



Briefing note: responding to covid-19

March 2020

In light of the coronavirus (covid-19) outbreak, there has been massive government intervention undertaken to tackle the public health emergency and prevent the economy from collapsing.

The measures which have been announced are highly damaging to the public finances and involve troubling interventions in the economy and the daily lives of everyone. But they are understandable and justifiable. Covid-19 is an impending national catastrophe, in human and economic terms; the specifics may be debated, but in general the government is right to take action that in ordinary circumstances would be unacceptable. Emergencies such as this are exactly why we fight for what we do in normal times - so that we can pull together as a nation to see off a crisis. And it means we must start helping the government with constructive ideas to map a course to sound public finances in the coming years.

That is why, in addition to the measures already announced, the TaxPayers' Alliance is recommending these further policy actions to help tackle the current crisis.

Suggested policy responses

Divert the aid budget to fighting the virus

The virus is a global pandemic, affecting UK citizens and those around the world. Current aid rules from the OECD and UK legislation limit how the government can spend Overseas Development Assistance (ODA) while hitting the UK's 0.7 per cent aid target.

In 2018, the UK spent £14.6 billion on ODA. The government should immediately announce that the ODA budget will be redirected to fighting coronavirus at home and abroad with all non-humanitarian development operations suspended. TaxPayers' Alliance polling in 2019 showed 64 per cent of voters supported spending the aid budget on domestic priorities like the NHS.

Following measures already taken by the government to tackle the virus globally, ODA must also be used bilaterally to help developing countries combat the spread of the virus. As part of these efforts, rules must be changed to allow ODA funds to be used for the rapid deployment of one or more hospital ships to provide temporary critical care facilities to developing countries and in the UK. This could be expedited by converting a commercial vessel, similar to the conversion of RFA Argus. So that aid spending aligns with the wider government coronavirus response for this coming year, aid spending should be measured by financial not calendar year.

These proposals must be implemented immediately and legislation changed if necessary. Specifically, the International Development Act 2002 should be altered to ensure that spending moves beyond merely that which is likely to contribute to a reduction in poverty.

Freeze council tax and focus money on frontline services

During this challenging time, local authorities must keep down financial pressures on households while ensuring key services, such as social care, are funded.

Planned council tax rises should be scrapped, with rates frozen to allow households to plan their budgets for the coming year. Council tax or rates in 2018-19 for the average Band D property amounted to £1,750 (England), £1,492 (Wales), £1,197 (Scotland) and £975 (Northern Ireland). Given that council tax accounted for more than 8 per cent of gross income amongst the poorest 10 per cent of households in the UK in 2018, councils should allow households to retain more of their income rather than continue with annual increases. TaxPayers' Alliance polling in 2019 showed widespread support for a cap on council tax rises, particularly amongst C2DE voters.

At this time, local authorities need to direct more resources towards public health delivery. Public Health England already provides a grant to local authorities in England, with the average amount received in 2020-21 to be £20.8 million. It is imperative, though, that more existing council funds are freed up for the delivery of public health services.

To ensure that this and important social care services are funded, councils should immediately suspend any non-statutory and low-level spending, such as hard copy council tax letters, council newspapers, canteen subsidies and councillor allowances and pensions. Additionally, local authorities should group together when procuring goods and services as part of competitive tenders, and consider more imaginative use of assets, such as by selling private advertising on council-owned notice boards and websites. Councils should also implement a recruitment freeze. Combined with the necessary cancellation of all planned conferences, trips, community events and visits, as well as reduced office costs from staff working from home, this should ensure more cash becomes available for frontline services.

Suspend Sunday trading restrictions

Supermarkets should be encouraged to open for longer hours on Sundays to reduce crowding and slow the spread of coronavirus. This could be done by suspending Sunday trading restrictions contained within schedule 1 of the Sunday Trading Act 1994.

Such a relaxation should be applied to the largest supermarkets whose floor space is over 280 metres. This is imperative to ensure that the well-intentioned access policies introduced by large retailers - such as set hours for NHS staff and vulnerable people - do not create bottlenecks for other customers either before or at the conclusion of these periods.

Such a relaxation of trading hours would also complement the removal of restrictions on food delivery announced on 13 March 2020, as well as the temporary removal of restrictions on delivery drivers' hours.

This move would be temporary, and enjoy wide support during this period. This is especially true for younger families who are able to visit the shops for essential needs: 2012 polling demonstrated far greater support for longer opening hours amongst those with children compared to those who do not have them. Both the Federation of British Business and British Retail Consortium were supportive of a previous pilot in certain areas of England and Wales as part of attempted reform in the Enterprise Act 2016.

Bookings for online retail slots are full for many weeks in advance, so physical stores can help to clear the backlog - and, crucially, spread the demand - by relaxing Sunday trading laws. At a time when supermarkets are under immense financial pressure, including the need to maintain a steady supply of goods, this would make demand more manageable and help alleviate the core public health concerns.