

Witness Name: Derek Mackay

Statement No.: 1

Exhibits: DM

Dated: 05 May 2023

UK COVID-19 INQUIRY

WITNESS STATEMENT OF DEREK MACKAY

In relation to the issues raised by the Rule 9 request dated 27 March 2023 in connection with Module 1, I, Derek Mackay, will say as follows: -

1. From May 2016 until June 2018, I served in the Scottish Government as Cabinet Secretary for Finance & Constitution, and in June 2018 the role changed to Cabinet Secretary for Finance, Economy & Fair Work as part of a Cabinet reshuffle.
2. Essentially the role within government was to be the political lead in fiscal and economic policy, supported by the Civil Service and junior ministers.
3. As Finance Secretary, a key role was to set the Scottish budget for the Scottish Government and navigate this through Parliament. The spending decisions set budgets for public services in Scotland. The budget decisions would support the provision of services and preparedness measures.
4. Priorities within each department would be determined by each portfolio, which is particularly relevant to the health and social care spend.
5. Health is the single largest area of Scottish Government resource spend accounting for around 40% of the total resource budget.
6. During my time as Finance Secretary, NHS spending increased year on year. There was a specific manifesto commitment that also contributed to the increased expenditure in

Health & Social Care, which was that any resource funding consequential arising from spending decisions in England, was to be passed on in full to the health & care portfolio in Scotland.

7. Successive budgets have included funding for pandemic preparedness/NHS Board resilience and/or seasonal flu programmes. Such funding is in addition to the baseline funding made available for NHS Boards.
8. Other portfolios would have benefited from increased spend on public services, such as Police, Fire etc, and local government. There was specific funding in the support of local authority resilience work.
9. Cabinet members for each portfolio would lead in their respective areas. Health spending was led by the Health Secretary, and resilience led by Deputy First Minister.
10. Health was always a priority within government and because of the nature of the service, bids for funding would be received positively. As with any organisation there is not a limitless amount of resource, but risk and preventative spend would be a consideration.
11. In an emergency situation, additional resources could be found with underspends elsewhere or additional revenue identified.
12. I left office as a Government Minister in February 2020 and therefore cannot comment in an informed way on what effect budget decisions would have had during the pandemic that occurred thereafter. However, my experience in government would lead me to believe that resources would be provided as required to tackle the demands placed on services in what became an emergency situation.
13. The agreement between the Scottish Government and the United Kingdom Government on the Scottish Government's fiscal framework is provided [DM/001 – INQ000102914] and is referred to in respect of the funding arrangement for Scotland's budget.
14. Scotland's Economic Strategy 2015, provided [DM/002 – INQ000178207] shows the general economic plan and Scotland's Fiscal Outlook 5 Year Financial Strategy,

published May 2018 provided [DM/003 – INQ000178208] demonstrates financial planning.

15. I understand further detailed information has been provided to the Inquiry on the financial processes within Scottish Government.
16. In addition to the funding of public services was a programme of public service reform to ensure public services were sustainable and able to manage the increasing demands upon them.
17. I believe that during my time in office there was adequate resourcing and planning on preparedness and resilience, that resources would be found if required to be enhanced and that the necessary financial arrangements would be in place at the time.
18. I believe this to be the case as each part of government would assess their risks and requirements and resource as appropriate. The Scottish Government does not have the same economic levers as UK Government, however some planning and resilience work would have carried out on a four nations level. The Deputy First Minister, and/or relevant minister would generally lead on such matters.
19. I cannot comment beyond February 2020 as I was no longer in office as a government minister, however clearly emergency provisions were made in light of the circumstances. I am aware contingency arrangements were in place for emergencies, but cannot comment on their effectiveness after I left office.

Effects on Scotland Pandemic Readiness

20. I cannot comment on the effects of economic decisions on Scotland's pandemic readiness as this out with my area of responsibility. However, I can say that in relation to resourcing, if additional resources were requested out-with the typical budget cycle this would have been considered favourably.
21. It is only with benefit of hindsight that alternative suggestions can be made. As I have not been a part of government since February 2020, it is difficult to say what could have been done differently in advance of the pandemic. Resourcing and decision-making clearly were amended in light of the emergency situation.

Audit Scotland NHS in Scotland Report

22. I do not have any comments to make regarding the Audit Scotland report, *NHS in Scotland 2020* [DM/004 – INQ000148761] produced in February 2021. Cabinet members for each portfolio would lead in their respective areas, and overall responsibility for resilience was overseen by the Deputy First Minister.

List of Issues

23. I have considered the Module 1 List of Issues dated 6 April 2023 and shared with me on 13 April 2023. I confirm that I have no further comments to make in relation to those issues, within the context of the questions asked of me as Cabinet Secretary for Finance, the Economy and Fair Work to the Scottish Government between 2016 and 2020 in the Rule 9 Request issued to me on 27 March 2023.

Statement of Truth

I believe that the facts stated in this witness statement are true. I understand that proceedings may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief of its truth.

Signed: _____

Personal Data

Dated: _____ 05 May 2023 _____