

# The Public Accounts Committee is right: government acco...

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*I posted this thread (with a few bits shortened for Twitter) on my Twitter account this morning:*

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According to press reports this morning 'Britain faces 'decades of financial risk' as £370bn pandemic bill mounts'. The headlines seem very familiar: they look like debt paranoia. But is that true? A short thread....

The headlines are pretty universal. The [\*Observer is guilty of the one that I quote\*](#). What the reports are referring to are two publications from the [\*House of Commons Public Accounts Committee\*](#) this morning. Both relate to the way that the government has managed spending during the Covid crisis.

*For those who don't want to read further the Committee's reports are actually pretty good. And there is no debt paranoia in them. There is, though, this unfortunate sentence: 'The COVID-19 response means government will be exposed to significant financial risks for decades to come.'*

*Journalists have framed this comment as if it relates to debt repayment. The report itself does not do that. Instead it says Covid will cost at least £372bn, but only £172bn has been spent so far and as a result there is £200bn of spending to come in various ways, and that might be spread over decades.*

*For the record, government debt is not referred to in the report. What is referred to is incompetence in buying things like PPE. And what is also referred to are dire risk assessment methods used when handing out loans. What's also criticised is the current naive assumption that all those loans will be repaid.*

*In effect, this report says that the government did not have the tools in place, the accounting in use and the data aggregation tools required to manage a large scale crisis. The evidence is pretty compelling that this is true. For saying so this is a good*

report.

*And what the report also says is that the reason that many of the costs of Covid have not been recognised as yet is that the ability to predict what is likely to happen is absent from government accepting systems.*

*So, for example, the fact that it is thought that more than a quarter of the £92bn of loans to businesses guaranteed by the government are expected to default (the figure suggested is £26bn, but that's a guess, of course) is not reflected in government accounting as yet.*

*What the report recognises is that when such costs come home to roost, and when stocks of redundant PPE are written off, and so on, there will be hits in the government's accounts that will be used to justify austerity. But the critical thing to recognise is that the spend has, in effect, already happened. It's the accounting for it that's wrong.*

*I have long been critical of UK government accounting. It is, to be polite to it, CRAp, which is an acronym I've created standing for a 'Completely Rubbish Approximation'.*

*In other words, government accounting is just not good enough for decision making purposes. And the Public Accounts Committee is simply saying that in a more polite way this morning.*

*The criticism of the headlines is not then about the Committee. They pretty much got this right and there is no nonsense about 'passing burdens on to future generations' or such similar stuff in their report. Instead the media has spun this as if that's the case.*

*For once don't blame the politicians. Blame journalists who are at least as wedded to the debt narrative as many in the Tory party are. Journalists are spinning this to suggest austerity is coming. But that's not what the report says. So why is the media so keen to provide a false narrative here?*

*What is it about our media that makes it want to find reasons for austerity, The Observer included, it would seem? We all should have a problem with this false austerity and debt narrative. And it's not just politics that needs to be rid of it; the media does too.*

*In the meantime, I support the Public Accounts Committee. You can't usefully number crunch without some decent numbers to crunch, and that's precisely what we are not getting from the government. I applaud them for saying so.*

*Just as I applaud them for saying that this government panicked and massively misspent in the face of Covid. Lessons have to be learned from that. But will they be?*