

**Witness Name: Gregor Irwin**

**Statement No.: 1**

**Exhibits: GI**

**Dated: 17 April 2023**

**UK COVID-19 INQUIRY  
MODULE 1**

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**WITNESS STATEMENT OF THE DIRECTOR-GENERAL ECONOMY**

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**This statement is one of a suite provided for Module 1 of the UK Covid Inquiry and these should be considered collectively. In relation to the issues raised by the Rule 9 notice dated 4 November 2022 served on the Scottish Government, in connection with Module 1, the Director-General Economy will say as follows:-**

**Overview of the organisational structure of each of the Scottish Government Finance and Economy Entities and the roles, functions and responsibilities of their key individuals**

1. A list of Ministers with responsibilities relating to finance and the economy in Scotland between 2009-2020 is set out in the document provided: [GI/0001-INQ000102888].
2. A list of personnel at Directorate level with responsibilities relating to finance and the economy in Scotland between 2012-2020 is set out in the document provided: [GI/0002-INQ000102892]. This document covers Director General (DG) Economy, DG Scottish Exchequer and DG Organisational Development and Operations (which became DG Corporate in March 2021).
3. The Council of Economic Advisers played a role on overseeing the management of the economy, until it was replaced in July 2021 by the Advisory Council to the National Strategy on Economic Transformation. The Council of Economic Advisers was established in 2007 to advise ministers on how to make Scotland's economy more competitive. Its membership comprised leading figures from the private sector and academia, including a Nobel Laureate. The Council held two formal meetings a year and also carried out engagement and work

between meetings focused on improving the competitiveness of the Scottish economy and tackling inequality within Scotland. A list of the council members is provided: [GI/0003-INQ000102889].

### **Roles, functions and responsibilities of key individuals at a high level within the Scottish Government**

4. The role of Director-General Economy was held by Graeme Dickson from 2012-2016, and Liz Ditchburn from 2016-2021. Elinor Mitchell was interim DG Economy from November 2021- May 2022. Louise Macdonald OBE was appointed interim DG Economy in May 2022, and Gregor Irwin was then appointed to the post in March 2023. The Director-General Economy has overall responsibility for leading the 'DG family', including for risk management and business continuity. The Director-General Economy is responsible for economic policy and currently oversees the Economic Development Directorate, the Fair Work, Employability and Skills Directorate, the International Trade and Investment Directorate, the Covid Business Resilience and Support Directorate, the Chief Economist Directorate, and the Accountant in Bankruptcy.

5. The role of Chief Economist has been held by Dr Gary Gillespie from 2011. The Chief Economist is responsible for providing economic advice to Scottish Government Ministers on issues in relation to the economy, analysis of key economic trends, including the monitoring of economic risks in the context of the Scottish Government Resilience Room (SGoRR). The roles of the Chief Economist in the context of economic risks includes identifying the economic channels associated with a specific risk, the parts of the economy most at risk, the potential scale of economic impact and effective mitigations. Further information on the operation of the SGoRR is detailed within the Module 1 DG Strategy and External Affairs statement provided on 09 May 2023, paragraphs 49-57.

6. The directorate structure which DG Economy oversees and had responsibility for evolved and changed several times over the course of the relevant time period. Immediately prior to the start of the pandemic in 2020, this included Kevin Quinlan as the Director for International Trade and Investment, Mary McAllan as the Director of Economic Development, Dominic Munro as the Director for Fair Work, Employability and Skills, Gary Gillespie as the Chief Economist, and David Wilson who had responsibility for the Scottish National Investment Bank. The directors have responsibility for leading their own directorates, and a collective responsibility for risk management and business continuity. An organogram is provided: [GI/0004-INQ000102890].

7. The individuals referenced above had responsibilities for, and involvement in, planning and preparing for the Covid-19 pandemic prior to 21 January 2020 as members of the DG Economy family and/or the SGoRR. The individuals operated through the SGoRR and/or the Audit Risk Committee.

8. The range of dates during which the key individuals held their positions is set out in the following documents, provided: [GI/0005-INQ000102891] [GI/0006-INQ000102892].

9. Special advisers provide political advice to Ministers. Special advisers can be appointed at any point of a parliamentary term but are required to stand down prior to the election for the next parliamentary term. Since the 2007-2008 financial crisis, a range of special advisers have provided advice to Ministers on issues relating to finance and the economy. The following list sets out special advisers who have had lead or partial responsibility for finance and economy issues, with their first date of appointment to Scottish Government. In some circumstances, this appointment may have initially been for another policy area:

Prior to 11 June 2009 – Stephen Noon

25 January 2010 – Jennifer Erickson

25 July 2011 – Malcolm Fleming

30 January 2012 – Liz Lloyd

03 October 2012 – Colin McAllister

03 October 2012 – Delancy Johansson

08 October 2012 – Alexander Anderson

01 April 2015 – Jeanette Campbell

09 January 2017 – Stewart Maxwell

25 July 2017 – Callum McCaig

### **Collation of risks from across the Scottish Government Finance and Economy Entities**

10. The senior leadership team (SLT) of the DG Economy family, including DG Economy and the Directors described above, regularly reviewed its risk register and actions at SLT meetings during this period, escalating risks from Directorate risk registers to the DG risk register as appropriate. Any risks held on the DG Economy risk register would also be subsequently escalated to the Scottish Government Corporate Risk register if necessary. The DG Economy risk register was formally reviewed and discussed at a quarterly DG assurance meeting where risk formed a standard part of the agenda, and audit issues were discussed.

11. The DG assurance meetings were chaired by DG Economy, and attended by all Economy Directors, Non-Executive Directors, Audit Scotland, Internal Audit colleagues, and Executive Team Strategic Governance Office (ETSGO) colleagues as standard. In addition, DG Economy was also attended on a quarterly basis the Scottish Government Audit and Assurance committee (SGAAC) reporting to the Permanent Secretary as principal accountable officer (PAO) and committee members on any audit or risk issues.

12. As part of the delegated letters of authority process, DG Economy delegated authority to the Economy Directors at the time for their areas of responsibility. This resulted in them producing, updating and owning their business continuity plans locally within their Directorates. The Business Continuity plans were reviewed as part of the annual certificates of assurance process which required Deputy Directors, Directors and DG Economy to complete checklists and produce a letter of assurance about their ability to deliver on their responsibilities. The DG certificate of assurance and any issues raised within it was subsequently fed into the Scottish Government governance statement which is made public.

**The entities and processes established by the Scottish Government Finance and Economy**  
**Entities to monitor risks to the economy**

13. The Scottish Fiscal Commission (SFC) was established on a statutory basis in April 2017 and the SFC produced its first economic and fiscal forecasts in December 2017. More generally, the Scottish Government publishes economy statistics on a regular basis and publishes regular reports on the state of the economy. One example of a document from these regular series is provided:

- Businesses in Scotland 2020 [GI/0007-INQ000102893]
- Labour market monthly briefing from February 2020 [GI/0008-INQ000102894]
- Monthly economic brief from February 2020 [GI/0009-INQ000102895]
- State of the Economy report from February 2020 [GI/0010-INQ000102896].

14. Furthermore, economic analysis of the risks to the economy was conducted by teams across the Scottish Government. On the whole the Scottish Government Finance and Economy Entities worked with the rest of the Scottish Government through the SGoRR. Economic analysis of previous potential public health emergencies was undertaken by Scottish Government economists. For example, DG Health and Social care produced analysis on the economic impact of Swine Influenza A (Swine Flu, H1N1) in 2009, provided:

[GI/0011-INQ000148756]. Such analysis provided insight into the potential scale of economic impact in order to assess risks to the economy.

15. In relation to emergency planning for preparedness and resilience functions, and the Covid-19 pandemic (as it became known), the Chief Economist and his team provided monitoring of economic risks to SGoRR, noting the economic channels associated with the specific risk, the parts of the economy most at risk, the potential scale of economic impact and effective mitigations.

### **Planning for a pandemic: forecasts, analysis and internal assessments**

16. The Scotland Act 2016 (2016 Chapter 11) devolved further powers to Scotland. From 2017-18, the Scottish Parliament has had the power to set the income tax rates and band thresholds (excluding the personal allowance) that apply to the non-savings and non-dividend income of Scottish taxpayers. In turn, these new powers led to a requirement to forecast devolved taxes and the economy.

17. The Scottish Government produced forecasts in December 2016 for the 2017-18 budget. A copy of the *Scottish Budget - Draft Budget 2017-2018 Devolved Taxes Methodology Report* is provided: [GI/0012-INQ000102897].

18. The Scottish Government routinely monitors the state of the Scottish economy through collection and reporting of a wide range of economic statistics including economic output, labour market participation, unemployment, trade, productivity, business performance and consumer sentiment. Economic impacts on different sectors of the economy are also explored. When an external shock to the economy arises, whether that be from war in Ukraine, Covid-19 or other diseases, the Scottish Government analyses the channels of economic impact and can model the impact of these external shocks on the economy. The evidence collated in doing so provides insight into potential economic impact.

19. Co-operation between the Scottish Government and the UK Government and the other devolved governments was achieved through meetings of the HM Treasury, Department for Business, Energy and Industrial Strategy, and Devolved Administrations Economy Directors Forum (which includes representatives from the UK Government and the devolved Government). Further co-operation was achieved through SGoRR and DG Strategy UK Relations Team.

20. The SFC published economic and fiscal forecasts from December 2017 onwards. Modelling of the economic impact of EU Exit was carried out and is published in the following document, provided: [GI/0013-INQ000102898].

21. The key individuals and decision-makers involved in preparing forecasts, analysis and internal assessments were the Chief Economist and Scottish Government economists and DG Economy.

22. The relevant individuals had roles within DG Economy and Audit Risk Committee. The individuals operated through the SFC which was established on a statutory basis in April 2017. The SFC produced its first economic and fiscal forecasts in December 2017.

### **Key Workers and Essential Employees**

23. The Scottish Government defined key workers as people who were “in posts which ensure that essential services can be delivered and cover tasks within the local community which support the vulnerable and aid community resilience”: see *Coronavirus (Covid-19): school and early learning closures – guidance about key workers and vulnerable children*, provided: [GI/0014-INQ000102899].

24. It was for individual Scottish councils to provide a prescribed list of key workers to reflect “the diverse range of localities” in the country. However, the list of key workers in Scotland was not radically different to the list published by the UK Government. The Scottish Government had no definitive definition of an essential employee. Further information on the approach of the Scottish Government to key workers is set out in the document provided above.

### **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:** 17 April 2023