

Witness Name: Gus O'Donnell

Statement Number: 2

Exhibits: 9

Dated 26 June 2023

## UK COVID-19 INQUIRY

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### WITNESS STATEMENT OF GUS O'DONNELL

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I, Gus O'Donnell, will state as follows:

#### Introduction

1. I am a crossbench member of the House of Lords. Between 1 August 2005 and 31 December 2011, I was the Cabinet Secretary.
2. This witness statement is served in order to address the queries that have been put to me by the UK Covid-19 Inquiry (the 'Inquiry') in an initial request for information pursuant to Rule 9 of the Inquiry Rules 2006 (the 'Rule 9'), dated 13 December 2022.
3. The statement is divided into the following sections:
  - a. **Section A** provides a brief overview of my background and qualifications.
  - b. **Section B** discusses the role of the Cabinet Secretary.
  - c. **Section C** details my experience as Cabinet Secretary.

d. **Section D** sets out my views on my understanding of the decision making during the pandemic.

4. Should the Inquiry have further questions, I am more than willing to provide any further information or assistance.
5. I left the Cabinet Office in at the end of 2011, and no longer work within the civil service.
6. I did not keep a diary, did not use WhatsApp at the time or use my personal email for work issues. I have not been provided with my work inbox, which I understand would have been archived after I left the Cabinet Office and which has not been recovered for me before I have drafted this statement.

#### **SECTION A**

7. I started my career as a lecturer at the University of Glasgow where I worked in the Political Economy Department from 1975 to 1979. Following this, I entered the Civil Service, working as an economist at the Treasury.
8. In 1985 I joined the British Embassy in Washington where I served as the First Secretary (economic) in the Chancery section. Following my move back to the UK, I worked as the press secretary for John Major, the Chancellor of Exchequer in 1989. When Mr Major was appointed as Prime Minister in 1990, I stayed as his Press Secretary.
9. As press secretary to the Prime Minister, my role was to explain his key policies to the media, advise him on the presentational aspects of policies and to accompany him to major global meetings. I left this role in 1994 to return to an economics post in HM Treasury.
10. In 1997, I was appointed the Executive Director for the UK at both the International Monetary Fund and the World Bank in Washington.
11. I returned to HM Treasury in 1998, where I served as the Director of Macroeconomic Policy and Head of the Government Economic Service. In these

roles I had overall responsibility for the professional economists of HM Government.

12. The following year, I was appointed Managing Director of Macroeconomic Policy and International Finance with responsibility for Fiscal Policy, International Development and European Union Economic and Monetary Union. My main role was to help the Labour Government implement policy, including 1) making the monetary policy committee at the Bank of England responsible for setting interest rates, 2) advising on whether the UK should join the Euro, 3) establishing fiscal rules to guide budgetary policy, 4) extending the length of spending reviews, and 5) separating out capital and current spending in the public finances. I was also the UK HM Treasury representative on the monetary committee during the period that the EU was preparing to introduce the Euro.
13. In July 2002, I was appointed as Permanent Secretary to the Treasury. In this role I was still overseeing the areas that I was working on in my previous role. More generally, I was managing HM Treasury and its structures, including the civil servants who worked there.
14. In June 2005, I was appointed Cabinet Secretary and took up office in August 2005. Along with the normal functions of the role, during my time I worked closely on 1) the transition from Tony Blair to Gordon Brown in 2007, 2) the global financial crisis in 2007 to 2008 and 3) the transition to the coalition Government in 2010.
15. In October 2011, I announced that I was leaving my role as Cabinet Secretary at the end of the year. Since then, I have held several positions. These include:
  - a. Chair of Frontier Economics, a microeconomics consultancy which provides economic advice to public and private sector clients on competition policy, public policy, regulation, commercial strategy, behavioural economics, energy and climate change.
  - b. President of the Council of the Institute of Fiscal Studies which is a London-based think tank. I ensure the governance of the Institute is sound and that it remains evidence-based and objective. I support the Director, Paul Johnson, who is the lead spokesman for the IFS.

- c. Crossbencher in the House of Lords. I speak on matters relating to the Civil Service, and other areas (where relevant). I also vote on important issues.
- d. Chair of the Public Interest Board of PWC. The purpose of the Board was to oversee the firm's procedures for promoting audit quality, helping the firm improve its reputation more broadly including in non-audit business and reducing the risk of firm failure. This has now ceased.
- e. Chair of the Board of Trustees of the charity Pro Bono Economics ('PBE'). I have supported this since its creation when I was Permanent Secretary to HM Treasury. PBE uses economics to empower the social sector and to increase wellbeing across the UK.
- f. Co-Chair of the All-Party Parliamentary Group on Wellbeing, a subject I write and speak about frequently.
- g. Associate of the Institute of Government. I generally provide advice relating to the role of the Civil Service, governance issues and how to reform Government to make it more efficient.
- h. Fellow of the Civil Service College in Singapore where I advise on how to improve efficiency of the public sector.

## SECTION B

### *Supporting proper and effective Government decision-making*

- 16. The Cabinet Secretary is head of the cabinet secretariat. He or she attends all meetings of Cabinet and is responsible for the smooth running of Cabinet meetings and for preparing records of its discussions and decisions. This includes responsibility for advising the Prime Minister on all questions connected with the appointment and organisation of Cabinet committees, including membership and terms of reference [**GOD/1 – INQ000182315**].
- 17. The Cabinet Secretary ensures the effective implementation of Government priorities and delivery of public services through departments. This includes providing advice to the Prime Minister and Cabinet on policy, propriety and the

structure and operation of government, and bringing departments together to push forward cross cutting issues and unblocking problems when they arise.

18. As Head of the Civil Service, it also means ensuring that departments have the necessary capability and leadership through the recruitment, performance management and development of Permanent Secretaries. This includes upholding the Ministerial, Special Advisor and Civil Service codes.
19. The Cabinet Secretary is also responsible for supporting proper and effective government decision making through the organisation and provision of advice to Cabinet and its sub committees. The Cabinet Secretary attends all meetings of Cabinet and is responsible for the smooth running of Cabinet meetings and for preparing records of its discussions and decisions. This includes responsibility for advising the Prime Minister on all questions connected with the appointment and organisation of Cabinet Committees.
20. The Cabinet Secretary is tasked with maintaining an impartial UK civil service that commands the confidence of Ministers. He or she does so by ensuring that the Civil Service is a modern, professional and digitally enabled organisation that leads the way in world class administration of Government and delivery of modern public services. The Cabinet Secretary represents the Civil Service in all forums including in Parliament and the media.

#### *Implementing policies*

21. When a civil servant is doing their job properly, they should be giving objective advice about the pros and cons of the different policy options. They can, and always should put their best advice towards the minister.
22. Part of this involves creating an open and transparent culture and is about having the right structure from day one. A minister should require the civil servants to report on how the policy is going at various intervals along the way which would allow everyone to assess its effectiveness. Civil servants always try to give the Ministers the best available evidence. However, quite often there is either not much evidence or it exists in different places that may be hard to find. This is one reason why the What Works Centres have helped formulate policy. Ministers and civil servants operate in a world where decisions are required despite a great deal of

uncertainty. Often, you are trying to help in an area where the evidence is not conclusive one way or the other.

23. I have been specifically asked to explain how, in my view, civil servants can advise ministers where there is either not a great deal of evidence or the evidence is inconclusive. It is important that civil servants have the courage to explain to Ministers that the right answer to many questions is “We don’t know”. Too often very poor evidence leads people to have a view that is simply not backed up by reliable evidence. Of course, they should go on to say how the question could be answered. This might involve creating evidence; during Covid an excellent example was the surveying started by the ONS. Similarly in the question of vaccines and drugs, you carry out trials to establish efficacy and safety. All of this takes time, so it is vital to make these decisions as early as possible. It is also important for civil servants to make sure that some vital data continues to be collected. The ONS continued to collect GDP and wellbeing data that allowed Ministers and the public to be aware of some of the broader impacts of the virus on society.

### *Impartiality*

24. The Cabinet Secretary must demonstrate a strong commitment to the Civil Service values of impartiality, honesty, integrity and objectivity. In common with the Civil Service as a whole, the Cabinet Secretary must be impartial, not neutral – civil servants need to take sides on policy issues. Their job is to apply honesty and objectivity to come up with clear policy recommendations. It is also part of their job to point out political sensitivities, e.g., that a specific policy decision might be interpreted as violating a manifesto promise.
25. I believe that impartiality leads to a better system. This starts with having a good base: the Constitutional Reform and Governance Act 2010 put the Civil Service Code into primary legislation. This was an important and symbolic recognition of the importance of a strong, independent Civil Service.
26. The best evidence on the quality of the Civil Service is from the International Civil Service Effectiveness Index (**InCiSE**) which is produced by the Blavatnik School of Government and the Institute for Government. The most recent InCiSE report was in 2019 [**GOD/2 – INQ000189721**]. This report suggests that the UK is in the

top 5 (along with 3 other countries who have adopted the Westminster model of Impartiality).

#### *Role of SpAds*

27. One area, which is often a discussion point, is the role of Special Advisors ('SpAd's'). During my time, I found that SpAds had the potential to play an important and constructive role in 1) questioning the advice of the civil service and 2) putting forward the party-political implications of the various options being put to Ministers.
  
28. I would like to see SpAds who are experts in the subject and politics, not just PR and media relations. We have far too many who deal with that.

#### *Public scrutiny*

29. I don't believe that Ministers publicly blaming civil servants for mistakes is helpful. Civil servants are accountable to Ministers and Parliament. The way the Public Accounts Committee ("PAC") operates is a problem as it imparts a bias towards risk aversion amongst civil servants.
  
30. I have a concern that the PAC spends the vast proportion of its time on looking at what goes wrong and apportioning blame. It spends too little time on analysing what went right and apportioning praise. It also does not allow for the fact that when innovation occurs there are bound to be failures. This exacerbates issues made worse by the media's inevitable concentration on bad news.

#### *Meritocracy*

31. It is very important that the Civil Service is meritocratic. You must be incredibly careful when you let Ministers get involved in appointment procedures as this may lead to the civil servant being unable to do a good job at challenging the Minister, given that they owe their existence to them.

32. In terms of ensuring meritocracy, it is important to look at the whole process. It is important that you are drawing on all the talents in the country to get the best people in. Achieving this aim is a work in progress.

## SECTION C

### *Governance changes*

33. During my time as Cabinet Secretary, I made many changes to governance. In my interview for the role, I championed the “four Ps” which I sought to uphold during my time as Cabinet Secretary. These were pace, pride, professionalism and passion. I introduced a top governance group known as ‘Top 200’. Top 200 brought together the heads of departments, agencies and key delivery bodies with the aim of looking at the Government as a whole. I felt that this was very important in order to improve the quality of our governance structure.
34. I also started the process of departmental capability reviews. This was a way to get government departments to analyse their strengths and weaknesses objectively. Independent examiners would be bought in to help with the process. The idea was to look at different areas within the department and provide scores. The department would then have a chance to respond to this and would come up with an action plan that was supposed to correct the measures. It was unfortunate that Ministers decided to leave out of scope the role of Ministers in departmental capability.
35. During my time as Cabinet Secretary, I was keen to improve engagement by civil servants. I first assessed engagement in the Civil Service People Survey. This was incredibly helpful to explain to departments where they were in relation to every other department in terms of staff engagement. The Survey showed that good leadership and change-management skills are a key driver in improving staff engagement. The Survey led to the Civil Service Reform Plan in 2012, which was published after my time as Cabinet Secretary [**GOD/3 – INQ000189724**].
36. Building on my predecessor, Andrew Turnbull’s work in developing the Professional Skills for Government initiative, I wanted to ensure that more civil servants had operational experience and did not work in silos. I therefore developed a system whereby policy staff worked operationally for a time. For example, a Home Office policy officer might be appointed a prison governor for



several years to gain an insight into the day-to-day operational demands of this government function.

37. As Cabinet Secretary my role also entailed cultivating and maintaining a network of stakeholders from across business, industry, civil society and the wider public sector in support of the Government's wider priorities, and using this network to ensure that the Government and Civil Service was able to draw on external expertise and advice where necessary. The Government recognised that in drawing on external stakeholders, greater expertise in commissioning, commercial awareness, procurement and contract management would be needed in the Civil Service and the wider public sector. During my tenure, the Cabinet Office made a commitment to improving the capability of civil servants and public sector officials in this respect. Specialist workstreams were developed to support Commercial skills, and Procurement and Contract Management abilities. In the Cabinet Office I worked in partnership with senior colleagues and with the support of expert coaching.
38. Another way we drew on the experience of external stakeholders was in ensuring that non-executive board members were "largely drawn from the commercial sector", as mandated by the 2010 ministerial code **[GOD/4 – INQ000189726]**. In June 2010 Frances Maude – the then Cabinet Minister – made a commitment that he would review how departmental boards across government ran so that governance was managed consistently and could provide strategic leadership. The result of this was a new Departmental Board Protocol which outlined how the boards should work and who should sit on them. In response to the Protocol, the Cabinet Office structure was adjusted. The new structure included non-executive board members from private companies as well as a charity **[GOD/5 – INQ000189719]** and **[GOD/6 – INQ000189720]**.
39. As a result of the Coalition Government's first Spending Review, most government departments saw at least a one third cut in administration budgets. This meant that we were trying to achieve better internal efficiency at the same time as coming up with innovative, less resource intensive ways of achieving the Government's aims. The Government was keen to move away from traditional tools of legislation, regulation and taxation – which can be expensive to design, implement and defend in court; they can also impose burdens on businesses and wider society. Part of

this new approach was to try to develop and apply lessons from behavioural economics and behavioural science to public policy making: designing policy that reflects how people really behave, not how they are assumed to behave.

40. To help take this forward in the UK I helped set up a Behavioural Insights Team in the Cabinet Office. I personally chaired the Steering Board which set the team's agenda. It was made up of a small group of civil servants working with special advisers, but it was very outward-looking – drawing on academic and empirical evidence from the world's leading behavioural economists and behavioural scientists.

#### *Data*

41. Another development during my time was with regards transparency. The Cabinet Office and Government more widely published a lot more data. My view was that if the data would have to be disclosed under a Freedom of Information request, then we should be pro-active and disclose it in advance. I consider that data as a whole is to be regarded as a public good. It is fair to say, however, that when we released a lot of data, there appeared to be little public attention.
42. In 2005 digital systems were pretty basic. We sought to join up government systems. For example, if someone filled in a form to say that they were eligible for a certain benefit, we sought to link them to other relevant government services, and charities. At the time, it was quite novel for government to be doing that.
43. During the 2008 financial crisis, we needed minute by minute data. We had to make sure the data was good and the programmes were good.

#### *Civil Contingencies Act*

44. My experience as Cabinet Secretary postdates the Civil Contingencies Act. Hence, I have experience of operating under the frameworks put in place after the Act. In my view these worked well.
45. The civil contingencies team worked well and brought me in when necessary. Gordon Brown, as a relatively new Prime Minister, took charge of numerous COBR meetings during the flooding, a time where the Government were deemed by the public to be doing well. On all such issues I consulted the Chief Scientist, Sir John

Beddington and later Sir David King, who provided excellent advice. This was fed into Cabinet committees and Cabinet.

46. Prior to COBR meetings I would have a meeting with the Civil Contingencies Secretariat (run initially by Bruce Mann and then, from 2009 by Christina Scott) and Sir David King (Chief Scientific Advisor) to make sure that they are covering all angles. We would then discuss this at the permanent secretary meeting when everyone was together so they could be brought up to speed.
47. I would also have a meeting with the Prime Minister prior to Cabinet in order to discuss the agenda as well as how to manage conversations.

#### *Civil emergencies*

48. I have little recollection of my experience of supporting and advising the Prime Minister during the Avian Flu outbreak. I do not recall this being a significant event at the time.
49. During the Swine Flu Pandemic in 2009, SAGE held numerous meetings and there were Cabinet discussions. I recall concluding that we needed greater stocks of PPE in reserve. These were obtained. As I mentioned in my module one witness statement, I recall that in 2009 there was some criticism we had spent too much money on the Swine Flu Pandemic.
50. With regard to the Volcanic Ash Emergency in 2010, SAGE met four times and Cabinet discussed the implications for health and the economy. It was agreed that the threat from volcanoes remained after the crisis and that we would work closely with partners, nationally and internationally to improve our responses to events of this kind.
51. SAGE also met frequently during the Fukushima nuclear accident in 2011. The implications for UK nationals in Japan were discussed and whether they should be encouraged to evacuate areas outside the exclusion zone, as recommended by the Japanese National Government. I also recall Cabinet considering whether iodine tablets should be distributed at the embassy for UK nationals; this was deemed not necessary.

52. Overall these were all small outbreaks when compared to the likes of Covid. The biggest learning lesson was that we could cope with outbreaks of this size.

#### SECTION D

53. With regard to decision making during the pandemic, my knowledge is limited to information that was in the public domain. I touched on decision making during the pandemic in both my speech to the IFS, and in an article I wrote (co-authored with Harry Begg) which was published in Fiscal Studies December 2020 **[GOD/7 – INQ000189722]** and **[GOD/8 – INQ000189723]**. Moreover, I discussed this in my module one witness statement. My critiques were based on the absence of any published Government papers explaining the framework for making the decisions needed during the pandemic.
54. Public bodies initially defaulted to the playbook for mitigating pandemic flu, but Covid-19 differs in some crucial ways. For example, the ‘contain, delay, mitigate’ strategy was highly influenced by the strategy for pandemic flu. Further, the strategy failed to adapt quickly enough when this became clear, and more was learned about the nature of Covid-19 particularly the asymptomatic nature of the disease. Instead of strategic adaptation and execution – including incorporating the implications of emerging scientific modelling and learning from the pandemic response in other countries – efforts were (perhaps understandably) directed towards firefighting the problems associated with weak capacity. This was reflected in Ministerial pronouncements and is summed up in the slogan “Stay home, protect the NHS, save lives”. There was clearly fear that the NHS would be overwhelmed, and that pictures of patients queuing to get into hospital would spread panic in the nation.
55. Whilst there was no playbook in the National Risk Register (the ‘NRR’) on how to respond to Covid-19, this does not mean that there is necessarily an issue with the NRR system. The risk register cannot realistically provide for every possible emergency. Instead it should set out the necessary actions, which will be influenced by the nature of the problem/crisis. In addition to this, officials need to be flexible and behave in a way that is appropriate.
56. Further, the measures brought in by the Government required an analysis not only from a scientific perspective but also needed to look at the flow on effects. For

example, closing schools is a step that carries profound consequences: it affects the quality of education, it has huge impacts on parents who are trying to work from home, and it affects the wellbeing of children deprived of social interaction and learning. So multiple analytical approaches need to feed into such advice as it goes to Ministers. And Ministers need guidance about the nature of the trade-offs involved, as well as how to make consistent decisions as part of an overarching strategy. I am not aware as to whether there was a higher committee that received SAGE's work and then brought it together with the economic and social estimates to allow for sensible decision making.

57. In the early days of the virus, COBR meetings were called. I found that COBR meetings were an effective tool to signal that the Government were taking the problem seriously, which usually meant the public would follow suit. They are also an effective way of bringing in the heads of the devolved nations. They are intended for short term crises, however, rather than something like Covid-19 and as a decision making body they can be problematic. Ideally you need the right people around the table at the same time; this isn't always the case with COBR.
58. The DHSC were the lead department for pandemic flu preparedness. It also seemed they were the lead department for the Covid-19 response. Although I cannot authoritatively comment, there may be difficulties with this approach. However, I do not know if there was an alternative that was reasonable.
59. As I was no longer a civil servant during the Covid-19 pandemic, I was not party to internal government discussions. Consequently, I am not able to say whether the Cabinet Office was effective in corraling different parts of government to contribute to decisions. For the same reason I am not able to say whether the devolved nations and regional authorities were sufficiently involved in decision-making around the use of non-pharmaceutical interventions.
60. Throughout the pandemic, it seemed that all attention was focussed on SAGE, who provided expert advice to Ministers, in order to allow them to say they were 'following the science'. As Cabinet Secretary, my experience with SAGE was that they were extremely useful in answering specific questions but were limited to answering questions on medical science (given their makeup was dominated by

medical professionals). However, given the scale of the Covid-19 crisis, issues were not limited to just health issues. There were wider implications at play i.e. social and economic that required careful consideration.

61. A greater involvement of those with insights from the social sciences – particularly economics and behavioural science – may have led to learning by example from other countries, and a consequent pivot away from the influenza-type strategy. Avoiding a long and stringent national lockdown may have been possible if the government and its committees were working to maximise the effectiveness of alternative suppression measures. This would have required learning from countries, such as South Korea, where widespread testing and tracing alongside isolation and containment strategies were effective alternatives to the severe lockdowns seen in many other high-income countries. It should not be expected that medical experts are also experts in the study of human behaviour but what was needed to make up for these deficiencies was greater diversity of thought.
62. From my experience, I believe that the framework used by the National Security Council and introduced by the Coalition Government in 2010 would be perfect for when a future Government is presented with a crisis like Covid-19. This structure involves senior experts and officials explaining the nature of a security challenge, their reasoning as to what decisions are required, and their evidence base. Politicians then cross-examine the other members to test the evidence and recommendations. Then politicians debate the issues, which allows the non-elected members to understand the political factors that have influenced their final decision. This structure allows for critical analysis of an enormous amount of data and opinion.
63. As regards the broader impact, beyond the immediate effect, of the government's decisions regarding non-pharmaceutical interventions, research suggests that lockdown decisions imply a much higher value being placed on Covid-related deaths than the valuations normally used in government cost-benefit analysis (reaffirmed in the most recent edition of HM Treasury's Green Book (2022)). It is clear there has been high economic costs to people's lives as a result of shutting down the economy and schools, as well as social costs associated with loneliness and various other mental health effects of long and severe lockdowns. The

government has published some cost-benefit analyses but these remain preliminary. This suggests that there were even less complete assessments for policy-making during the early stages of the pandemic. I acknowledge that in a highly activist policy environment such as was present after March 2020, most decisions required working on limited established precedent and under high uncertainty. But this environment made the need for a framework for policymakers to evaluate the myriad trade-offs of policy decisions even more important. It is difficult to see how decisions taking full and proper account of the various costs and benefits were possible without sustained input from social scientists.

64. In terms of making decisions, I co-authored a paper, 'When to release the lockdown: A wellbeing framework for analysing costs and benefits', in April 2020 [GOD/9 – INQ000189725]. In this paper we looked at how to balance important factors i.e. income, unemployment, mental health, public confidence etc when making important decisions. This was done using the 'Wellbeing-Years' metric, which makes it possible to compare the impact of each factor in a way that is relevant to all public policy decisions.
65. With hindsight it doesn't look like the Government complied with the way one manages decision making under uncertainty. The ability of senior decision makers to understand how to make decisions in conditions of uncertainty, defined as situations where it is impossible to assign probabilities, is a long-standing problem. There are no simple answers. But first of all it is important to see if ways can be found to establish tentative estimates of the probabilities involved. A recent book titled 'Radical Uncertainty' by John Kay and Mervyn King looks at decision making in situations when you have no idea what the probabilities are – how to go about getting evidence. In 2020 there probably were not enough "data nerds" who were interested in the topic. The standard understanding of decision making has improved since then.
66. With regards lessons for the future, training to Permanent Secretaries would be useful; Singapore does this well. Their training is partly based on understanding the literature around decision-making in uncertainty and partly by working through examples.

**Statement of Truth**

I believe that the facts stated in this 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:** 26 June 2023