



Nuffield Trust, London, UK

john.appleby@nuffieldtrust.org.uk

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DATA BRIEFING

The public finance cost of covid-19

On top of the human cost, the financial impact of the covid-19 pandemic has been huge. **John Appleby** looks at how much the pandemic response has cost, and what the money has been spent on

John Appleby *director of research and chief economist*

Official figures show that, globally, the covid-19 pandemic has so far claimed 5.8 million lives.¹ But this is highly likely to be an underestimate, and some models indicate that the true excess death toll could be between 12 and 22 million.² In the UK, 159 295 people have died so far, equivalent to the entire population of York.¹

Other costs of covid-19 include disruption to millions of children’s education, lost earnings, unemployment, and lost economic output. The public finance cost of covid-19 has also been enormous. But how much is it? And what has it been spent on?

The National Audit Office has been tracking public spending on covid related measures and, as at its last update in September last year, estimates that the expected lifetime public finance costs stand at £368bn.³ This is equivalent to around £5500 per person in the UK and over double the annual spend on the NHS.

Some of this budgeted spend includes loans—mainly to support businesses. The expected volume of total loans amounts to £134bn. Support for businesses is expected to consume around 42% of the lifetime costs of all support, but support for health and care—budgeted at £84.3bn (23% of the total)—is the next largest area of spending.

All these figures represent a best estimate of what might be spent over the lifetime of the support. What has actually been spent in total on covid related measures as of September last year is estimated to amount to £260bn (fig 1). For health and care, the National Audit Office estimates that around £55.2bn of the £84.3bn budgeted for health and care support has been spent. Around 75% of this spending is accounted for by the test and trace programme (£17.9bn), procurement of personal protective equipment (£13.8bn), additional spending on the NHS (£7.8bn), and vaccine and antibody supply (£1.8bn).

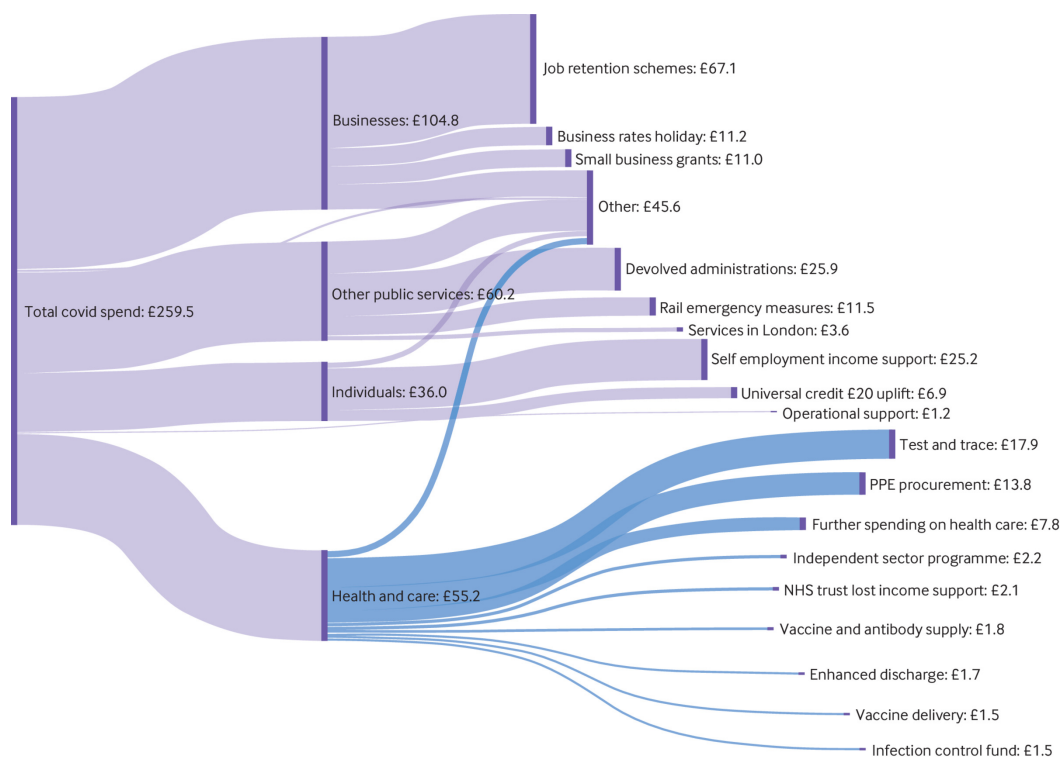


Fig 1 | Actual UK public spending on covid-19 measures as at September 2021 (billions).³

The sums involved in supporting health services, individuals, and the wider economy have been huge,

and whether every last pound has been spent to best effect is debatable. But we must bear in mind the cost

of not spending this money—the impact on people’s lives and the economy of financial inaction would have been much more costly. An indication of these costs comes from early modelling in 2020, which estimated that, without any mitigation, global covid-19 deaths could have amounted to around 40 million.⁴ More recent estimates indicate that this was an overestimation, but still predict around twice the number of deaths than have occurred so far.⁵

Researchers have also examined the impact on the UK’s gross domestic product, compared with the size that the economy would have been expected to reach had there been no pandemic. Even with the extra support spending, one study estimated that the UK lost the equivalent of 19% (£430bn) of its pre-covid gross domestic product across 2020 and 2021.⁶

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- 3 National Audit Office. Covid cost tracker. 2022. <https://www.nao.org.uk/covid-19/cost-tracker/>
- 4 WHO Collaborating Centre for Infectious Disease Modelling, MRC Centre for Global Infectious Disease Analysis, Abdul Latif Jameel Institute for Disease and Emergency Analytics, Imperial College London. Report 12—the global impact of covid-19 and strategies for mitigation and suppression. 2020. <https://www.imperial.ac.uk/mrc-global-infectious-disease-analysis/covid-19/report-12-global-impact-covid-19/>.
- 5 Biggs AT, Littlejohn LF. Revisiting the initial COVID-19 pandemic projections. *Lancet Microbe* 2021;2:e91-2. doi: 10.1016/S2666-5247(21)00029-X pmid: 33942033
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