

## Funding the Future

# Even Sunak's senior officials think he's getting his ec...

Published: January 13, 2026, 4:30 pm

Jim Harra, permanent secretary and so CEO of HM Revenue & Customs has objected to two of Sunak's announcements this week. [As the BBC report:](#)

*Two schemes unveiled by Chancellor Rishi Sunak to stem coronavirus job losses may not be value for money for taxpayers, a top official has warned.*

*HM Revenue and Customs boss Jim Harra wrote to Mr Sunak to express concerns about paying firms a £1,000 bonus to retain furloughed staff.*

*He also questioned the value for money of a discount scheme offering 50% off restaurant meals.*

*The chancellor rejected his concerns, saying action was needed to save jobs.*

This is the letter on the Meal Deal:



HM Revenue  
& Customs

Jim Harra  
Chief Executive and First Permanent Secretary

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Rt Hon Rishi Sunak MP  
Chancellor of the Exchequer  
HM Treasury  
London  
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7 July 2020

Dear Chancellor,

### COVID-19 "EAT OUT TO HELP OUT" (EOHO) SCHEME

This letter sets out my assessment of the "Eat Out to Help Out" Scheme as the responsible Accounting Officer.

You are set to announce the "Eat Out to Help Out" Scheme at the Summer Economic Update (SEU) on Wednesday 8 July 2020. The objective of the scheme is to protect jobs in hospitality by incentivising consumers to safely return to the eating sector. It is focused on businesses that sell food for immediate consumption on the premises, including restaurants, cafes, pubs and bars and consume sit-down meals, thereby supporting the economic recovery by stimulating consumption in the hospitality sector. It is also intended to reassure people that is once again safe to consume outside the home and to alter social behaviours that may have become entrenched during the pandemic.

This incentive is an integral part of the government's overall "Plan for Jobs", designed to mitigate the serious and unprecedented economic circumstances we face as a result of COVID-19 and the importance of private household consumption as a major driver of the UK economy. There is some evidence to show that, despite the mitigations and guidance put in place, the public are nervous about returning to restaurants generally due to the ongoing health implications. This scheme has been designed to drive confidence and incentivise people to return to hospitality industry, giving this sector a much-needed boost, building on and complementing the substantial level of support already announced by the government to support businesses during the pandemic.

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There is a sound policy rationale for targeting intervention on this sector: private household consumption contributes around 60% of UK GDP and increasing consumer confidence and re-establishing consumer behaviour will be integral to economic recovery. This specific part of the economy is a major employer, supporting 2 million jobs (5.5% of UK). Spending on

This may be unprecedented given that direction letters of this sort have been as rare as hen's teeth until this government came along.

Even Sunak's officials think he's getting his economic policy wrong. And they're right on this one.