

**THE UK COVID-19 INQUIRY**

**BEFORE THE RT. HON. BARONESS HALLETT DBE**

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**MODULE 1 CLOSING STATEMENT**  
**DEPARTMENT FOR BUSINESS AND TRADE (FORMER BEIS)**

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**A. INTRODUCTION**

1. This is the written closing statement of the Department for Business and Trade (**DBT**), the Department of Energy Security and Net Zero (**DESNZ**) and the Department for Science, Innovation and Technology (**DSIT**) (formerly the Department for Business, Energy and Industrial Strategy (**BEIS**) in relation to Module 1 of the Covid-19 Inquiry.
2. DBT, DESNZ and DSIT (former BEIS) recognise the importance of this Inquiry, at the centre of which are the families of those who died, and the many who suffered and those who continue to suffer serious illness. The wider impacts of the Covid-19 pandemic were profound and wide-ranging, including for our healthcare systems, economy, and way of life.
3. The purpose of this brief written closing statement is twofold:
  - (1) To provide DBT, DESNZ and DSIT's brief closing observations on two issues in the Module 1 evidence which are of relevance to BEIS' pre-pandemic involvement;
  - (2) To provide a short overview of BEIS' involvement relevant to Module 1.
4. DBT, on behalf of former BEIS, did not ask to make an oral closing statement. No discourtesy to the Inquiry or other Core Participants is thereby intended; the Department was simply mindful of the pressures on the Inquiry's timetable.

**B. ISSUES: DIVERSION OF RESOURCES CAUSED BY PLANNING FOR A NO DEAL EU EXIT AND SCENARIO PLANNING**

5. Amongst other issues, in Module 1 the Inquiry has heard evidence concerning the following:
  - (1) The significant impact that the diversion of resources towards planning for a no deal EU exit had on pandemic planning and preparedness;
  - (2) The need for pandemic plans to cover a number of different scenarios and, although government could never hope to plan for every possible scenario, for there to be greater availability of ready-made specific plans.
6. In considering these issues, which are for the Inquiry to determine and assess, the Inquiry is invited to take into account the following evidence.
7. BEIS, and now DBT, DESNZ, DSIT, along with other lead departments, help to deliver microeconomic policy, including business and sectoral policy, whilst macroeconomic policy is a matter for HM Treasury. Sarah Munby, former Permanent Secretary of BEIS provided a corporate witness statement on behalf of the Department.<sup>1</sup>
8. At the end of her statement, Sarah Munby set out a number of critical reflections. Included in these reflections was an acceptance that it would have been valuable to have included business and economic impacts in the scenario for the pandemic exercises or to have held a separate exercise looking at the potential economic and business disruption of a pandemic as part of wider preparations.<sup>2</sup>
9. In this statement, Sarah Munby noted that BEIS' experience in dealing with economic shocks and in preparing for EU exit helped build flexibility and agility into BEIS' capability, culture and operating model which were helpful when it had to deal with the challenges of the pandemic. BEIS' experience of working through the potential consequences of a no deal EU exit – although not specifically designed to be a pandemic economic preparedness plan – meant that it did have a significant 'toolkit' of relevant

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<sup>1</sup> INQ000147706

<sup>2</sup> See paras 6.26 and 6.27 Sarah Munby's witness statement INQ000147706\_0059

programmes to draw on, including foundational experience of developing programmes for both large and small businesses.

10. Sarah Munby further reflected in her witness statement that, whilst the absence of consideration of economic impacts from HM government's pandemic preparedness was a weakness, it was worth noting that economic challenges can stem from a wide range of sources and that each specific event will have its own unique characteristics. Thus, successful preparation is in large part about having a 'toolkit' of interventions (rather than ready-made, "off the peg" plans) that can be used to support businesses of a range of types, sizes and locations and deployed quickly when an emergency arises. Working through the pandemic has strengthened the 'toolkit'.<sup>3</sup>

#### Energy Preparedness

11. Pandemic preparedness plans for energy Critical National Infrastructure (CNI) were completed in advance of the re-prioritisation of resources for EU exit.
12. In 2016 the Department of Energy & Climate Change ran an energy-specific pandemic flu exercise, Landsteiner. The purpose of the exercise was to test the mechanisms for reporting staff absences in the energy sector during a pandemic event, as this would be a key risk to energy supply and to ensure energy plants could continue to operate with high levels of staff absence. Learning from Exercise Landsteiner was used to develop response plans which were complete by 2019.
13. There was therefore not the corresponding impact on the Critical National Infrastructure energy sectors of diversion of resources to EU exit planning as was seen in other sectors. These plans were implemented at the start of the pandemic.<sup>4</sup>

### **C. SHORT OVERVIEW OF BEIS' INVOLVEMENT RELEVANT TO MODULE 1**

14. It is hoped that the statement of Sarah Munby provides the level of detail on BEIS' involvement in Module 1 which had been sought in the Inquiry's Rule 9 request. Since

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<sup>3</sup> See paras 6.28 – 6.30 Sarah Munby's witness statement INQ000147706\_0059-60 and David Cameron 19 June 2023 63/7-64/12

<sup>4</sup> See paras 5.16 – 5.21 and 5.27 Sarah Munby's witness statement INQ000147706\_0052-0054

Sarah Munby was not one of the witnesses called to give oral evidence, the outline below is intended as an accessible outline to BEIS' involvement Module 1 on significant issues.

**BEIS' predecessor Departments and responsibility for Critical National Infrastructure sectors**

15. BEIS was formed on 14 July 2016. Previous Departments were subject to numerous Machinery of Government changes during the period to be examined by the Inquiry in Module 1. The emergency response functions that oversaw preparedness for both CNI sectors and wider business sectors consequently moved with these portfolio changes.
16. The previous departments and their responsibilities are summarised below:
  - (1) Department of Trade and Industry (**DTI**) (1970 to 2007) – the Energy Group was responsible for emergency response;
  - (2) Department for Business, Enterprise and Regulatory Reform (**BERR**) (2007 to 2009) – the Chemicals and Resilience Unit was responsible for emergency response;
  - (3) Department for Business, Innovation and Skills (**BIS**) (2009 to 2016) – designated Lead Government Department for emergencies affecting CNI areas of Postal Services and Telecoms sectors;
  - (4) Department of Energy & Climate Change (**DECC**) (2008 to 2016) – designated Lead Government Department (**LGD**) for emergencies affecting the CNI sectors of energy and Civil Nuclear. DECC took over functions from BERR and Defra.
17. BEIS (July 2016 – February 2023) was created through a merger of BIS and DECC. It was designated LGD, taking over responsibility for emergencies affecting CNI sectors of Energy, Civil Nuclear, Chemicals, Space and Postal Services.
18. Upon BEIS' creation, Alex Chisholm established an Executive Committee (**ExCo**) to oversee internal governance within the department.<sup>5</sup> The Energy Resilience and Emergency Response (**ER2**) team was also created. This team was responsible for:

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<sup>5</sup> See para 2.28 Sarah Munby's witness statement INQ000147706\_0015

- (1) Co-ordinating and training a network of people within the department who could be called upon to assist in an emergency;
  - (2) Emergency Response Team (**ERT**)<sup>6</sup>;
  - (3) Identification and monitoring of risks relating to CNI;
  - (4) Cross-government commissions and co-ordination;
  - (5) Enabling the transition of management of long-term recovery to an appropriate policy team at the point an emergency response was no longer needed;
  - (6) Implementing all in accordance with central government's Concept of Operations (**CONOPS**) and BEIS' CONOPS.
19. Areas of improvement were identified following the Grenfell Tower Fire and Wannacry Cyber security incident in 2017. An internal review was carried out and on 27 June 2017 a paper was submitted to ExCo seeking their agreement to action further improvements for BEIS' emergency response and recovery capabilities. This was actioned and a single emergency response team was created in July 2017.<sup>7</sup>
20. Structures:
- (1) BEIS' ER2 team was responsible for working with teams across the Department to ensure that they were well prepared for an emergency.<sup>8</sup>
  - (2) In July 2017, ExCo created a single emergency response team ("the Emergency Response – Capabilities and Operations team or "ERCO"), which functioned as a sub-team of ER2.<sup>9</sup>
  - (3) In September 2022, the ER2 split into two teams: the State Threats, Energy Resilience & Cyber Security team and the Crisis Management & Fuel Resilience team. Those teams now lead on emergency response in DESNZ in their respective areas.<sup>10</sup>

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<sup>6</sup> See para 2.31 Sarah Munby's witness statement INQ000147706\_0015, for more detail on ERT.

<sup>7</sup> See para 2.32 Sarah Munby's witness statement INQ000147706\_0016-0017

<sup>8</sup> See paras 2.30-2.32 Sarah Munby's witness statement INQ000147706\_0015-0016

<sup>9</sup> See para 2.35 Sarah Munby's witness statement INQ000147706\_0017

<sup>10</sup> See para 2.39 Sarah Munby's statement INQ000147706\_0018

21. The BEIS Emergency Response CONOPS set out the arrangements for the departmental response to emergencies and the subsequent recovery. The July 2019 version of the CONOPS was the last published prior to January 2020.<sup>11</sup> The CONOPS:
- (1) Stated the sectors for which BEIS was the LGD.
  - (2) Defined two phases of emergency response – ‘response’ and ‘recovery’.
  - (3) Set out that in the event of an emergency, the ER2 advised on the setting up and structure of an ERT.
22. The ERT would co-ordinate the Department’s response:<sup>12</sup>
- (1) It was based at the Emergency Operations Centre (**EOC**) at 1 Victoria Street.
  - (2) Reported to the ExCo, and briefed Ministers where appropriate.<sup>13</sup>
  - (3) Was responsible for identifying liaisons in OGDs and in the Devolved Administrations. BEIS Local Teams and the Departmental Security Unit were also key partners for the ERT in responding to emergencies.
  - (4) Had three tiers of response.<sup>14</sup>
23. The process for forming an ERT, set out in the CONOPs, was implemented in the response to the Covid-19 pandemic. This ERT, the BEIS Emergency Response Function, was mobilised on 21 January 2020, and the first internal SitRep was issued on 29 January 2020.
24. BEIS had a Business Continuity Plan<sup>15</sup> in place prior to the pandemic which:
- (1) Set out the framework, response management and ways of working of BEIS to ensure continuity without interruption.
  - (2) Described the organisational structure that managed business continuity in the event of an emergency.
  - (3) During an emergency response, ensured BEIS could manage the response effectively by maintaining its infrastructure.

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<sup>11</sup> See para 3.2 Sarah Munby's statement INQ000147706\_0019

<sup>12</sup> See paras 3.3 – 3.5 Sarah Munby's statement INQ0000147706\_0019

<sup>13</sup> See paras 3.6 – 3.8 Sarah Munby's statement INQ000147706\_0019-0020

<sup>14</sup> Set out in pages 16-18 of the 2019 CONOPS at Exhibit SM/14 - BEISP00000740 dated 19 July 2019

<sup>15</sup> See exhibit SM/17 BEISP00000749, dated 16 January 2020

- (4) Sought to ensure the ability for the majority of BEIS staff to perform their jobs from home without an interruption to BEIS' usual work and services to stakeholders.
- (5) Was implemented in the response to the Covid-19 pandemic. The completed BEIS Covid-19 Business Continuity Plan was published on 27 February 2020.<sup>16</sup>

### **CNI Sectors**

25. To the extent that the Inquiry will examine the preparedness of Critical National Infrastructure sectors for which BEIS held responsibility, it may wish to consider the following:

- (1) Civil Nuclear – in 2017 the Statement of Preparedness for the Civil Nuclear Sector noted that the Office for Nuclear Regulation (**ONR**) assessed that the arrangements across the sector were adequate up to (and beyond in many cases) the postulated 35% staff absence level (derived from the Influenza Pandemic Preparedness Strategy 2011). The ONR actively engaged with industry forums, professional bodies, Local Authorities and non-governmental organisations on preparedness, e.g. the Nuclear Emergencies Arrangements Forum met quarterly to address industry resilience issues and was attended by industry and the regulator.<sup>17</sup> The LGD for Civil Nuclear is now DESNZ.
- (2) Chemical – the Control of Major Hazards Regulations 2015 reg 5(1) required that operators must take all measures necessary to prevent major accidents and to limit their consequences for human health and the environment. This provided adequate assurance for risk management.<sup>18</sup> The LGD for Chemicals is now DBT.
- (3) Postal – Royal Mail was required to review contingency plans every 2 years. There was a contingency plan in place prior to the pandemic. The 'Letwin Review', a review into the UK's resilience planning in the Postal Sector, took place in May 2013. It accepted that there would be disruption to the postal service but found that Royal Mail had in place comprehensive plans to mitigate the impact of staff absences.<sup>19</sup> DBT is the LGD for the Postal Sector.

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<sup>16</sup> See exhibit SM/18, dated 27 February 2020, BEISP00000751

<sup>17</sup> See paras 3.17-3.31 Sarah Munby's witness statement INQ000147706\_0021-24

<sup>18</sup> See paras 3.32-3.35 Sarah Munby's witness statement INQ000147706\_0025

<sup>19</sup> See paras 3.42-3.47 Sarah Munby's witness statement INQ000147706\_0026-0028

- (4) Downstream Oil Sector – BEIS expected this sector to enact their own contingency plans (as they are not category 2 responders under the Civil Contingencies Act, BEIS had no powers to compel them to do so). However, through regular engagement the department was aware that the sector had sufficient plans in place, with most organisations having considered the impact of pandemic flu. BEIS also had its own plans in place as part of the government National Emergency Plan for Fuel.<sup>20</sup> DESNZ is now the LGD for this sector.
- (5) Downstream Gas and Electricity – these organisations are category 2 responders under the CCA. The 2019 National Emergency Plan for Downstream Gas and Electricity applied and was a joint venture between BEIS, E3C, Ofgem and the National Grid. Further specific pandemic contingency planning was carried out in 2020.<sup>21</sup> DESNZ is the LGD for this sector.
- (6) Space – The UK civil space programme is managed by the UK Space Agency (UKSA), which was an executive agency of BEIS.<sup>22</sup> In 2019, the UKSA had a Business Continuity Management plan, which covered the occurrence of a pandemic.<sup>23</sup> The UKSA has reviewed and updated their emergency response plans since Covid-19, with new Business Continuity Plans<sup>24</sup> and a new Emergency Response Framework is being worked on.<sup>25</sup> Both plans are more extensive than their previous iterations and include specific pandemic planning. The new Emergency Response Framework has created a wider structured response to emergencies, as well as the risk-specific considerations that existed for major threats. The Space sector is now the responsibility of DSIT.

### **Economic Support and Business Engagement**

- 26. Economic and business support is to be considered in a later module; it has not been the subject of evidence in Module 1 and is therefore not dealt with in detail here. Similarly, although a limited amount of evidence has been given about concerns over central government's engagement with businesses, it is understood that for the time period following January 2020 this is also to be dealt with in a later module. The Inquiry's

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<sup>20</sup> See paras 3.59-3.62 Sarah Munby's witness statement INQ000147706\_0030-31

<sup>21</sup> See paras 3.63-3.69 Sarah Munby's witness statement INQ000147706\_0031-33

<sup>22</sup> See paras 3.51 - 3.57 Sarah Munby's witness statement INQ000147706\_0028-0030

<sup>23</sup> SM/22 - BEISP00000748 dated 12 December 2019

<sup>24</sup> SM/24 – BEISP00000783 dated 17 January 2023

<sup>25</sup> SM/25 – BEISP00000768 dated 7 July 2022



attention is drawn to the following evidence to the extent that it is relevant to economic planning and preparedness and engagement with businesses pre-pandemic.

27. There were dedicated sector teams in BEIS that specialised in engagement with business sectors to gather information and inform policy.<sup>26</sup> There was contingency built in to deal with economic shocks for which HM Treasury is ultimately responsible. BEIS' Economic Shocks Team was responsible for business intelligence, building capability, response and learning.
28. Wider Economic shock planning had been underway given the possibility of a no-deal EU exit.<sup>27</sup> Consequently, there was a dialogue between HMT and BEIS and BEIS officials had developed a range of potential support options for businesses based on 5 goals,<sup>28</sup> which were in summary:
  - (1) Retain and grow business investment including in vulnerable sectors and supply chains (to avoid loss of capacity that would be hard to regain in the future).
  - (2) Prevent immediate closure of critical companies.
  - (3) Support the banking sector in providing lending to small and medium enterprises (SMEs) who faced temporary disruption caused by EU exit.
  - (4) Support SMEs in harder hit regions who were facing liquidity or critical investment support constraints which risked loss of employment and productivity capacity.
  - (5) Support areas impacted by unavoidable closures by considering existing packages.
29. As part of EU Exit preparedness work, BEIS established a Business Investment and Resilience Directorate (**BIRD**) which co-ordinated sectoral engagement with and intelligence from business.<sup>29</sup> This directorate supplied regular intelligence reports to BEIS Ministers. At the beginning of the Covid-19 pandemic, BIRD's remit was expanded to include cross-sectoral engagement and intelligence related to Covid-19 response issues. In October 2019 bespoke packages designed to support businesses were submitted

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<sup>26</sup> See para 4.5 Sarah Munby's witness statement INQ000147706\_0034

<sup>27</sup> See para 4.4-4.7 Sarah Munby's witness statement INQ000147706\_0034

<sup>28</sup> See para 4.25 Sarah Munby's witness statement INQ0000147706\_0040

<sup>29</sup> See para 4.6 Sarah Munby's witness statement INQ000147706\_0035

to the Secretary of State.<sup>30</sup> The analysis and thinking that went into these matters provided a framework that could be drawn upon when devising and delivering Covid-19 support schemes.<sup>31</sup>

### **Lessons Learnt and Future Work**

30. In her witness statement, Sarah Munby has provided the Inquiry with details of lessons learnt through several different reviews and exercises already undertaken by BEIS. In July 2020 at the closure of the BEIS Covid-19 coordination hub, and as part of establishing a permanent directorate with responsibility for Covid-19, BEIS undertook an informal lessons learnt review of ways of working.<sup>32</sup> A critical friend review was also undertaken by John Harkin, reporting to the Covid-19 Programme Board on 16 July 2020. In August 2020, there was an additional lessons learnt review of the BEIS emergency response to the Covid-19 pandemic covering the period of January-July 2020.<sup>33</sup>

31. BEIS established a Covid-19 evaluation programme to support accountability and transparency of public expenditure, to identify the impact that the interventions had and to ensure that key lessons are identified to support future policy. This evaluation programme is continuing in DBT, DESNZ and DSIT.

32. Building on this lessons learnt work, DBT, DESNZ and DSIT continue to undertake planning for future emergencies in the CNI sectors for which they are responsible within the resilience framework set by Cabinet Office.

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31 July 2023

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<sup>30</sup> See paras 4.26 and 4.27 Sarah Munby's witness statement INQ000147706\_0040-0041

<sup>31</sup> See also paras 4.20 to 4.25, 4.27, 4.35 and 4.36 Sarah Munby's witness statement INQ000147706\_0038-0040, 0041, 0043

<sup>32</sup> See paras 6.7-6.8 Sarah Munby's witness statement INQ000147706\_0056

<sup>33</sup> See paras 6.15-6.20 Sarah Munby's witness statement INQ000147706\_0057-0058 and SM/66, dated 12 January 2022, BEISP00000775