatory and non-mandatory measures was not clear. When asked about their opinion on the degree of flexibility businesses had in interpreting the requirements, over half said they would have preferred more discretion in how to comply with the requirements and around a third expressed a preference for a more prescriptive regulatory approach.[158]

Another source of stress for businesses was the fast pace of regulatory changes and the frequent number of updates made to the guidance which this necessitated (an issue also encountered in the delivery of the Local Authority COVID-19 Business Support Grant Schemes). The way the guidance was presented did not always make it clear what information had changed, although this was improved as the pandemic unfolded and summary of updates was provided at the top of each iteration. One business representative consulted for this evaluation highlighted challenges related to the delays and discrepancies between public announcements and the information officially reflected in the guide. There were instances early in the pandemic when measures outlined in the guide were enforced by law with little notice, and before businesses were given enough time to assess the information provided in the guide.

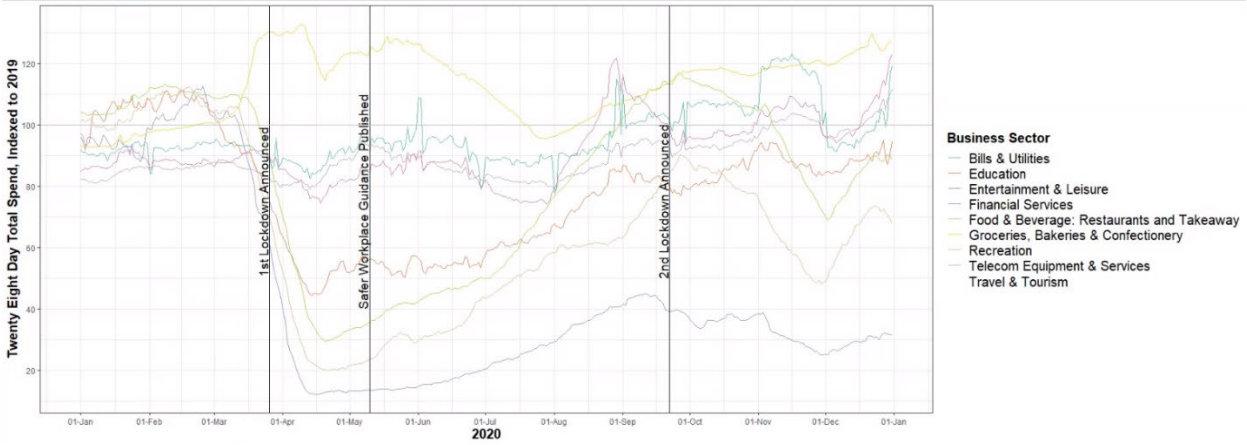
In June 2020, businesses were asked to indicate to what extent the implementation of safety measures affected their operating costs. On average, around 11 percent of businesses said that implementing the safety measures significantly increased their operating costs, and a further 62 percent said that their costs increased by a little. However, the burden of compliance was not experienced uniformly across the economy, with low value-added sectors and/or those with a high proportion of customer facing roles more likely to be negatively impacted. Around 39 percent of businesses in the hospitality sectors, and slightly fewer businesses in the healthcare sector (28 percent) and the arts and entertainment sector (17 percent), reported that making their workplaces COVID-19 secure significantly increased their operating costs. The number of actions necessary to reach compliance were disproportionally higher for these sectors due to the customer-facing nature of the jobs and inability to work from home. By contrast, information & communication sector and professional services were the two sectors with the lowest share of businesses who stated that complying with the safety measures led to a significant increase in costs (2 percent and 3 percent, respectively).

5.2.5 Consumer spending

Figure 5.3 displays trends in consumer spending throughout 2020, indexed to the equivalent day in 2019 (providing a 28-day moving average of the total sum of spend transactions from users in the Fable Data dataset). This shows that following the announcement of the first lockdown in March 2020, consumer spending across a diverse range of business sectors fell relative to spending in the previous year. Consumer spending tended to recover toward 2019 levels following the publication of the Safer Workplace Guidance (though this cannot be attributed to the guidance).

[158] Federation of Small Businesses (FSB) (2022) Navigating the COVID-19 Regulatory Landscape,

Figure 5.3: Impacts of the pandemic on consumer spending



Source: DESNZ analysis of FABLE Data UK consumer transactions data.

5.2.6 Equity

The guidance was also reviewed by BEIS in May 2021 to explore how far it may have differential impacts across groups. This assessment considered three main factors outlined below:

- **Coverage:** The assessment concluded that three sectors were underrepresented (transportation and storage, information and communication, and arts, entertainment, and recreation) where between 7 to 11 of occupations were not covered by the guide. As workers in these industries were predominantly male, and men are more likely than women to experience severe COVID-19 symptoms, lack of guidance could contribute to higher infection rates amongst men. However, it was determined that the sectoral information from the SWG, combined with other sector-specific guides from other government departments[159], was sufficient to protect all groups.
- **Accessibility:** The guidance was made available on GOV.UK and PDFs were removed to improve accessibility. Several additional steps were taken to improve equality, including streamlining text to improve clarity, increasing the size of the text to aid people with visual impairment, and translating the guide in 18 foreign languages.
- **Content:** The guide acknowledged the need for exemptions in certain circumstances where measures were expected to have a harmful impact on people with protected characteristics (e.g., removal of obligations to wear a mask from those with health conditions which made this problematic). A consultation in March 2021 led to an improvement in the guide in line with recommendations from organisations like the Royal National Institute of Blind People (RNIB) which called for raised awareness of the need for reasonable

[159] Examples include the 'Guidance for DCMS sectors in relation to coronavirus (COVID-19)' from the Department for Culture, Media and Sport, November 2020 and the "Coronavirus (COVID-19): safer transport guidance for operators' from the Department for Transport, January 2021.

adjustments for people with protected characteristics. Upon receiving this feedback, the guidance was updated to highlight that measures proposed should not undermine existing obligations to employees with protected characteristics, and that reasonable adjustments should be incorporated in risk assessments to protect the most vulnerable groups.

5.3 Objective 3

At this stage, as indicated, the evidence on the effectiveness of R&I interventions in relation to BEIS' objectives of supporting economic transformation to enable economic recovery from COVID-19 is highly limited. More information will become available once the findings of the evaluation of Innovate UK's COVID-19 Funding Response Programme becomes available. However, it should be noted that (a) BEIS' goals in this respect were not well defined with no explicit vision of what types of economic transformation were sought/needed and (b) only a limited number of individual response programmes would be expected to have contributed to these types of goals.

6.0 Conclusions

This section sets out the main conclusions of the review. This incorporates an assessment of value for money structured by the National Audit Office's 3E's guidance covering the dimensions of economy (how far the response achieved its objectives at the minimum cost), efficiency (how efficiently the response was administered), and effectiveness (how far the response achieved its objectives).

6.1 Economy

The introduction of non-pharmaceutical measures to contain the COVID-19 pandemic created substantial uncertainties for policy makers, with a variety of risks that these measures could lead to irreversible damage to the economy. This led to the rapid introduction of a variety of large-scale economic response programmes providing cashflow support to businesses. These programmes were effective in safeguarding jobs and preventing a wave of business failures and likely helped return confidence to the economic system.

However, the findings of evaluations generally also show that a relatively high share of businesses benefitting from the response would have been likely to survive in the absence of this support. This implies that the level of deadweight associated with the response is likely to have been high[160] and, in many cases, the impacts of the BEIS COVID-19 response could have been achieved with lower levels of overall public expenditure. Some schemes launched during the period were also associated with additional costs associated with irregular payments. It should be noted that these threats to value for money were fully acknowledged at the time these schemes were introduced and were tolerated at a political level (i.e. via Ministerial Direction) given the need for rapid intervention and the extent of the downside risks to the economy.

The main factors affecting value for money (at least in relation to the major response schemes that absorbed the highest levels of spending) highlighted in the evaluation evidence included:

- **Targeting:** The most significant response measures were launched with limited targeting of sectors facing the most acute restrictions on trading activity and without any material test of the financial need for support. Evidence from the evaluations indicated that many firms benefitting from the support had deeper financial reserves and were better able to withstand the pressures of the pandemic than implied by the information available to policy makers at the time initiatives were designed (especially given the role of CJRS in supporting the wage costs of firms).
- **Priority given to speed:** The absence of targeting measures was largely necessitated by the priority given to speed of delivery. It would not have been feasible to introduce these types of test owing to the large amounts of

[160] This also holds in interventions such as the Trade Credit Reinsurance Scheme where the evaluation implies that 65 to 85 percent of the coverage supported by the government would have provided by the insurance sector in the absence of intervention.

transaction costs that this would generate (leading to lengthy backlogs). Similar considerations motivated the removal of some business-as-usual checks on borrowers as part of BBLS, as well as the launch of the Local Authority COVID-19 Business Support Grants Scheme without requirements for formal application and due diligence processes (which arguably contributed to levels of irregular payments outside normal expectations).

- **Depth of adverse economic impacts:** The economy also arguably proved more resilient to the introduction of non-pharmaceutical interventions than was anticipated by policy makers. While this was facilitated by the extensive government response to the pandemic, there a variety of signals that the economy adapted in ways that mitigated its adverse impacts (including the surplus earned on the Trade Credit Reinsurance Scheme).

As such, the findings from the evaluation of individual response programmes broadly indicate that value for money could have been improved if the response involved a higher level of targeting of businesses facing the most acute levels of distress.

However, it should also be noted that the UK government adopted an approach that aligned closely with almost all other advanced economies when developing its business support programmes. An OECD review of SME support measures during COVID-19 indicated that all policy support introduced at the start of the pandemic was made available on a universal basis (resulting in, for example, 70 percent of US small businesses supported by relief measures).[161] While an extensive review of the effectiveness of international initiatives was not provided in the evaluation evidence base (partly owing to the lack of formal evaluation evidence), similar concerns around economy have been raised in relation to the international response and there are no clear examples of feasible approaches adopted elsewhere that delivered superior value for money. Where such attempts have been made – such as the adoption of substitution guarantees in the design of the French equivalent to the Trade Credit Reinsurance Scheme – concerns were raised regarding their effectiveness.[162]

6.2 Efficiency

The BEIS COVID-19 response was largely delivered efficiently:

- **Speed of mobilisation:** In almost all cases, the key elements of the BEIS COVID-19 response was delivered highly rapidly without an existing delivery template and, in some cases, without an existing infrastructure in place. This included the establishment of several economic response schemes of unprecedented scale, highly effective awareness raising activity, the rapid provision of cashflow and other types of support to a large share of businesses in England, and the large-scale mobilisation of the UK research sector to generate knowledge and innovation to aid the pandemic response. Given the highly challenging operational context in which the schemes were

[161] OECD (2021) One year of SME and entrepreneurship policy responses to COVID-19: Lessons leaned to build back better

[162] BEIS (2022) Evaluation of the Trade Credit Reinsurance Scheme, page 65.

developed and established (including major disruption to the work and personal lives of staff involved), this should be considered a major achievement.

- **Inefficiencies:** However, delivering the response at speed resulted in some inefficiencies resulting from the need to activate schemes without the necessary infrastructure in place. Examples include the duplication of costs associated with administering the Local Authority COVID-19 Business Support Grant Schemes across over 300 delivery agents, on-going costs resulting from the initial absence of a suitable platform to monitor loans supported by the COVID-19 Loan Guarantee Schemes, as well as concerns regarding possible effects on competition in the SME lending market owing to the time taken to accredit new lenders to CBILS.[163]

These findings highlight some lessons in terms of the level of preparedness for future emergencies. While it is difficult to anticipate future crises, basic preparedness for the future might involve greater levels of scenario planning to consider (a) the optimal design of an economic response under different conditions, (b) how far the infrastructure needed (including decision making processes, approval, financing mechanisms, and data) is in place to deliver response measures, (c) what levels of human resource may be required, and (d) to what extent flexible contracting arrangements could be put in place to manage any capacity shortfalls. Consideration could also be given to requirements for assurance, monitoring, and evaluation as part of such preparations, as the launch of some significant schemes without these requirements resulted in costs at later stages.

6.3 Effectiveness

As highlighted above, the BEIS COVID-19 response had three key objectives. This section provides a summary of the evidence in relation to how far each of these objectives were achieved.

#1: Short-term response

Most resources associated with the BEIS COVID-19 response were directed at minimising the damage to the UK economy and research system. This review indicates that the BEIS COVID-19 response was highly effective in this respect:

- **Avoidance of economic damage:** The evidence indicates that the support package reached all groups of businesses that may have needed cashflow support through the pandemic. The findings of individual evaluations indicate that the impact of this support was significant – and may have helped avoid the closure of up to 100,000 to 150,000 workplaces and protected up to 1 million direct jobs (although net effects may have been smaller). While the CJRS was arguably a/the key driver of the avoidance of the spike in unemployment observed in other comparable advanced economies (safeguarding 3.4m jobs at its peak), the BEIS COVID-19 short-term response

[163] DBT (2023) British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year One report, page 134.

made a major contribution to protecting the economy from damage during the period.

- **Academic and industrial research system:** Though the evidence is less extensive, evaluations indicate that while the academic and industrial research system faced a significant level of disruption during the COVID-19 pandemic, the interventions introduced by BEIS and UKRI helped to mitigate these impacts. There is also limited evidence of longer-term scarring effects.

#2: Recovery

Decisions to re-open the economy were ultimately political decisions involving a trade-off between public health outcomes, economic growth, and the likelihood of having to reintroduce non-pharmaceutical decisions. However, there was a variety of evidence that the BEIS COVID-19 response produced a wide variety of influential scientific understanding to enable these decisions to be made on an informed basis. The BEIS COVID-19 response also helped develop innovations to minimise the public health impacts associated with easing restrictions (including via supporting the early development of vaccines and therapeutics as well as providing guidance on how businesses could open more rapidly).

#3: Innovation and economic transformation

There is little evidence on the effectiveness of R&I interventions in relation to BEIS' objectives of supporting economic transformation to enable economic recovery from COVID-19 (although more information will become available in 2024). However, BEIS' goals in this respect were not well defined with no explicit vision of what types of economic transformation were sought/needed and (b) only a limited number of individual response programmes would be expected to have contributed to these goals.

6.4 Lessons learned

The following table outlines the key lessons learned from the evaluation evidence that could be considered in the formulation of plans for future emergency response.

Table 6.1: Key lessons learned

Lesson	Overview
Targeting	Improving the value for money associated with future emergency response measures will require greater targeting of businesses facing acute financial distress. On the assumption that the key objective will be to prevent unnecessary failure of otherwise viable businesses, achieving this could require examination of (a) the revenue impacts of future crises on individual businesses seeking support and (b) the ability of businesses to absorb operating costs from their reserves. Making these assessments can be expected to involve significant transaction costs, and consideration will need to be given to both how an appropriate infrastructure could be put in place quickly and what measures might be taken to streamline such assessments (including potentially scope to use open banking data as discussed below and technology to automate the processing of applications).
Infrastructure	Delivery issues were minimised where existing delivery templates and infrastructure were in place – for example, the delivery of CBILS was

	expedited because the British Business Bank was able to roll over accreditations from the Enterprise Finance Guarantee. It may be helpful to consider what range of schemes might be required to facilitate an emergency response across a range of future crisis scenarios, the infrastructure necessary to deliver these schemes, and the costs and benefits of putting this infrastructure in place (or maintaining infrastructure established as part of the COVID-19 response). This could allow schemes to be activated rapidly in response to future emergencies while protecting the value for money associated with the response.
Real time information	Several evaluations highlighted lessons in terms of weaknesses in the information available to policy makers – particularly in terms of a lack of real-time data on the financial performance and resilience of businesses and other institutions. This meant that the government was often reliant on engagement with representatives of the business community or surveys of businesses to understand the impact of restrictions on the economy. For example, the evaluation of the COVID-19 Loan Guarantee Schemes highlights that policy makers were working with information that indicated half of SMEs had less than one month of cash in the bank[164] when designing BBLS. This level of financial distress was not observed in evaluation studies that collected information on the balance sheets of businesses receiving support. Some evaluations have argued that strengthening the availability of real time data – for example, through open banking data arrangements – could improve the government's ability to establish the impact of emergency measures as well as aid targeting of support programmes.
Choice of instrument	It appears probable that loan-based support will offer greater value for money in the long-run than grant based support. There was little difference in the effectiveness of grant and loan based cashflow support in ensuring the survival of businesses, though as many businesses can be expected to repay loans, the long-run cost to the public sector is likely to be lower. Businesses in 'need' may also be more likely to self-select for this form of support. As such, future scenario planning could usefully consider the optimal balance of grant based and loan-based support.
Communications	While communications were effective in raising awareness of the support package, some initial delivery issues were caused by making public announcements before scheme delivery partners were able to activate initiatives. Clearly, rapid communication was needed to maintain consumer and business confidence and such issues could potentially be avoided by (a) putting in place the necessary delivery templates and scheme infrastructure in advance and (b) agreeing a communications strategy with the relevant scheme delivery partners as part of this process.
Fairness	A more targeted approach to the allocation of support is likely to produce challenges of perceived unfairness (e.g. if businesses with weaker balance sheets are prioritised over those with substantial reserves). It may be helpful to reach consensus across stakeholders (including the business community, interest groups, and the public) around a set of principles underpinning the approach that should be

[164] DBT (2023) British Business Bank (2023) Evaluation of BBLS, CBILS, and CLBILS: Year One report, page 77.

	taken in supporting the economy through future crises to minimise the risk that the design of the response is influenced by lobbying or other types of political challenge.

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