

COVID-19 INQUIRY MODULE 2 – WITNESS STATEMENT

1. I, Rishi Sunak, make this statement in response to the UK Covid-19 Inquiry's ("**the Inquiry**") request to me for evidence in relation to Module 2 of the Inquiry's work.
2. Every life lost during the Covid-19 Pandemic ("**the Pandemic**") was a tragedy. Many suffered as a consequence of the Pandemic itself and there were also huge impacts on society and individuals as a result of the actions taken in response. Like many, I was working in an environment where decisions had to be made extremely quickly, with imperfect information and where all options carried costs. I welcome the opportunity to contribute to the Inquiry's work.
3. I have some recollection of the matters referred to in the Inquiry's Rule 9 Request, but this is obviously not detailed or in depth given the time that has elapsed since the events under consideration. To assist my recollection and the preparation of this statement I have reviewed documents that were created at the time of the events under scrutiny; and, key documents are exhibited to this statement. I have also taken account of information supplied by His Majesty's Treasury ("**HMT**") and information from senior officials who I worked closely with at the time of the events in question.
4. I have also read the statements of Mr Dan York-Smith and of Ms Kate Joseph, which comprise Volume 1 and Volume 2 of HMT's Module 2 corporate witness statement ("**HMT statement vol. 1**" and "**HMT statement vol. 2**").
5. To assist the Inquiry, I have quoted from many of the documents exhibited to this statement. These are in italics. There are a number of acronyms and terms which are defined throughout this statement. These are listed in Appendix 1.
6. Some of the questions posed in the Inquiry's Rule 9 request are better addressed to other parts of Government. Where necessary and to assist the Inquiry, I identify these other bodies in this statement.
7. I am extremely grateful for the hard work and support given to me by my team of civil servants and advisors during the Pandemic. Many people worked nights and weekends continuously, at high intensity, for a prolonged period. I received superb advice, support and commitment from the team at HMT through a particularly challenging time for the country, and I will be forever appreciative.

8. As advised by the Inquiry's Rule 9 Request to me, I have addressed the 255 questions posed to me in the Rule 9 Request as well as the further follow up questions, through a "*free-flowing*" narrative, rather than individually. I have used the same section structure as my Rule 9 Request with the exception being, my reflections on "*Lessons Learned*" are incorporated throughout the witness statement, rather than separately. As advised, I have focused on "*the significant events and matters*" that I was specifically involved in during this period.

A) INTRODUCTION

9. I was elected Conservative MP for Richmond (Yorks) in May 2015 and was appointed Parliamentary Under Secretary of State at the Ministry of Housing, Communities and Local Government (“**MHCLG**”) from 9 January 2018 to 24 July 2019. Following this I undertook the role of Chief Secretary to the Treasury (“**CST**”) from 24 July 2019 to 13 February 2020, before being appointed Chancellor of the Exchequer (“**Chancellor**”) on 13 February 2020 [RS/001/INQ000236978]. I remained in this role until 5 July 2022.
10. The Chancellor is the Government’s chief financial Minister and has overall responsibility for HMT and for economic and fiscal policy, and the financial services sector. The Chancellor is involved in Cabinet-level decision-making, with a focus of providing economic and fiscal considerations in the decision-making process.
11. At the time of my appointment, the Pandemic was an emerging situation and the Government was already responding to it. Alongside the typical duties of the Chancellor of managing fiscal and economic policy, I had a specific responsibility of tailoring economic advice, policy and decision-making to fit with the context of an international pandemic.

B) DECISION-MAKING STRUCTURES

12. **The Prime Minister (“PM”) was the primary decision maker in relation to the major decisions on the Government’s response to Covid-19 and the decision-making structures used.**
13. **My ministerial responsibility was providing economic and fiscal evidence, analysis and advice in relation to decisions and interventions that would impact the economy and public finances and the financial services sector.**
14. **As far as I can recall, through the structures described below, I had the opportunity to input into the PM’s decision-making in a meaningful way.**

General decision-making structures during the Pandemic

15. In early 2020, the Government was responding to an emerging crisis. Decision-making took place in the established channels, with additional new groups and committees being set up by Cabinet Office (“CO”) and Number 10 (“No. 10”), as is common practice, in reaction to an evolving situation that is occupying a great deal of the Government’s time. This is a typical response taken which follows previous practice, such as after the UK’s decision to leave the EU, where various groups and committees were set up to deal with the then new workstreams that came about as a result of Brexit.
16. Both in times of crisis and in times of normality, Government decision-making comes down to balancing often highly compelling, competing interests against one another.
17. This was the case during the Pandemic, where Ministers would put forward the key considerations relevant to their individual departments. The PM was the primary decision maker, hearing multiple different department perspectives and then making the final decision. The PM’s role as the primary decision maker is illustrated by comments made during a Cabinet meeting on 21 May 2020 to discuss the Covid-19 response, where *“the PM said that he took full responsibility for all decisions made”* [RS/002/INQ000089051]. Similarly, the readout for a 915 meeting on 20 March 2020 provides an action for the Cabinet Secretariat *“to prepare to convene COBR should the Prime Minister’s decision be to ask any businesses to close down”* [RS/003/INQ000056065].

18. The PM, on advice from the CO, is responsible for setting up the structures that enable him or her to make the best decisions they can. There is always a balance to be struck between the speed with which small groups can work (which is obviously important in a fast-paced environment) and the variety of interests that can be heard in bigger decision-making committees.
19. Policy and intervention development during the Pandemic took place in a number of structures and the ones in which I was involved I have listed below. As Chancellor, I had the responsibility of ensuring that the economic and fiscal impacts of the policies under consideration were explained and to create and execute policy within HMT's remit. I was able, through the structures described below, to fulfil these responsibilities. Likewise, I was able to fulfil my 'broader' role as a senior cabinet Minister of contributing to the collective cabinet debate of the issues.
20. I consider the relationship between the CO and HMT worked broadly effectively during the Pandemic, and improved over time, particularly following the establishment of the Covid-19 Taskforce ("**Taskforce**") discussed at paragraph 31 below. There were also improvements in the process and approach to sharing data between HMT and the CO, for example by seconding experienced economists to the CO to ensure that economic data was being properly integrated and considered by senior decision makers.
21. Examples of the economic analysis of various policy options under consideration that I received from HMT officials to feed into Government decision-making fora include a briefing ahead of a PM chaired meeting on 15 March 2020, which detailed the anticipated impacts of Non-Pharmaceutical Interventions ("**NPIs**") on the whole economy and on specific sectors [RS/004/INQ000232069]. A further example is HMT analysis of the impact of closing schools provided ahead of a COBR meeting on 16 March 2020 [RS/005/INQ000088105].
22. Whilst I would see the PM and other Cabinet Ministers informally and no doubt discuss current events, no decisions of significance would be made in these situations. As far as I recollect, all major decisions were made within formal structures.
23. The following structures provided fora for Covid-19 decision-making and strategy discussion to take place:

24. Cabinet Office Briefing Room (“COBR”) and Scientific Advisory Group for Emergencies (“SAGE”)

- a. Initially, decisions in response to Covid-19 were made at COBR meetings. COBR meetings (which, in effect, are Cabinet Committee meetings), are convened to deal with matters of national emergency. Their role is to coordinate different Government departments and agencies and undertake a decision-making function in response to an emergency. COBR provided Ministers with updates as the Pandemic unfolded, supported by their SAGE sub-committee which was chaired by the Chief Scientific Advisor (“CSA”). I attended COBR meetings, initially when I was CST (i.e. until 13 February 2020) and thereafter as Chancellor.
- b. SAGE provided scientific guidance to support COBR’s decision-making process relating to Covid-19 [RS/006/INQ000236918]. Whilst I did not attend SAGE meetings, from 30 March 2020 HMT would send an official (initially Vanessa MacDougall, who was then replaced by James Benford) to attend in an observer capacity. Vanessa and James would normally feedback a summary of the meeting to colleagues, but I would not normally be given a copy of these summaries.
- c. The role of COBR was largely overtaken by Covid-19 Strategy Committee (“Covid(S)”) and the Covid-19 Operations Committee (“Covid(O)”) in May 2020.

25. Cabinet meetings

- a. I attended Cabinet meetings which were held regularly to discuss high level strategy and to make decisions. Typically, these were attended by Cabinet Ministers and, on some occasions, the Chief Medical Officer (“CMO”), the CSA and UK Health Security Agency (“UKHSA”) Chief Executive, to give an update on Pandemic related matters. Whilst Cabinet Ministers would feed in and advise on key points that were relevant to their departments, it was (and remains until this day) ultimately the role of the PM to balance the range of objectives across the Government.

26. PM's 915 daily meetings

- a. From 17 March until 15 May 2020, the PM chaired meetings which I attended on occasion. They were an opportunity for the PM to receive an update in relation to the latest health data and Covid-19 dashboard figures. I do not recall these being a forum for significant decision-making. I recollect that these meetings were mainly an 'at a glance' review of the current situation or tasking meetings where the PM would initiate workstreams.

27. Ministerial Implementation Groups ("MIGs") and Small Ministerial Groups ("SMGs")

- a. Four MIGs were established by the PM in March 2020. The Covid-19 – Economic and Business Response Implementation Group ("**E-MIG**") was one of these four groups and I was asked by the PM to chair it. As I explained to the group at its initial meeting on 16 March 2020 [RS/007/INQ000055892], the purpose of the group was "*to ensure a coherent approach to business facing communications, intelligence gathering and policy, to support business through the COVID-19 (coronavirus) outbreak*".
- b. E-MIG meetings, which were held weekly and which concluded on 14 May, were attended by the Chancellor of the Duchy of Lancaster ("**CDL**") and the Secretaries of State ("**SoS**") for the Department for Business, Energy & Industrial Strategy ("**BEIS**"), Department for Digital, Culture, Media & Sport ("**DCMS**"), Department for Transport ("**Dft**"), MHCLG, Department for International Trade ("**DIT**") and Department for Work and Pensions ("**DWP**"), as well as senior officials from across Whitehall. E-MIG did not make major decisions on the response to Covid-19. By way of illustration of the work undertaken in E-MIG:
 - i. at the first meeting on 16 March 2020 it was agreed that "*Colleagues should arrange roundtable that week with the most acutely affected sectors, including; aviation, freight transport, energy, retail, manufacturing, professional services, hospitality, food supply, supermarkets, financial services, insurance, tourism, leisure, sport, entertainment and care home*" and that HMT and BEIS "*should also develop a clear step-by step guide on the business support available and how to access it*";

- ii. at the meeting on 23 March it was agreed that SoS for BEIS would “*work with all Departments to make progress on a package of regulatory easements*” [RS/008/INQ000055899];
 - iii. at the meeting on 23 April it was agreed that I would reflect to the PM a discussion at the meeting on extending Sunday trading hours [RS/009/INQ000083334]; and
 - iv. at the meeting on 30 April, after discussion of ongoing work in the various Departments I said that “*all the relevant work should continue at pace on high streets, early years and primary schools, as critical enablers of other sectors returning to work safely. Further clarity should be sought from the Scientific Advisory Group for Emergencies (SAGE) on how much flexibility there was in this guidance including with reference to practice in other comparable countries*” [RS/010/INQ000083343].
- c. My recollection is that the E-MIG was a positive example of a new structure that was effectively convened to carry out a Covid-19 specific workstream. It was a streamlined committee which translated Cabinet’s high-level policy decisions into tangible and accessible guidance, that could be relied upon by the public and enable the safe reopening of the economy.
- d. The remit of E-MIG is illustrated by comments from the SoS for BEIS at the meeting on 23 April 2020, where, when discussing the ‘Safer Workplaces’ workstream, he said “*this workstream was not about influencing the easing of restrictions, which would be informed by science. Rather, its purpose was to establish a framework and targeted guidance to encourage the workforce to return to work where and when it was safe to do so*” [RS/009/INQ000083334]. At the same meeting I said “*this work would need to be informed by the Scientific Advisory Group for Emergencies (‘SAGE’) [which] could provide a set of principles to inform risk assessments in the workplace*”, underlining the point that this forum was subsidiary to broader decision-making and policy on managing the Pandemic and NPIs.
- e. On 20 May 2020 I wrote to the PM informing him that I would be “*using weekly meetings with CDL, BEIS SoS, DCMS SoS, DfT SoS and MHCLG SoS to drive forward our work through the Taskforces announced last week to deliver guidance for these sectors to get them open for business in line with PHE*”

guidance" [RS/011/INQ000232085]. This weekly meeting was known as an SMG.

- f. The SMG worked to support the safe reopening of businesses, ensuring the necessary guidance was in place and considered regulatory easements to support economic recovery. Examples of such easements included encouraging better use of outdoor space by pubs and restaurants, waiving requirements on when domestic holiday sites could open, and relaxing licensing requirements for street markets.
- g. The SMG did not make major decisions on the response to Covid-19. By way of illustration of the work undertaken in this SMG, in my Chair's briefing for a meeting on 29 May 2020, key messages included:
 - i. *"Take stock on taskforces and ensure guidance on outdoor hospitality will be ready to be published on 5 June and the remaining other guidance by 13 June;*
 - ii. *to work with CO on the process of obtaining collective agreement for any changes required to further regulatory easements; and*
 - iii. *to confirm agreement that our advice to the PM would be to allow most businesses to reopen from 4 July, and only delay the reopening of a small number of high risk businesses – particular settings with high density and no fixed seating (e.g. nightclubs, music venues"* [RS/012/INQ000232088].

28. Quad

- a. From approximately mid-April 2020, during the PM's absence due to Covid-19, a 'Quad' of Ministers, including the First Secretary of State ("**FSS**"), the CDL, the SoS for Department of Health and Social Care ("**DHSC**") and I met to discuss the Government's strategy. After the PM recovered, this 'Quad' of Ministers, with the addition of the PM, continued to meet, typically reviewing the Office of National Statistics ("**ONS**") figures and SAGE analysis, feeding into discussion about which measures to take and the proposed sequencing of introducing them. These discussions fed into formal decision points initially at COBR, and latterly through Covid(O) and Covid(S).

29. Bilateral meetings (“Bilats”)

- a. I also attended Bilats with the PM on a regular basis, in order to conduct discussions and make decisions that touched on purely economic factors.
- b. Such meetings between a PM and a Chancellor are part of the normal process of Government (currently I have regular Bilats with the Chancellor).
- c. These meetings with the PM were formal meetings where we would be accompanied by officials from HMT and No.10. This was a platform for me to raise any economic related issues that fell under my purview as the Chancellor (not just related to the Pandemic) and would usually relate to a specific issue that either I or the PM wanted to address. For example, the Bilat I had with the PM on 22 May 2020 concerned the Summer Economic Update and focused on the Government’s broader economic plan and objectives for the next 18 months, covering jobs, infrastructure and planning reforms. [RS/013/INQ000232086] [RS/014/INQ000232117].
- d. Decisions could be made in this forum (arising out of the longstanding convention that the Budget and other financially sensitive economic/fiscal statements fall outside Cabinet collective decision-making), but otherwise the points raised would feed into the PM’s decision-making process.

30. Covid(O) and Covid(S)

- a. From late May 2020, the Covid(O) and Covid(S) were set up and absorbed some of the decision-making role of COBR. Both were Cabinet Committees. As mentioned above, decisions in relation to changing structures to improve the Government’s efficiency and effectiveness are not uncommon and lie with the PM. It was not something I reflected on at the time, and do not consider it a controversial decision in hindsight. The PM had adopted a similar approach previously in 2019 when he had set up a Brexit Strategy Committee and a Brexit Operations Committee.
- b. I sat on both Covid(S) and Covid(O), though other departmental Ministers, most often the CST, would attend Covid(O) meetings on my behalf. I consider that I

was able to engage properly in decision-making through these committees and I could engage fully in the discussions around key decisions.

- c. The objective of Covid(S) meetings was a high-level consideration of the Government's strategic response and recovery strategy [RS/015/INQ000088234]. These were typically attended by the PM, the SoS for the Home Department ("**Home Secretary**"), the CDL, SoSs for the Foreign Commonwealth and Development Office ("**FCDO**"), DHSC, BEIS and other Cabinet Ministers, the CMO and CSA.
- d. Covid(O) meetings were initiated to continue the work of the previous MIGs. The Committee was chaired by the CDL and Minister for the CO, and focussed on the delivery and operational response to the Pandemic. They considered the implementation of key lines of operation including Smart Lockdowns, Supply and Capacity, Vaccines and Treatment, a Covid-19 Resilient Economy, and Vulnerability.
- e. Decisions could be made at Covid(S) or Covid(O) or their work could feed in to decisions made by the PM at full Cabinet meetings.

31. Covid Taskforce

- a. In mid-April 2020, whilst the PM was suffering from Covid-19, the FSS decided to appoint a Senior Responsible Owner ("**SRO**"), for the entire Covid-19 strategy programme.
- b. At a Quad meeting on 11 April 2020 the distinction between decision-making on operational delivery and strategic decision-making was highlighted [RS/016/INQ000232172]. The SoS for DHSC said that the CO should be focussing on the strategic side, whilst keeping a close eye on how the two aspects interact. He also commented that it would be important to keep the CMO and Chief Economist fully involved in strategy work. Finally, it was suggested that the commissioning of information from senior officials could be more efficient, with less pieces being requested and a focus on ensuring the daily dashboard included all the information needed on key delivery workstreams, for transparency and accountability.

- c. It was acknowledged that the CO sat as the 'gearbox' of decision-making, with departments making up the engine. Detailed work was left to departments to undertake, with Cabinet ensuring that the different arms ran coherently as one unit. I supported the appointment of a single SRO, who was an official not a Minister, and noted the critical importance of the chief analyst function [RS/016/INQ000232172].
- d. This unit, which eventually took the form of the Taskforce, was envisaged as being an analytical centre which reflected science, health and economic data and would set the direction of various proposed workstreams.
- e. The Taskforce was established in early June 2020, working across Whitehall. It collated public health advice and recommendations from DHSC, public health authorities and advice from other departments. The Taskforce used this advice to produce information that shaped Cabinet-level decisions. Senior officials from the Taskforce also attended Cabinet level meetings where their input was sought to support decision-making and in discussion on both immediate and longer-term strategy.

32. Domestic (Economic Operations) Cabinet Committee ("D(EO)CC")

- a. In September 2020 the PM asked me to chair the D(EO)CC. The purpose of the D(EO)CC was to ensure the delivery of the Government's economic priorities across the whole of the UK. The immediate task of the Committee was to "*look at the cities recovery strategy*" and to address "*concerns that the economic recovery of cities is not in step with other parts of the UK economy*". "*The aim was to agree a package of measures to propose to the PM*" [RS/017/INQ000232099].

Interaction between different departments and Government structures

- 33. The DHSC were initially seen as the lead Government department in relation to the Pandemic.
- 34. For example, on 3 March 2020 DHSC published the "Coronavirus Action Plan" [RS/018/INQ000049494]. In it, DHSC said that it was "*the lead UK Government Department with responsibility for responding to the risk posed by a future pandemic*"

and gave details of what had been done to date and what it was planned to do next. Similarly, following a 915 meeting with the PM on 20 March 2020, DHSC “*working with CDL, CMO, CSA and all departments*” was tasked “*to articulate a three month battle plan to tackle the virus, to be scrutinised by the Health Ministerial Implementation Group ahead of being put to the PM strategy meeting Sunday 22 March*” [RS/003/INQ000056065].

35. However, as the role of COBR developed, with the creation of Covid(S) and Covid(O), it was evident that there were various departments which were heavily invested in decision-making on the very wide range of issues that needed to be resolved and consequently the idea of there being a formal lead department fell away.
36. Special advisors (“**SPADs**”) support Ministers by giving advice and assistance in relation to departmental business, contributing to policy planning and liaising within the party in relation to Government policy. I was, and remain, supported by a number of SPADs who help me with my day to day affairs. This was typical for someone in my role and for my colleagues in similar roles throughout Government. During the Pandemic, my SPADs worked effectively in conjunction with the SPADs at No. 10 and other departments, going through SPAD channels to ensure cross department policies and initiatives were progressing. As far as I was concerned my SPADs worked effectively with my private office and had a good relationship with the civil servants they work alongside. I am unfamiliar with the effectiveness of the SPADs in No. 10 and the CO, save that as far as I was concerned they worked well with my SPADs.
37. Ultimately, the manner in which each of the different decision-making fora and structures described in paragraphs 24 to 32 above were established and utilised, was decided by the PM. I was able to participate as required in all relevant fora.

Minutes, notes and records of meetings

38. Before attending a ministerial meeting for Cabinet-level decision-making, a Covid(O) or Covid(S) meeting, I would typically be presented with a briefing prepared by HMT which set out advice, analysis and key points to raise. These briefings were created with analysis and information shared by cross Government departments, following consultation with No. 10, the CO, the DHSC, the Taskforce, BEIS and DCMS to provide multi-dimensional advice, considering a broad spectrum of issues and competing arguments. Briefings or advice might also relate to specific policies that are being

considered. Sometimes I was given a pack of documents which would have been prepared by another department, which were circulated prior to a meeting taking place. These tended to summarise the analysis of the relevant department, detailing key points to consider and for discussion. On some occasions, particularly on fast moving topics, this information would be provided to me verbally. It was sometimes the case that there would be little time between receiving briefing materials and the meeting given the pace of work. In these cases, I would often have had conversations with my officials on the basis of draft documents or emerging thinking across Whitehall. In general, I felt sufficiently prepared for meetings.

39. The process of obtaining advice is iterative in that I might commission advice from officials on specific issues which I sought to understand more fully, or officials might offer advice to me proactively and seek steers. The purpose of briefings is to provide objective advice based on evidence and analysis, to set out wider considerations and risks and to ultimately inform decision-making, either at a ministerial or departmental level. This advice would provide recommendations or suggested 'key messages' supported by underlying analysis and I, as the Minister, would decide how to proceed and which recommendations to present in decision-making fora or pursue further, for example in terms of developing economic policies. Often this would involve several iterations of advice (e.g. after commissioning more analysis, and testing assumptions) and after discussions with officials. This was especially true in the case of the Pandemic where there was a lot of uncertainty and we were working at pace.
40. Cabinet meetings were the forum in which key decisions were made and their minuted meetings serve as a record of decisions that were taken. Typically COBR meetings, SAGE, Covid(O) and Covid(S) were minuted, with a formal note of the ultimate decisions that were made being available after the meeting having taken place. These minutes would list issues discussed and action points to be taken forward. Meetings such as Bilats would be followed by a 'readout' – an email documenting action points arising from the meeting. The readout would be circulated amongst relevant officials. I would not normally have sight of minutes or readouts. These were often circulated to my private office that supported me, who tended to share anything of note that they thought I should be aware of (as is usual practice).
41. Naturally, I often spoke with the PM or with other colleagues, just in the ordinary course of a day. Such occasions were not within the formal structures described above and

as far as I was concerned were not a part of the decision-making process for any major decision. Decisions of significance were taken within the framework referred to above.

42. I did on occasion use WhatsApp to communicate. The WhatsApp groups that I recall being a member of at the time that I was Chancellor were groups comprising of members of my private office, my SPADs and me. The primary purpose of these groups, which were not set up in response to the Pandemic, was to communicate around daily logistics, diary management and other issues. In addition to this, on occasion, individual and one-off WhatsApp groups would be set up to provide support to me during specific circumstances for example calls, remote meetings, visits and events. The participants in such groups would typically be relevant members of my private office and/or HMT policy officials and SPADs. This was not a Pandemic specific process, but something done, when needed, across the range of HMT activity that I dealt with.
43. Having changed my phone a number of times over the last three years, I do not have access to the WhatsApp messages that I sent or received during the relevant time, and neither were the messages backed up. In relation to the messages referred to in paragraph 42 above, my expectation would be that if the officials on those groups had considered that any information being communicated by WhatsApp message needed to be preserved to form part of the official HMT record, then those officials would have taken steps to ensure that happened.
44. During the period of the Covid-19 pandemic I did on occasion communicate with colleagues by WhatsApp. As stated above, I do not have access to these messages, although those colleagues may still do. For my part I do not consider that these messages (which were infrequent) formed any part of the decision-making on any decisions that I was involved in.
45. I also very rarely used texts to communicate with colleagues, but again, not for decision-making purposes. My phone does not retain and nor do I have access to any text messages at all relating to this period.

Approvals for DHSC spending on PPE

46. As part of its request for information about decision-making structures, the Inquiry has asked me to explain whether, in the period from January 2020 to July 2021, there were

delays or blockages on approvals in relation to 'PPE (**Personal Protective Equipment**)' requests' made by DHSC. As explained below, I was not normally involved in day to day decisions on approvals for spending as this work was led by the CST. As a consequence of this, in order to respond to the Inquiry's request in a helpful fashion, I have relied below (in part) on information that has been supplied to me now by HMT.

47. On the basis of that information, and on the basis of my recollection and what I was told at the time, I do not recall that there were any such delays or blockages. Indeed, I had given my private office a clear steer that we needed to move at pace.
48. Before the Pandemic, PPE was sourced directly by NHS Trusts and other health and care settings. A proportion of this was via Supply Chain Co-ordinated Limited ("SCCL"), now a subsidiary of NHS England. DHSC held two central stockpiles of PPE, as part of the Government's Pandemic Influenza Preparedness programme, and in preparation of a possible non-deal Brexit. However, these stockpiles were insufficient to meet the unprecedented spike in demand as a result of the Pandemic. From early 2020 it became increasingly apparent that despite existing central stockpiles of PPE, the Government were required to undertake an unprecedented procurement effort to purchase huge volumes of PPE for front line healthcare workers. This was at a time when global demand was at an unprecedented high, prices were increasing rapidly and the nature of the market was volatile.
49. HMT's involvement in the PPE program began in March 2020. Initially, HMT approved a number of individual PPE contracts at the request of DHSC, due to the spending being novel and contentious, as a result of some of the contracts being with new suppliers. In a briefing I received on 22 March 2020, I was told that HMT was "*Currently working on: Support for DHSC to purchase PPE. No asks yet made. Initial proposal (£ms deposit payments to unverified companies in China) raised issues which we have flagged to DHSC (and they agree)*" [RS/019/INQ000232072].
50. Given the urgency, HMT moved from approving individual PPE contracts to a more flexible spending control framework – giving DHSC a 'funding envelope' – as it was judged that the benefits to front line workers outweighed the risks of expediting the normal process. This approach meant DHSC were able to enter into PPE contracts without HMT approval, up to the given funding envelope or budget. This envelope was increased in stages over time as set out below.

51. This took place on the 25 March 2020 when HMT officials advised CST to change the approach and put in place a funding envelope of £100m for the procurement of PPE, in recognition of short procurement deadlines [RS/020/INQ000232157]. This advice followed discussions between HMT and DHSC officials where DHSC had “*requested*” a £100m funding envelope [RS/020/INQ000232157]. CST agreed to this request after receiving advice which recommended doing so “*to avoid numerous daily urgent clearance requests slowing down the procurement process and ensure the NHS can get the supplies it needs*”. CST went on to say that “*done well, this will transfer the risk for this purchasing back onto [DHSC], as opposed to [HMT] having to take decisions with inadequate time and information*”.
52. As set out in the advice to the CST referred to above, under this revised approach, DHSC were able to enter into PPE contracts without HMT approval up to the given funding cap (in this case £100m) on the basis of a number of conditions, rather than requiring approval for each individual contract. These conditions were set out in writing from HMT to DHSC, with DHSC being accountable for implementing and enforcing them (as is normal practice with HMT conditions). These conditions included:
- a. All international suppliers being considered reputable by the FCDO;
 - b. Requiring confirmation that all stock would be medically inspected as fit for purpose before distribution to the NHS, to ensure the stock delivered met the appropriate standards of protection;
 - c. Each PPE contract being approved by CO commercial experts and DHSC’s Accounting Officer;
 - d. A reasonable attempt had been made to ensure prices were less than 25% above the average unit price paid to date;
 - e. DHSC to share relevant management information with HMT post hoc (i.e. not holding up contract signing); and
 - f. Keeping any deposit payments and prepayments to a minimum.

In the advice it stated that the conditions had already been agreed with DHSC officials.

53. On 10 April 2020, at a Covid-19 strategy ministerial meeting that I attended, the SoS for DHSC presented his department’s ‘PPE Plan’. I do not recall, nor do the minutes suggest, that he raised any issues he had experienced regarding delays or blockages of approvals to requests made by his department [RS/021/INQ000088663].

54. At a 915 meeting on 20 April 2020, the SoS for DHSC raised an issue with me about the 25% condition. I immediately raised this with the relevant HMT official. It was explained to me that “[DHSC officials] haven’t raised the 25% as an issue at official level, as it’s just based on reasonable attempts (and they don’t think holding them up)” [RS/022/INQ000232166]. I cannot specifically recall if this happened on this occasion, but typically my private office or officials would follow up with their counterparts in DHSC in relation to this type of issue.
55. Throughout the procurement process, DHSC’s implementation of the conditions set was monitored and HMT encouraged compliance, however the approach to compliance was pragmatic in nature. For example, HMT continued to provide the above-mentioned spending flexibilities in the absence of DHSC providing the full data requested. This was necessary to avoid delays to procurement and secure the necessary supply of PPE for front line health and care workers with urgency.
56. As the situation evolved the funding envelope was increased from £100m to £1 billion, but the original conditions were still considered to be proportionate. On 4 April 2020, the CST agreed to an initial request by DHSC for an increase from £100m to £500m and following a further request from DHSC, it was doubled to £1 billion on 11 April 2020. The further increase was based on the continuation of demand outstripping supply (which was driving up price), as well as two further material developments putting additional pressure on demand: changes to Public Health England (“PHE”) guidance to expand the healthcare settings that required PPE usage, and DHSC beginning procurement on behalf of the whole of the UK (including the Devolved Administrations (“DAs”), Crown Dependences, and wider public sectors, for example prisons).
57. On 20 April 2020, HMT agreed to relax conditions on the level of due diligence to be conducted before purchase to ensure that all PPE stock met the technical standards required and to delegate sign-off on purchases of PPE to local named ambassadors [RS/023/INQ000232078]. The conditions were further relaxed to reduce the time burden to a greater extent, and under this new framework the funding envelope was again increased (reflecting evolving demand modelling).
58. From the outset, HMT was determined to mitigate the risk that PPE did not meet the required standards to protect healthcare workers, and to avoid unscrupulous suppliers

taking advantage of the situation by providing sub-standard and/or defective stock. However, a calculated decision was taken to amend the previous condition that DHSC had to ensure appropriate medical certification before purchase, so as not to hinder the procurement of PPE. The revised condition was that DHSC should take all reasonable action to ensure equipment had the appropriate medical certification in advance of purchase. The condition that DHSC should continue to confirm that the necessary checks would be undertaken before the stock was distributed and used remained in place. In addition, DHSC was to notify HMT immediately if they received evidence of any significant issues arising from stock arriving in the UK. The approval for delegating the sign-off on PPE purchases to local ambassadors was on the condition that an Ambassadorial Sign-off Protocol was also put in place, to guide decision-making in a proportionate manner.

59. Under these new conditions, and, following a request from DHSC for a £3 billion increase, the funding envelope was increased to £4 billion on 26 April 2020 to cover the estimated costs to meet the next three months of PPE demand. In the submission to the CST seeking his approval for the increase, he was advised that *"Payments to date total £709m as of 22 April, so there's a high likelihood that DHSC will breach the current envelope by early next week"* [RS/024/INQ000232080]. The decision to approve this increase was based on improved demand modelling and in response to prices of some items of PPE having increased significantly, costing over 14 times pre-Pandemic prices.
60. On 6 May 2020, HMT approved a request by DHSC for a further increase to £7 billion, to reflect the latest demand projections for the next three months. In the submission to the CST on 5 May 2020 seeking his approval, he was advised that *"the uplift was required so soon after [his] last one mainly due to a significant underreporting of estimated spend to date though NHS supply chain ("SCCL"): previously £152m, now corrected to £1.3bn"* [RS/025/INQ000232133].
61. On 20 May 2020, HMT approved a request from DHSC for a further increase to £9 billion, to reflect the Government's increased success in securing high volume orders and to secure a longer-term supply of PPE beyond the next three months. In the submission to the CST on 19 May 2020 seeking his approval, he was advised that *"As of 18 May, total contractual commitments against the envelope equal £6.5bn"* [RS/026/INQ000232182].

62. On 2 June 2020, HMT approved a request from DHSC for an increase to the overall PPE envelope to £13.8 billion (the final uplift for FY20/21) [RS/027/INQ000232169]. In the submission to the CST seeking his approval, he was advised that *“as of 26 May, total spend and contractual commitments against the existing envelope equal £7.57bn. There are further large scale contracts in the pipeline, and committed spend will likely breach the £9bn envelope by early next week”* [RS/028/INQ000232120].
63. As is clear from these examples, approvals to increase the spending envelopes were sought and approved by HMT suitably in advance of the existing envelope being fully utilised so there would be no impact on pace of supply and procurement.
64. All of this was done at speed reflecting the urgency of the situation. As stated in an email of 25 March 2020, the flexible application of the spending control framework was explicitly put in place *“to avoid continuously having to seek urgent approvals from HMT for each separate payment, sometimes with <30mins to advise [CST]”* – indicating that HMT were already turning things around at an unprecedented speed. Once the funding envelope arrangement was in place, there were no longer *any* approvals from HMT for each separate payment [RS/020/INQ000232157].
65. From the 25 March 2020, the approvals only related to increases to the funding envelope and changes to conditions. HMT continued to turn around approvals to expand the overall envelope at pace, as DHSC approached the ceiling of the funding envelopes set. For example, decisions were taken within 24 hours, and in some instances hours. Based on emails, CST approved requests from officials within 2 hours on 25 March 2020 [RS/020/INQ000232157] and on 19 April 2020 [RS/023/INQ000232078], 6 May 2020 [RS/025/INQ000232133] and 20 May 2020 [RS/026/INQ000232182] the CST approved requests within 24 hours.
66. It was clear to my team that all requests were to be processed quickly. Specifically, in relation to the approval on 6 May 2020, one of my Private Secretaries emailed the team to ask for quick turnaround saying it *“Would be good if can avoid CX being subject to any accusations of delay if poss”* [RS/025/INQ000232133].
67. On top of all of this, on 1 May 2020, the Government temporarily reduced the rate of VAT to provide tax relief and reduce the price of purchasing PPE, to support the Government’s efforts to procure a sufficient supply of PPE for front line healthcare workers [RS/029/INQ000236958]. The measure was always intended as an urgent

temporary relief in response to the Pandemic, that was originally intended to expire on 31 July 2020, but was extended to 31 October 2020 [RS/030/INQ000236981].

68. Given the requirement to provide PPE to front line staff, a more flexible approach was taken in order to turn things around quickly. However there were still checks and balances in place. While the approvals framework was amended (as set out above), the basis on which an Accounting Officer makes decisions did not change – at all times they needed to be satisfied that a decision met the standards set out in Managing Public Money. The Government's ability to manage spending may have been improved with a more rigid, slower process, but pragmatic approaches had to be taken based on the information HMT had at the time.
69. For completeness, I would add that the CST wrote to the Treasury Select Committee on 1 April 2021 to outline the flexible approach that had been adopted:

“First, we delegated more control to Accounting Officers in relevant departments and their individual judgements. At times, this has meant that we have had to seek assurances and risk mitigations after decisions were made, but it has made government more nimble in responding to departmental emergency spending ask. We sought to mitigate this risk by setting spending conditions.

Second, we have provided departments with more generous spending envelopes and delegated authorities than we would in the course of ordinary business. Doing this supported rapid mobilisation of programmes and procurements, but will have resulted in less scrutiny than we would ordinarily have wanted to apply. Where possible we have created bespoke processes to increase assurance of spending as proposals develop to mitigate this.

Finally, where an ask from a department exceed the delegated authority we put in place, the Treasury turned around request extremely quickly (often in hours when market conditions necessitated that we had to move quickly to met the Prime Minister's ambitious commitments). Again, this led to less scrutiny than would be applied in business-as usual scenario, but has meant that the UK could react very quickly when circumstances required it to do so” [RS/031/INQ000068427].

C) SOURCES OF ADVICE

70. I describe below the main sources of advice that I relied upon during the Pandemic.

HMT

71. As would be expected, my principal source of advice was from officials in HMT. In subsequent sections of this statement I refer in more detail to the advice that I received from them.

72. HMT employed a wide range of economic data and analytical techniques to develop their understanding of the Pandemic and provide advice on the economic and fiscal impact of Covid-19 related policy. It was acknowledged that all economic analysis conducted during this period was subject to an extraordinarily high degree of uncertainty. HMT regularly and openly shared economic analysis and data with the CO, for example:

- a. Papers circulated prior to a COBR meeting on 12 March 2020 include a section on 'Economic Impacts', which the CO directly commissioned HMT to provide [RS/032/INQ000056209];
- b. In papers circulated ahead of a PM strategy meeting on 15 March 2020, HMT's analysis of compensation cover in relation to insurance claims following the banning of mass gatherings is explained [RS/033/INQ000106212];
- c. HMT analysis on the economic impacts of NPIs was provided to the CO and incorporated into a slide summary deck circulated ahead of the ministerial Social Distancing Review meeting on 15 April 2020 [RS/034/INQ000232115].

73. Given the speed of change during the Pandemic, the Government response, and the attendant often significant economic impacts of both, official statistics could not always be produced in the time required to inform decisions. This necessitated departments across Whitehall, including HMT, to seek new sources of higher frequency data (e.g. card spending data) and to widen the scope of existing data observed from both internal and external sources. For example, HMT utilised data that had not previously been used to consider economic impacts, such as DfT transport data to understand levels of mobility, and Department for Education ("DfE") education data to ascertain levels of school attendance. HMT also used public source data, such as mobility data from Google on transport usage.

74. HMT analysis was shared with the CO and PM throughout the Pandemic to inform decision-making and support policy formulation, for example:

- a. HMT shared weekly monitoring products, such as the Macroeconomic Monitor Report, which assessed and synthesized available economic forecasts [RS/035/INQ000236535];
- b. HMT and the CO jointly ran the PM's regular economy update meetings, which included collaborating on dashboards, providing a clear picture of the impact of the virus and the measures being used on the economy to manage it [RS/036/INQ000184635];
- c. On 14 February 2020, HMT shared advice on the likely economic and financial impacts of the Pandemic, which noted a high degree of uncertainty over the spread of Covid-19, making economic predictions extremely uncertain [RS/037/INQ000088044];
- d. In March 2020 HMT fed into a paper shared with the CO on the potential societal impact of NPIs, which was used for decision-making ahead of the first lockdown. The paper notes the potential business and workforce impacts of key NPIs, including the closure of schools, the banning of large events, and differing approaches to self-isolation [RS/038/INQ000088046];
- e. After the 10 May 2020 announcement of a phased plan for lifting lockdown restrictions, HMT officials contributed to CO advice for the PM on the reopening of non-essential retail, which focused on how and when to open retail outlets, as part of Step 2 in the phased reopening of non-essential retail [RS/039/INQ000184571].

75. HMT analysis on the economic and social impacts of NPIs was published in several major government publications during the pandemic. HMT did not publish minutes of active discussions in the same way as SAGE, due to the potential risk of creating market instability by publishing market-sensitive analysis. Examples of HMT's economic analysis published during the Pandemic include:

- a. The Budget March 2020 on 11 March 2020 [RS/040/INQ000236913], the Spending Review 2020 on 15 December 2020 [RS/041/INQ000114451], the Budget March 2021 on 3 March 2021 [RS/042/INQ000114447], the Autumn Budget and Spending Review 2021 on 27 October 2021 [RS/043/INQ000253812];

- b. On 11 May 2020 “Our plan to rebuild: The UK Government’s COVID-19 recovery strategy” (the “**May Plan**”) [RS/044/INQ000198892];
- c. The ‘Review of Two-Metre Social Distancing Guidance’, published in June 2020 by the Government, with input from HMT, which highlighted the significant economic costs of maintaining 2 metre social distancing [RS/045/INQ000181693];
- d. In July 2020 HMT published ‘A Plan for Jobs’ which outlined the Government’s plan for supporting UK economic recovery [RS/046/INQ000088027];
- e. HMT collaborated with DHSC and the CO to develop analysis on the health, economic and social effects of the Pandemic, along with the rationale to the Government’s new tiered approach to restrictions, introduced in October 2020, which was published on 30 November 2020 [RS/047/INQ000226507];
- f. In February 2021 the Government published the ‘Covid-19 Response – Spring 2021’, following analytical input from HMT, which provided the roadmap out of lockdown [RS/048/INQ000260630].

76. The Office for Budget Responsibility (“**OBR**”) provides independent and authoritative analysis on behalf of the UK government, and one of its key roles is economic and fiscal forecasting. In addition to the publication of HMT’s economic analysis, as referred to above, the OBR also published a substantial amount of relevant information. This included:

- a. ‘Coronavirus Analysis’ in April 2020 [RS/049/INQ000236890];
- b. ‘Coronavirus Reference Scenario’ in May 2020 [RS/050/INQ000253817];
- c. ‘Coronavirus Policy Monitoring Databases’ in April, May, June and July [RS/051/INQ000253813] [RS/052/INQ000253815] [RS/053/INQ000253814] [RS/054/INQ000253816] [RS/055/INQ000253823];
- d. ‘Fiscal Sustainability Reports’ in July 2020 and August 2020 [RS/138/INQ000203627] [RS/056/INQ000253837];
- e. Economic Fiscal Outlooks in March 2020, November 2020 and March 2021 [RS/057/INQ000253820] [RS/058/INQ000114451] [RS/059/INQ000114450]; and
- f. Monthly ‘Commentary on public sector finances’ [RS/060/INQ000253821] [RS/061/INQ000253821] [RS/062/INQ000253828] [RS/063/INQ000253808] [RS/064/INQ000253830] [RS/065/INQ000253827] [RS/066/INQ000253825] [RS/067/INQ000253810] [RS/068/INQ000253837] [RS/069/INQ000253818] [RS/070/INQ000253818] [RS/071/INQ000253824] [RS/072/INQ000253822]

[RS/073/INQ000253829] [RS/074/INQ000253809I] [RS/075/INQ000253834]
[RS/076/INQ000253834] [RS/077/INQ000253826] [RS/078/INQ000253811]
[RS/079/INQ000253835] [RS/080/INQ000253835] [RS/081/INQ000253819]
[RS/082/INQ000253833].

77. HMT also worked closely with other departments. As described at paragraph 21 of the HMT statement vol. 1, this was the case in particular with DHSC, as well as with the CMO and CSA. I do not recall taking any steps to limit the sharing of HMT analysis outside of HMT. Information obtained from these sources would feed in to the advice that I received from HMT officials. As part of the normal Cabinet and Cabinet Committee process, meeting papers would include documents prepared by DHSC and other departments.
78. On occasion I would commission specific advice or modelling to consider different scenarios or specific areas of interest. For example, in late 2020 when it became apparent that vaccines were dramatically reducing hospitalisation and the risks of infection, I requested further modelling from HMT on different scenarios to assess the potential speed of NPI easements and the effect this would have on economic support programmes (HMT statement vol. 2 at paragraph 52). HMT produced a slide pack with a model that translated assumptions about vaccine rollout into impacts on transmission and hospitalisations, alongside virus dynamics and mitigation effects.
79. Policy on NPIs, including assessment of equalities impacts, was owned by the Cabinet Office and they would be best placed to answer on how equalities impacts were incorporated into the advice provided.
80. I understand that when it came to the exercise of their functions, HMT Ministers and officials had to comply with their legal responsibilities under the Public Sector Equality Duty (PSED), as set out in the Equality Act 2010. The PSED requires decision makers (i.e. Ministers) to show 'due regard' to the potential effects of a policy, service or decision on those who shared one or more protected characteristics under the Equality Act. The appropriate assessment of and flagging of impacts to Ministers in the course of advice was a departmental requirement. HMT maintained in-house guidance to support the organisation in fulfilling its responsibilities under the PSED. This greatly encouraged consideration of equalities impacts from the beginning of and throughout policy development. It stipulated that Ministers must be informed on a timely basis in order to ensure they 'pay due regard' during early deliberations on the likely direction of a particular policy proposal, deliberations on its detail and, also, at the actual point

of a final decision to proceed. Usually, Ministers would be so informed via submissions on the policy, including in the final piece of advice provided. The guidance noted that the level of detail required would vary, depending on the relevance and scale of impacts. The guidance also stipulated that records must be kept to demonstrate compliance.

81. In HMT briefings and papers that were circulated before meetings, there was often reference to and consideration of equalities impact (for example: [RS/083/INQ000088053] [RS/084/INQ000062157] [RS/085/INQ000184568] [RS/086/INQ000088078]). Whilst I tended not be provided with specific Equality Impact Assessments for proposed measures, which likely would have been considered by the Taskforce in relation to overall NPIs, the principle of equalities impact did form an integral part of the decision-making process. On occasion I was presented with Equality Impact Assessments in relation to HMT policies, for example when decisions were being made about restaurant discount schemes, which ultimately took the form of Eat Out to Help Out (“EOTHO”) [RS/087/INQ000088079].
82. HMT acknowledged from an early stage that less well-off households were “*particularly vulnerable to the economic shock*” [RS/088/INQ000088051] and that under 25-year olds, women, people from ethnic minorities and people with disabilities would all be more greatly impacted by restrictions [RS/083/INQ000088053]. In addition, sectors such as hospitality, manufacturing, construction and tourism would all be greatly affected. Consideration was given to ‘at risk’ and other vulnerable groups within economic decision making, resulting in HMT policies such as EOTHO and various other hospitality focussed economic interventions (as discussed at paragraph 301) as well as financial support for those self isolating.
83. Long Covid was of interest to HMT in terms of the risks it posed to the labour market and economic scarring. I understand that HMT officials engaged with a DHSC Long COVID Oversight Board but I was not involved in this.

The CMO and the CSA

84. The CMO and the CSA were extremely important advisers to Government during the Pandemic. They attended Cabinet meetings when Covid-19 issues were discussed and also typically attended COBR and subsequently Covid(S) meetings, as strategy discussions moved to this forum.

85. I also on occasion had calls with the CMO and the CSA. It was helpful to be able to speak to them directly and talk through their advice. For example, I spoke with them on 8 March 2020, when they set out their then expectation of 'Reasonable Worst-Case Scenario' ("RWCS") and 'Central Scenario'. They talked about timing and their expectation that the peak would hit in 8-10 weeks if there were no interventions, and suggested that if there were to be a second peak, it was likely that it would be around October/November/December [RS/089/INQ000088047].

SAGE

86. SAGE was another very important source of advice for the Government throughout the Pandemic. It provided advice on a range of scientific topics, which were agreed by its co-chairs the CSA and the CMO. It did not provide economic or clinical advice. As I understand it, SAGE aimed to produce advice on a consensus basis. Whilst the Government had departments to support in other areas, such as HMT for economic, DfE for education and DHSC for health considerations – SAGE offered expertise that was not internally available. SAGE had additional resources to contribute to the Government's understanding and decision making. HMT already had equivalent resources, such as OBR forecasting, to provide insight on questions of an economic nature. SAGE provided expertise on science in the same way HMT provided expertise on economic issues and DfE provided expertise on education issues. Analysis from SAGE and other government departments provided the Taskforce and PM with advice and analysis necessary for him to consider all aspects of policy making and to make decisions.

87. I understand that HMT are aware of some informal discussions that took place during the Pandemic about the possibility of establishing an economic equivalent of SAGE however this was not something which was formally proposed and I received no submissions on this point.

88. I am grateful to all the participants of SAGE for their contributions to the advice that the Government received. I have no doubt that they were acting with the best of intentions at all times and I commend their public service.

89. At the suggestion of a Private Secretary from No.10, HMT sent an official to attend a SAGE meeting on 3 March 2020 [RS/090/INQ000232139]. From the end of March 2020, with the agreement of the CSA, a senior official from HMT regularly attended

SAGE meetings as an observer. Initially this was Vanessa MacDougall and then, from the end of October 2020, James Benford. Ms MacDougall and Mr Benford would typically send readouts of these meetings to relevant colleagues at HMT. The readouts would normally be a factual description of the discussion but would emphasise issues likely to be of interest to an HMT audience. I did not normally directly receive the readouts – typically if my officials considered that they contained something that should be drawn to my attention then they ensured that this happened.

90. In the early days of the Pandemic, SAGE became a household name. Their advice was much valued by the public and Government alike. On reflection, I suspect that there was, unsurprisingly and understandably, more debate within SAGE than was appreciated by the outside world, who considered their recommendations as the product of one unanimous voice of scientific truth.
91. It became apparent from the fact that some SAGE members publicly expressed views inconsistent with the formal advice provided by SAGE at the time, there were a range of views and opinions expressed at SAGE meetings (as in fact one might expect). My recollection of the occasional feedback I received from SAGE meetings was consistent with this. The readouts and commentary provided to me by HMT officials about SAGE meetings gave me an understanding that there was not necessarily a single, unanimous view within SAGE. I outline a few examples below:
 - a. The CSA gave evidence, for example, on 3 November 2020 to the Science and Technology Committee confirming that a consensus view, (in this instance in relation to a projected peak of infections which was discussed within SAGE) could not be reached [RS/091/INQ000064525].
 - b. At an April SAGE meeting which discussed facemasks, *“members of SAGE had very different views on how to interpret evidence and what recommendations to give the public”*[RS/092/INQ000232075].
 - c. On 10 May 2020 it was reported that SAGE scientist Professor Peter Horby said that key experts had been *“deeply divided over the scientific evidence”* relevant to the Covid-19 response [RS/093/INQ000236963].
 - d. The readout for a SAGE meeting on 4 June 2020 provides that the CSA *“expressed concern about the ‘running commentary’ on SAGE from SAGE*

members" as it was "*becoming problematic' in terms of his and the CMO's ability to effectively deliver advice to [Government]*". It was acknowledged by some independent members that it was "*extraordinarily difficult*" for Ministers to make decisions when "*SAGE were quoted as having given advice that it had not*" [RS/094/INQ000232150].

e. He went on to reiterate in January 2021 that individual SAGE members statements "*should not be attributed to SAGE and that leaks were incredibly damaging*" [RS/095/INQ000232184].

92. I am unsure as to whether the range of opinions within the scientific body was fully appreciated more widely.
93. On reflection, it was also probably underappreciated more widely how uncertain the 'science' itself was, and how capable of changing it was, as new information came to light. Just because it was scientists rather than politicians making recommendations, it did not mean they were perfect, incapable of error or evolution in their thinking. Indeed, a SAGE readout from 8 October 2020 noted there was "*generally a strong sense that the evidence base on what measures do and don't work [was] lacking*" [RS/096/INQ000232177].
94. As time progressed and as the understanding of evidence in relation to the virus increased, SAGE were able to hone their analysis and consequently their recommendations naturally evolved. Necessarily, when undertaking their modelling, SAGE had to use assumptions which, again unsurprisingly, did not always prove to be correct. For example, in a speaking note prepared for me in May 2020, the key points set out were that "*what we have seen since 11 May has undershot the assumptions SAGE based their modelling on*". The note recorded that, for example, the original modelling "*assumed that 11% of children continued to attend school [whereas] the actual number is just 2.5%*". The modelling also "*assumed a 20% increase in workplace contacts*", however in reality there was only "*a 4% increase in people travelling to work*" with evidence suggesting people avoiding public transport [RS/097/INQ000088057].
95. On occasion, as inevitably happens, there were also errors in collection and analysis of data. It became apparent in June 2020 that there had been errors in hospital admission data where inaccurate data was being provided on which policy decisions

- were being based on. There was *“suspicion that hospital admissions data [were] including patients that are not ‘new’ Covid admissions, so [there] may be double counting”*. Further, it was suggested that the number of people contracting Covid-19 whilst already in hospital accounted for *“between 1/3 and 1/2 of the total numbers”* [RS/094/INQ000232150]. It was acknowledged at a SAGE meeting on 18 June 2020 that *“these errors mean that for some time they [had] likely been over estimating the rate of transmission”*, making it look *“artificially high”* [RS/098/INQ000232148]. SAGE minutes note that *“Potentially one third to one half of hospital admissions are readmissions or not acute Covid-19 disease: it is necessary to know how the NHS is recording these patients to know whether its data is distorting modelling work”* [RS/099/INQ000120526]. In a CO Social Distancing Review summary document dated 14 April 2020, there was a recommendation for no changes to social distancing measures *“given SAGE’s advice on the rate of transmission”* [RS/034/INQ000232115].
96. There was also an issue around the lack of granular monitoring and analysis of the R rate (i.e. the average number of secondary infections produced by a single infected person). Rates of nosocomial infection (infections contracted in hospital settings) were of interest, as a high nosocomial rate and a low rate of infection in the community may have enabled us to start safely pursuing policies to open the economy and society, whilst focusing NPI efforts on reducing transmission within healthcare settings. In May 2020, a SAGE member recognised that bringing down R in all areas had a *“huge economic cost”*, but *“sorting out R in hospitals and care homes should be possible at much lower economic cost”* [RS/100/INQ000232187].
97. On reflection, I am not sure whether this aspect was as rigorously understood, emphasised, or explored as much as it might have been.
98. In their meeting on 14 April 2020 SAGE attached an *“80-90 per cent probability”* to the fact that the *“level of R [was] less than 1 in community”* in a meeting where there was *“debate about difference in rate of transmission in different environments, in particular difference between spread in 1) community, 2) hospitals (nosocomial infections) and 3) care homes/care outside hospital”* [RS/101/INQ000120505]. The readout for this meeting also notes that *“SAGE [are] in general agreement there seems to be a problem with people getting infected in hospital and other care situations – possible R higher than 1 in these setting, but so far lacks data to support”*. SAGE noted in their meeting that *“there is significant transmission in hospitals”* and *“nosocomial cases are*

therefore making up an increasing proportion of overall cases” [RS/101/INQ000120505].

99. A SPI-M consensus view paper, dated 13 April 2020, which was shared with me ahead of a Quad meeting on 15 April 2020, confirmed there was evidence suggesting that there were quite different levels of transmissions between the community, hospitals and social care settings [RS/102/INQ000109278]. In this paper reference was made to a nosocomial infection accounting for between 10% to 22% of current hospitalised Covid-19 patients. SAGE advice in relation to a social distancing review noted that there was “*significant transmission within hospitals*” and the R rate in the community could “*plausibly be any value between 0.5 and 1*” [RS/103/INQ000109278]. As time went on, data showed the proportion of cases originating from hospitals rose from 30% on 1 May 2020, to 80% on 1 June 2020 [RS/104/INQ000232150]. It was commented at the SAGE meeting of 18 June 2020 that “*together nosocomial and care home cases [were] becoming an even higher proportion of overall cases and a significant driver of R overall*”. With the understanding that there were higher proportions of infections in nosocomial settings the R rate was shifted up to reflect an overall increase in infections [RS/097/INQ000088057].

100. A briefing I received from HMT officials ahead of a Covid(S) meeting on 19 June 2020 highlighted the risks of nosocomial transmission, noting that healthcare workers were 5.6 times more likely to be infected than the rest of the public [RS/105/INQ000088067].

101. Having access to accurate nosocomial rates was important as it would clearly be preferable not to “*impose huge additional economic cost if the source of the problem is in hospital and care homes*” [RS/105/INQ000088067]. After the event, it was confirmed in October 2020 that “*PHE analysis of [the] first wave suggest[ed] 20-25% of infections in hospital were nosocomial*” [RS/106/INQ000232151]. Had the high proportion of nosocomial infection been better understood at the time, our policy development might have had a lesser economic and social impact.

102. With the ongoing increase in evidence and advances in understanding over time, the advice given by SAGE could understandably change. By way of illustration:

- a. Closing schools was initially considered an important intervention (after some debate and deliberation), however over time this advice evolved. On 18 March 2020 it was raised by the CSA at the COBR Committee that closing schools

had *“an important role in helping to ensure that ICU demand was not exceeded”* [RS/107/INQ000056211]. Later in the summer, the CMO and Devolved CMOs released a press statement stating that *“schools are much less important in the transmission of Covid-19 than for influenza or some other respiratory infections”* [RS/108/INQ000070460]. They noted that the *“lack of schooling increases inequalities, reduces the life chances of children and can exacerbate physical and mental health issues”* and that children *“definitely have a much lower rate of hospitalisation and severe diseases and an exceptionally low risk of dying from Covid19”*.

- b. The advisability from scientists to wear facemasks was subject to change both domestically and internationally. At a Covid(S) meeting on 9 April 2020, I asked *“on the global conversation on wearing facemasks in public, what was the scientific view”*? The CMO responded by saying *“that this was on the agenda for SAGE [...] and that the WHO had said that face masks don’t work”* [RS/109/INQ000088626]. Later that day, SAGE considered this at a meeting and I was informed that their *“position remains the same – data reviews of the community are negative or inconclusive”* [RS/110/INQ000232160]. In late April 2020, the CSA said at a Cabinet meeting that SAGE’s *“latest view was that the evidence of a protective effect from the use of face masks outside a clinical setting remained weak”* [RS/111/INQ000089067]. Behavioural evidence that pointed to some benefits of mask wearing related to *“very specific contexts”* which limited generalizability [RS/112/INQ000236970].
- c. In January 2021, SAGE released research which noted that face coverings were *“important mitigation strategies to reduce community transmission”* of Covid-19 and stated that *“face coverings can be effective in reducing transmission in public and community settings”* and that *“it is recommended that public advice on wearing of fabric face coverings should be strengthened”* [RS/113/INQ000074962].
- d. The WHO had changed its own guidance on wearing face masks in June 2020 [RS/114/INQ000087439] [RS/115/INQ000229307].
- e. At a COBR meeting on 18 March 2020 in relation to proposed NPIs, the CSA commented that the closure of non-essential retail *“could be considered”* and indeed it was finally recommended and implemented as part of the first

lockdown [RS/107/INQ000056211]. However, by September 2020, SAGE classed proposed closure to non-essential retail as having a “*low impact*” on transmission rates with “*very minimal impact on R values*”. Conversely it was noted that there would be “*high direct impacts resulting from loss of income from staff, and low psychological impact through reduced social contact for customers*” which previously had received little attention [RS/116/INQ000070907].

103. I believe that SAGE advice was valuable and important, but the significant status and prominence attached to it did have, in my view, an unfortunate consequence, which was that less consideration was given to other factors outside of their focus, despite the serious impacts that we would see in a number of areas of society, including non-Covid-19 related health outcomes.

104. This is not itself a criticism of SAGE which acknowledged its narrow and specific focus. Both the CMO and CSA recognised that the medical and scientific advice that they were presenting did not cover all of the considerations that Government needed to take into account. Thus, for example, the CMO said during a televised briefing on 21 September 2020 that “*Ministers making decisions, and all of society, have to walk this very difficult balance. If we do too little this virus will go out of control... If we go too far the other way then we can cause damage to the economy which can feed through to unemployment, to poverty, to deprivation all of which have long term health effects*” [RS/117/INQ000137282].

105. The CSA further commented at a Cabinet meeting on 24 March 2020, that “*whilst the focus was on keeping the rate of the spread of the virus down, once that had been achieved there would be difficult Cabinet decisions on trade offs between different poor health outcomes*” [RS/118/INQ000056136].

106. During a SAGE call on 7 April 2020 when discussing exit strategies from the initial lockdown, the CMO made the point that there were “*multiple ways this will impact lives, mortality and morbidity. Indirect effects on health service and deprived people becoming more deprived. While a longer and slower path is better for Covid-19 outcomes, a shorter and sharper path [is] likely better for other*” [RS/119/INQ000232074].

107. Similarly, the CSA said at a televised briefing on 30 September 2020 that “*the decisions that need to be made are clearly very difficult, none of them are risk free, they all come*

with some cost, and that's human costs in some form or another. Science can provide advice on the situation. Ministers need to make decisions as to when and how to act" [RS/120/INQ000260611].

108. An early SAGE meeting acknowledged that the social distancing measures proposed *"come with unintended consequences, particularly for vulnerable or disadvantaged groups (ie. loneliness, mental health, accidents at home for over 65s)"* that could arise [RS/121/INQ000232156].

109. Another early SAGE meeting acknowledged that *"Given the clear links between poverty and long-term ill health, health impacts associated with the economic consequences of interventions also need to be investigated"* [RS/122/INQ000052717].

110. An epidemiologist who advised the Government during the Pandemic recently commented that decision-making appeared to become skewed over the course of time. He noted that *"no cost-benefit [was] done on the use of restrictions which we would with other policy decisions"* and limited consideration was given to the other side of the *"trade off"* [RS/123/INQ000236893].

111. Some examples of less acknowledged impacts (outside of SAGE's remit or focus) include the following:

a. **The impact on the Criminal Justice system of Courts being closed:** The courts and criminal justice system have been impacted, with capacity limitations introduced by social distancing and court closures leading to a 48% percentage increase in the Crown Court backlog between 31 March 2020 and 30 June 2021. At the end of 2022, the Crown Court backlog stood at 62,440 [RS/124/INQ000236901] compared to pre-Pandemic levels of 41,045 on 31 March 2020 [RS/125/INQ000236954].

b. **The impact on NHS backlogs:** Non Covid-19 related health procedures and appointments were deeply disrupted as hospitals and medical staff moved their attention to the Covid-19 response. The waiting list for elective care grew from 4.4 million in February 2020 to 7.0 million in August 2022 [RS/126/INQ000236921]. More than 650,000 people with cancer in the UK have experienced disruption to their cancer treatment or care because of Covid-19 [RS/127/INQ000236976]. Further diagnosis numbers dropped

significantly, for example with 60,000 fewer cases of diabetes diagnosed between March 2020 and December 2021 compared to the 2019 average [RS/128/INQ000220206].

- c. **The impact on mental health:** The impacts of the Pandemic remain to this day, with the delays in treatment to children and young people suffering from eating disorders yet to recover to pre-Pandemic levels [RS/128/INQ000220206]. Mental health issues were unsurprisingly prominent in all sections of society with rates of depression soaring in adults from around 10% in pre-Pandemic times, to around 17% in summer of 2021 [RS/129/INQ000236880]. Older adults too were affected, with analysis of data from the English Longitudinal Study of Aging finding “*that the prevalence of clinically significant depressive symptoms increased from 12.5% pre-pandemic [...] to 28.5% in November to December*” in adults aged over 52 [RS/130/INQ000236975].
- d. **The impact of education and the attainment gap:** Education as a whole suffered huge disruption, with disadvantaged children being affected disproportionately. Most evidence shows that by summer 2021, students had not recovered from the learning they had missed during 2020 and 2021 in both maths and reading [RS/131/INQ000236977]. Disadvantaged children were worst affected with the gap in attainment between children eligible for free school meals and their peers for primary maths having widened since the onset of the Pandemic by between 4-17% [RS/132/INQ000236895].
- e. **Economic:** Obviously there were very severe immediate and longer-term impacts on the economy. These included, but were not limited to job losses, lower incomes, business failures, economic scarring, higher public borrowing and debt levels, and a higher tax burden. These are covered in more detail in later sections of this statement.

112. These wide-ranging effects of the Pandemic were acknowledged by the Government in the Covid-19 Recovery Strategy paper of May 2020, where it was noted that harms to “*people’s wellbeing, livelihoods, and wider health*” must be minimised going forward [RS/044/INQ000198892].

113. The above is not highlighted as a criticism of SAGE but rather a reflection (and a generalisation) on how SAGE advice came to be perceived within the Government and

more widely. As explained below, I did seek to present to the PM and colleagues the need to look at the vast range of wider impacts that resulted from the interventions that were being implemented.

International comparisons

114. It was clearly important to look at international comparisons in order to best develop the UK's response to the Pandemic. My briefings from HMT officials often included international data and analysis. We consistently did international benchmarking in HMT on NPIs and support schemes. It is an area of analysis I considered at the time, and continue to consider in my current role, helpful in developing policy and approach.
115. I regularly spoke to foreign Finance Ministers from around the world to widen our pool of experience and data to draw from, including for example, a call with the South Korean Minister of Economy & Finance, Hong Nam-ki on 8 April 2020 and a call with the Japanese Minister of Finance, Taro Aso, on 5 June 2020. I was also regularly in contact with the German, Irish and French Finance Ministers, as well as others, where we compared approaches, for example in relation to loan guarantee programmes and support schemes.
116. Collecting data and learning about the policies that different Finance Ministers were pursuing helped to inform my assessment of the best approach to take. For example, and as explained further below at paragraph 249, when I wrote to the PM in June 2020 concerning the possible change from the 2 metre social distancing rule to 1 metre, I referred him to data from Germany where there was a 1.5 metre rule in some states and a 2 metre rule in others, but no difference in infection rates.
117. In addition, seeking international data provided an informed background as to where we sat comparatively in relation to other countries, as this needed to be done carefully. There was media spotlight on the fact that the UK's headline incidence or mortality rate was high, but this required more detailed scrutiny. On further analysis "*our estimates of incidence [were] potentially higher than other countries (at least in part) because we [were] testing more and undertaking large scale randomised community surveys*". On 1 June, for example, we tested 128,000, compared with Germany, Spain, and France, who each carried out between 40-49,000 tests per day. Italy carried out only 31,000 [RS/133/INQ000232174].

118.Higher rates of testing naturally resulted in higher numbers of positive cases being identified. Similarly, looking at the rates of daily deaths per million (as calculated on a 3-day rolling average) rather than deaths alone, showed relative to population size, a greater mortality of death in Italy (9.31), Belgium (9.24) and Spain (6.84) compared to in the UK (3.57) [RS/134/INQ000232161].

119.At a Government-wide level, the International Comparators Joint Unit (“**ICJU**”) was established in April 2020 as a joint team between FCDO and the CO to collect international data and to provide analysis of different countries’ responses to the crisis. I assume that HMT officials would have worked with the officials at ICJU, but do not have any direct knowledge of that.

D) INITIAL UNDERSTANDING AND RESPONSE: JANUARY TO MARCH 2020 – THE FIRST LOCKDOWN

120. I set out below details of the relevant meetings I attended and the advice I received. In general terms, I would say that the period was one in which the Government's response was led by DHSC and that, as SoS for DHSC told the Cabinet on 6 February 2020, it was "*medic-led*" [RS/135/INQ000056137]. My broad recollection is that as advice and recommendations were received from the CMO, CSA and SAGE, they were acted on without significant disagreement or delay.

121. My recollection is that there was particular emphasis from the advisers about *timing* the implementation of measures correctly (i.e not going too early). I also recall a lack of certainty in the advice as to whether school closures were absolutely necessary given the balancing considerations (indeed they were described as "*less important*" than other measures), and if so, when the right time to implement school closures might be.

122. In mid to late March it became clear that adherence to the nationwide social distancing advice was not high enough on the basis that 75% compliance was needed to sufficiently control the R rate. This ultimately led to formal closures and lockdown.

1 January 2020 to 12 February 2020

123. As explained above, during this period I was CST. During this time I attended meetings of COBR (5 February 2020) and Cabinet (31 January 2020 and 6 February 2020) at which Covid-19 was discussed.

124. Although I cannot recall whether I knew this at the time, I am now aware that there was a COBR meeting on 24 January 2020. I understand that searches at HMT have not found any record of the CO having invited HMT to attend this meeting. There was a further COBR meeting on 29 January 2020 which was attended by a senior HMT official.

125. At the Cabinet meeting on 31 January 2020, the SoS for DHSC provided an update. He advised that "*two cases of coronavirus had been confirmed in the UK. 177 potential*

cases had tested negative. It was a very serious problem in China where there were 9,700 cases and where there had been 213 fatalities. The rate of spread was similar to that of SARS disease, with one person typically infecting two and half to three people, but the mortality rate, at two per cent, was much lower". He went on to say "If China succeeded in containing the virus, there would not be a problem, but if China did not grip the situation it could become global. That would be very serious, including for the UK" [RS/136/INQ000089934].

126. At the COBR meeting on 5 February 2020, and after an update from the CMO on the current situation, in which he advised that the fatality rate estimate remained at 2-3% and presented options for limiting transmission, the Director of the Civil Contingencies Secretariat ("**CCS**") set out the priorities in relation to the planning assumptions for the RWCS and an action point arising from the meeting was for all departments to "*rapidly advance planning for the [RWCS], centrally co-ordinated by the [CCS]*" [RS/137/INQ000056215].

127. At the Cabinet meeting on 6 February 2020 the SoS for DHSC provided a further update. He said that the "*spread of the virus was clearly very serious*". He went on to say that "*the approach to tackling the virus in the UK to date had been medic-led... and that the central point to make was that the Government had a plan to deal with this illness, and this was guided by science*" [RS/135/INQ000056137].

128. Initially, SAGE believed that there was "*limited evidence of asymptomatic transmission*" [RS/138/INQ000203627]. As time progressed, it was understood that Covid-19 was spreading through people who did not have display symptoms and decisions around who should isolate, were made on this basis [RS/139/INQ000088881]. SAGE advice in late October 2020 suggested that asymptomatic individuals may account for a large proportion of cases [RS/140/INQ000252710]. As a result of these developments, a huge amount of time and money was dedicated to monitoring this through testing. This falls outside the remit of this statement and will be dealt with in a later Module.

13 February 2020 to 23 March 2020

129. As explained above, I was appointed Chancellor on 13 February 2020 and I attended a Cabinet meeting the following day. In the CCS 'Sit Rep' briefing for the meeting it was recorded that SAGE "*agreed that [the Government] should continue to plan using pan-flu assumptions*" as a basis for RWCS plans [RS/141/INQ000232121]. At the meeting itself the CMO confirmed that if the virus became widespread in the UK "*there*

were plans in place that could slow down its spread” and that “the plans already in place to tackle an influenza epidemic would be needed” [RS/142/INQ000056138].

130. Also on 14 February 2020, I received advice from HMT officials on the estimated impact of Covid-19 on the UK economy under a RWCS. It was estimated that *“using an agreed set of cross-Whitehall set of assumptions for a RWCS based on a pandemic flu outbreak and given what’s known about coronavirus, our analysis suggests the level of GDP could be between 0.6% and 1.3% lower by 2021 compared to the current expectations”*. The estimate was *“highly uncertain”*. The submission recorded that as of 14 February *“there were over 64,000 confirmed cases of coronavirus worldwide and almost 1,400 deaths. In the UK there are 9 confirmed cases and no deaths”* [RS/143/INQ000088045].

131. On 2 March 2020 I attended a COBR meeting. At the meeting the CMO provided a situation update that *“...contact tracing for the source of infection for the last two cases in the UK had not been successful and that in both France and Germany there was now sustained community transmission. That the aim for the DELAY phase, if CONTAIN failed, was to delay the peak of infections, to reduce the peak, to minimise loss of life”*. The CMO also said *“that interventions to delay the spread of the virus must not be implemented too early in order to ensure maximum effectiveness”*. It was also noted that SAGE was looking at measures for social distancing and that advice would be ready in a few days. I was asked to present to the COBR Committee on what the impact to the economy could be. I said that *“in a [RWCS], GDP could retract by 1.6 percent (forecasts with no COVID-19 modelling showed GDP growing by 1 per cent)”* [RS/144/INQ000056217].

132. At that meeting it was decided that the ‘Coronavirus: Action Plan’ should be published on 3 March 2020 (subject to final agreement by Government scientific community) and that preparation for the ‘Covid-19 Bill’ should proceed. In the papers I received for the meeting there was a DHSC note titled “Covid-19 emergency legislation” which stated that the purpose of the Bill would be to *“slow down the spread of the virus, to ‘flatten the curve’ and prevent a high number of infections occurring simultaneously”* and to *“manage/mitigate the impact of the virus on wider society”*. The DHSC note explained that the Bill was *“built on the considerable work done on legislative requirements for the ‘Pandemic Influenza Bill”* and that the broad themes to be included were:

- a. *“Measures to enhance capacity and enable flexibility in deploying staff, particularly in health and social care”*;
- b. *“Measures to ease legislative and regulatory burdens”*;
- c. *“Measures to help contain/slow the spread of the virus”*; and
- d. *“Measures to manage the deceased”* [RS/145/INQ000056156].

133. The meeting papers also included a CCS briefing that recorded that advice was currently being finalised by SAGE *“on mitigations that could be employed to reduce and/or slow the spread of the disease in the UK”* and that SAGE *“will advise on the epidemiological and behavioural science impacts and gains of different approaches”* [RS/146/INQ000056224].

134. I attended a Cabinet meeting on 3 March 2020. The SoS for DHSC reported that *“the scientific advice was that a global pandemic could be averted but that was increasingly unlikely”*. The PM said that *“the UK was still in the ‘contain’ phase. If the situation worsened measures set out in the plan would be taken as necessary...”* [RS/147/INQ000056139].

135. On 3 March 2020, DHSC published the ‘Coronavirus Action Plan’ [RS/018/INQ000049494]. In it DHSC said that it was *“the lead UK Government Department with responsibility for responding to the risk posed by a future pandemic”* and gave details of what had been done to date and what it was planning to do next. I do not recall being particularly involved in the drafting of this document. HMT officials, on reviewing contemporaneous email chains, have advised me that the drafting looks to have been done at pace at an official level. DHSC circulated drafts for comment between 27 February 2020 and 2 March 2020 and HMT’s involvement was relatively minimal.

136. At the press conference that day, the CSA explained why it was important to time interventions optimally and not to go *“too early”*. The CMO explained that when it came to school closures there was *“difficult balancing acts to consider”* and *“no evidence at the moment that children are particularly badly affected”* [RS/148/INQ000260612].

137. On 5 March 2020, I attended a meeting with the PM and the Governor of the Bank of England. This was in the context of the run up to the Budget that I was due to present on 11 March 2020. In preparation for that meeting, I met with HMT officials on 4 March 2020 where I was given a SAGE/scientific update. As recorded in a readout of the ‘pre’

meeting on 4 March 2020, I asked officials to “*check with SAGE that 14 days is 100% their and [PHE’s] central advice; this will inform SSP [(“Statutory Sick Pay”)] and other decisions around how long to provide [the Government] support for*” [RS/149/INQ000232147]. During the preparation for this meeting I had also made it clear that I was aware of the risk of abuse of various options for support that were being considered but that I was of the view “*that inaction is the greater risk*”.

138. On 8 March 2020 I had a call with the CMO and CSA. As recorded in the readout of the call, they set out the RWCS and the Central Scenario. On timing, it was said that “*without intervention, the peak will hit 8-10 weeks from today*” and that it was reasonable to expect there would be a second peak and, if there was “*the second peak would be expected to hit in the autumn, when normal respiratory illness season begins. This would likely hit either end of October/November/December*”. In relation to NPIs, it was said that the “*first step will be to recommend all with symptoms to self-isolate – this will need to be announced soonest but best done in a week, when we are out of normal respiratory illness season. Whole household and isolation of elderly/with symptoms can wait*” [RS/089/INQ000088047].

139. On 9 March 2020 I attended a COBR meeting. As set out in the Cabinet Secretariat briefing, the purpose of the meeting was for Ministers to consider three options for NPIs that DHSC had recommended in light of SAGE consideration of interventions for the delay phase. The briefing recorded that SAGE had considered options against the objectives:

- “1. Contain the outbreak so that it does not become an epidemic (this is now unlikely to become achievable);
2. Delaying the peak so it occurs when the NHS in each nation is out of Winter pressures;
3. Reducing the size of and/or extending (“flattening”) the peak so that the response by the NHS and other sectors can be maintained more sustainably;
4. Reducing the total number of deaths by limiting the number of cases in vulnerable groups”.

140. The specific options presented to Ministers were any one or a combination of:

- “1) home isolation of symptomatic cases
- 2) whole household isolation

3) *social distancing of the elderly and vulnerable*" [RS/150/INQ000232114].

141. Three other interventions were considered by SAGE but were either "Not recommended" ("*Stopping large events*"), or recommended as "*Maybe appropriate at a later stage*" ("*Closing schools*" and "*Social distancing for all*") [RS/150/INQ000232114].

142. At the meeting the CMO said that the UK was "*quite near the bottom of the upward scale of the peak*" and that "*the timing of the implementation of the measures was crucial. These measures would possibly be in place for months and public compliance or despondence was heavily dependent on timing*". He went on to say that the "*measures outlined were about changing the shape of the virus curve, as opposed to suppressing it*". The CSA said "*that there were two aims of intervention measures: reducing the peak of the virus to enable the NHS to cope with demand and to reduce the mortality rate*" [RS/151/INQ000056219].

143. The relevant action point from the meeting was for "*SAGE to set out thresholds for triggering each of the three interventions*". Although I do not now recall exactly what I said at the meeting, my speaking note records as "*Key messages*" that when considering the interventions "*we should be led by the clinical advice*" and that I should support "*the implementation of home and whole household isolation measures by the end of this week as recommended by SAGE as the most effective response*". I was also advised to "*agree that we should continue to develop the option of social distancing*". It further records as a speaking point to "*support the recommendation of the [CMO] and [CSA], including on timing for implementation*". The speaking note provides that "*The [CMO] and [CSA] recommend -implementing (in order): self-isolation of symptomatic cases for 7 days, isolation of whole households for 14 days, isolation/social distancing of the elderly and those with pre-existing conditions*", and that "*implementing all three measures at the right time in the outbreak has -the greatest impact: 50-70% reduction in peak hospital bed demand; 35-50% reduction in deaths*" [RS/152/INQ000232067].

144. On a SAGE call on 10 March 2020, there was some discussion about whether Ministers had fully digested how severe the situation was. The "*CMO expressed confidence on this*" [RS/153/INQ000232167].

145. On 11 March 2020 I attended a Cabinet meeting, at which the SoS for DHSC gave an update and reported, in relation to testing that *“Unless individuals were symptomatic there was no point in being tested. The key symptoms were a dry cough and a temperature. Without these symptoms, it was highly unlikely that someone was suffering from coronavirus”*. In discussion at the meeting the point was made that the *“...consensus was that transmissibility was low before individuals became symptomatic”* [RS/154/INQ000056132].

146. At the same meeting I outlined the measures that would be contained in the Budget that I was to present later that day. I understand that the Inquiry will be considering the Covid-19 related measures included in that Budget in a separate Module, but in summary those measures were to support public services, people and businesses:

- a. £5 billion response fund to ensure the NHS and other public services had the resources they needed with the size of the fund to be reviewed as the situation developed
- b. Funding for the National Institute of Health Research to enable rapid research into the disease
- c. A broadening of the eligibility criteria for SSP (in addition to it being payable from the first day of sickness absence rather than fourth day)
- d. Support for those not eligible for SSP (e.g. through Employment and Support Allowance)
- e. £500 million Hardship Fund to local authorities to support vulnerable households
- f. SSP Rebate Scheme for small and medium sized businesses to compensate them for SSP costs
- g. 100% Business Rates Relief for businesses in the retail, hospitality and leisure sectors and an increase in the discount for Pubs
- h. Grant scheme for small businesses who paid no business rates
- i. Coronavirus Business Interruption Loan Scheme
- j. Time to Pay (an HMRC payment flexibility scheme for tax payers)

In sum the measures were scored to cost around £12 billion [RS/155/INQ000088015].

147. I attended a COBR meeting on 12 March 2020. Whilst I am not recorded as attending and I do not specifically recall this meeting, I am advised that I did attend and that the minutes are erroneous [RS/156/INQ000232140]. HMT officials prepared a briefing for this meeting which set out the case for supporting 7-day isolation over 14-day isolation

on the basis that, according to DHSC/SAGE analysis, 7-day isolation would offer very little difference in terms of health outcomes and would almost halve the impact to GDP and number of workdays lost [RS/157/INQ000184563]. The Commonly Recognised Information Picture (“**CRIP**”) for this meeting outlines SAGE advice for 7-day individual isolation to be implemented “*no later than 20 March*” and for further interventions to follow “*no later than circa 27 March – 10 April*” [RS/032/INQ000056209].

148. At the COBR meeting, the CSA explained that the objective was “*not to completely suppress the spread of the disease [as] not only was this not possible, but it would likely lead to a larger second peak later in the year when the NHS may be under increased pressure. Instead, Government interventions should seek to change the shape of the epicurve, ideally delaying the peak until summer when transmission may be lower*”. The timing of interventions was discussed and it was noted that there was a “*risk of starting too early in the epicurve, with people's resilience subsequently flagging during the peak weeks when it is most important for them to isolate*” [RS/158/INQ000056221].

149. Later the same day, the PM announced that those with coronavirus symptoms should self-isolate for 7 days. At this press conference it was also signalled that regarding school closures, the “*scientific advice is that this could do more harm than good at this time*” and that the scientific advice was that banning of mass gatherings would “*have little effect on the spread [of the virus]*”, but that it was likely household isolation would need to be introduced soon [RS/159/INQ000086751] [RS/160/INQ000260613].

150. On 13 March 2020, I understand SAGE concluded that “*the science suggests that household isolation and social distancing of the elderly and vulnerable should be implemented soon*” and that “*SAGE is considering further social distancing interventions – that may best be applied intermittently, nationally or regionally, and potentially more than once – to reduce demand below NHS capacity to respond. The modelling sub-group is discussing potential interventions on Monday 16th [March 2020], for review by SAGE on Tuesday 17th [March 2020]*” [RS/161/INQ000109142].

151. On 14 March 2020 HMT officials received from officials at No. 10 a readout of a meeting between the PM, SoS for DHSC, CDL, CSO and CSA, in which it was recorded that “*the right time to implement measures in our plan might be sooner than previously envisaged given the latest analysis*” and that the “*PM would communicate to Cabinet that coronavirus was the most pressing issue for the country*”

[RS/162/INQ000061676]. This supports my recollection that during this time DHSC and medical/scientific advisors were leading the response and provision of advice to the PM.

152. On 16 March 2020 I attended a COBR meeting. As set out in the CRIP briefing, the purpose was to agree to announce a further package of measure that day. The advice in the briefing was that *“these measures implement the next stages of the plan to delay and flatten the peak and protect those at greater risk of serious illness. These come with a number of significant economic and social impacts, but clinical advice is that they should be rolled out now”* [RS/163/INQ000056184].

153. At a SAGE meeting the same day, they concluded that *“on the basis of accumulating data, including on NHS critical care capacity, the advice from SAGE has changed regarding the speed of implementation of additional interventions”* [RS/164/INQ000075664]. My recollection is that around this same time, new modelling had emerged which suggested the appropriate course of action was a series of measures like those in the COBR meeting papers. The research paper published on the 16 March 2020 from Imperial notes that *“this conclusion has only been reached in the last few days”* [RS/165/INQ000049647]. SAGE also stated that they would review at their next meeting whether *“school closures may also be required to prevent NHS capacity being exceeded”*.

154. The measures proposed in the CRIP briefing paper were consistent with previous advice (paragraphs 139 to 141 above):

- “1. Full Household stay at home: when any member of a household is symptomatic, the whole household should stay at home for 14 days;*
- 2. Social distancing: Advice to the whole population – to reduce social contact where they can through ‘soft’ social distancing – e.g. encouraging home working, advising against social mixing, not going into crowded areas when unnecessary and Advice to specific groups – for those in a more vulnerable category the advice is to follow this social distancing guidance more rigorously: (i) 70+ (regardless of medical conditions); (ii) under 70 with defined long-term medical conditions; (iii) pregnant women;*
- 3. Shielding the most vulnerable: within the next week we will move to shield the most vulnerable (c. 1.4 million individuals). A full support package will be*

announced for England. Individuals in this category will be contacted by their GP practice.

4. Large gatherings: in light of the above measures, advice that large gatherings should not go ahead, and that public and emergency service cover would not be provided to any large events. This would be advice rather than a ban”.

155. Although I do not recall what I said at the COBR meeting, my speaking note records an intention to support the measures, and provides that *“this is a health crisis – first and foremost, we need to think about protecting health and supporting health services, and we clearly need to be guided by the medical advice”* [RS/005/INQ000088105]. During the discussion at the meeting I raised the potential economic impact of the measures and the PM *“responded by noting that the current priority was saving lives by flattening the curve but work would take place to consider economic impacts”* [RS/166/INQ000056210]. It was agreed at the meeting that the package of measures should be implemented and announced. The PM announced these measures on 16 March including saying that people should *“avoid pubs, clubs, theatres and other such social venues”* [RS/167/INQ000088031].

156. Around the same time, I was focussed on developing a number of major, unprecedented, economic interventions to support businesses in the wake of the Pandemic. On 17 March 2020 I announced £330 billion of loans and guarantees to support firms during the Pandemic and on 20 March 2020 I announced the introduction of the furlough scheme (also known as the Coronavirus Job Retention Scheme) [RS/168/INQ000236875] [RS/169/INQ000065324].

157. On 18 March 2020 I attended a COBR meeting. The CRIP briefing said that at the meeting *“SAGE will provide a verbal update on the epidemiological and behavioural impacts of closing schools. At today’s SAGE meeting (18/03) SAGE will review advice on the effectiveness of school closures in reducing and delaying the peak of the epidemic seen alongside existing interventions... SAGE will also discuss whether there are any further behavioural science insights on how to enhance public compliance with school closures”* [RS/170/INQ000056187].

158. At the meeting the CSA said *“without further interventions they expected **London** was approximately 2-3 weeks away from Intensive Care Units being full with COVID-19 patients”* [RS/107/INQ000056211]. London was considered to be 1-2 weeks ahead of

the rest of the country but SAGE had concluded that *“the social distancing measures have only recently been implemented. Their effect depends on compliance levels, for which there are currently insufficient data”*. The CSA set out, based on SAGE research, potential options for London included *“in order of the most to least effective, the following measures could be considered: closure of schools and colleges, closure of leisure facilities, closure of indoor workplaces and closure of non-essential retail”*. SAGE had concluded that *“transport measures such as restricting public transport, taxis and private hire facilities would have minimal impact on reducing transmission in London”* [RS/171/INQ000075778].

159. The SAGE meeting on the same day advised *“that available evidence now supports implementing school closures on a national level as soon as practicable to prevent NHS intensive care capacity being exceeded”* [RS/172/INQ000075778]. At the COBR meeting on 18 March 2020, the CSA highlighted *“that school closures could potentially reduce COVID-19 cases by 10-15 per cent – and [reduce infection rate] below the threshold for breaching ICU capacity”*. The SAGE meeting also concluded that *“the measures already announced should have a significant effect, provided compliance rates are good and in line with the assumptions”* [RS/172/INQ000075778].

160. The COBR meeting agreed the proposal to close schools on 20 March 2020 for Easter.

161. On 19 March 2020, at a morning meeting with the PM, the CMO indicated that, in his view at that time, the measures then in place should be sufficient to reduce the level of transmission. The readout of this meeting provides that *“the CMO was strong on the fact that measures already introduced + school closures should – with 75%+ levels of compliance – reduce the levels of transmission so that r falls below 1”* [RS/173/INQ000232070].

162. Following a 915 meeting with the PM on 20 March 2020, DHSC *“working with CDL, CMO, CSA and all departments”* was tasked *“to articulate a three month battle plan to tackle the virus, to be scrutinised by the Health Ministerial Implementation Group ahead of being put to the PM strategy meeting Sunday 22 March”* [RS/003/INQ000056065]. This supports my recollection that during this time DHSC and medical/scientific advisors were leading the response and provision of advice to the PM.

163. On 20 March 2020 at the PM'S 915 meeting, the Cabinet Secretariat was directed *“to prepare to convene COBR should the [PM's] decision be to ask any business to close*

- down, and to consider whether to invite the Devolved Administrations and/or the Mayor of London, depending on the geographical extent” [RS/003/INQ000056065].*
164. My recollection is that there were concerns that compliance with the social distancing guidance to avoid social mixing was not sufficient and therefore consideration should be given to going further to close relevant venues.
165. Also on 20 March 2020, at a COBR meeting attended by the Financial Secretary to the Treasury (“FST”), it was agreed to implement further social distancing measures by requiring leisure businesses and cultural facilities to close, based on the epidemiological view of what further measures would have the greatest impact. This included closing pubs and restaurants for the on-site consumption of food (takeaway services would still be permitted). The paper provided to COBR noted the risks to employment posed by the introduction of these restrictions, especially to low-paid workers in the hospitality sector and recommended that measures should be accompanied by a package of economic support [RS/174/INQ000106263].
166. I did not attend this meeting as I was working at pace on the furlough scheme which was to be announced the same day.
167. On the 20 March 2020, the PM announced these further restrictions including the closure of cafes, pubs, bars, restaurants, nightclubs, theatres, cinemas, gyms and leisure centres [RS/175/INQ000088033]. When asked what had changed since the previous advice, the PM explained that the Government was now “*enforcing*” the existing advice that had been set out previously. He noted that whilst there had been big reductions in people mixing, it had become “*clear*” that to drive compliance to 75% as was required by the science, the Government now needed to “*make clear*” it would enforce the measures [RS/176/INQ000260614].
168. The SAGE meeting on 23 March 2020 noted that the “*UK case accumulation to date suggests a higher reproduction number than previously anticipated*” and that “*social distancing behaviours have been adopted by many but there is uncertainty whether they are being observed at the level required to bring the epidemic within NHS capacity*” [RS/122/INQ000052717].
169. Later that day on 23 March 2020, I attended a COBR meeting. I set out that “*closing non-essential retail and other premises would have very significant GDP, employment,*

and fiscal effects, including a significantly higher use of the furloughed worker scheme announced by [me the previous] Friday. There are c. 2 million non-food retail employees in the UK" [RS/177/INQ000088104].

170. As recorded in the minutes of the COBR meeting, the PM opened the meeting by saying that *"the level of social distancing needed to increase and that further action needed to be taken as it did not seem like there were high levels of compliance"*. The Cabinet Secretariat, Jess Glover, explained that the *"recommendations for further additional measures were to ensure spread did not continue"*. The measures under consideration were:

- (i) *"to tell all citizens to 'stay at home' except for the following four reasons: shopping for basic necessities no more than once a day, one form of exercise per day (run, walk, cycle – alone or with your household), medical needs, or to provide car or help to a vulnerable person, and travelling to or from work, where this cannot be done from home";*
- (ii) *"for the government to request the closure of all non-essential retail, including clothing and electronic stores. Also other premises including libraries, communal places within parks (playgrounds) and places of worship";*
- (iii) *"the ban of all gatherings of more than two people in public";* and
- (iv) *"the ban of all social events, including weddings, baptisms and other ceremonies but excluding funerals".*

171. I do not precisely recall what I specifically said at this meeting but as recorded in the minutes *"the recommendations were strongly supported and the sooner the better for their implementation"*. In summing up on this the PM said that *"the measures were not to stop all work, there was work in government and other offices that must be maintained. That there was a balance that must be struck. There would be huge economic impact if all work was halted"* [RS/178/INQ000056213].

172. On 23 March the PM announced the first national lockdown.

E) DECISIONS RELATING TO NON-PHARMACEUTICAL INTERVENTIONS

Economic and fiscal context

173. As explained above, the ultimate decision maker for imposing and lifting NPIs was the PM. As Chancellor, my primary role was to ensure that the economic and fiscal impacts of policies were explained to the PM and other Cabinet colleagues.
174. As well as doing that through all of the decision-making structures referred to above, I attended the PM's weekly and then monthly Economy Dashboard meetings.
175. Therefore, I hope it will assist the Inquiry if I provide a broad overview of the fiscal and economic context which provided the backdrop to all the policy making discussions on NPIs referred to in the questions posed to me by the Inquiry. Similar considerations remained throughout the Pandemic, and in any conversations or meetings about NPIs it is likely that I raised these topics.

The Gilt Market

176. Government expenditure is primarily financed through wholesale financing operations which involve the sale of fixed income securities – conventional gilts, index linked gilts and t-bills – to investors. The operations are conducted by the Debt Management Office (“DMO”). The sale of gilts is fundamental to the Government’s ability to finance itself.
177. In March 2020 there was a period of severe market volatility in the gilts market. In an urgent submission to me on 19 March 2020 titled “*financing the Covid-19 response*” it was reported to me that “*a gradual sell off in sovereign debt markets accelerated over the course of the last 24 hours*”, with the UK seeing “*a bigger mover yesterday than other core sovereigns*” and that in morning trading that day “*the UK had further diverged from peers*”. I was told that “*the UK government’s cost of borrowing...has more than tripled in less than two weeks*” and that “*gilt markets are also starting to show signs of impaired functioning*” [RS/179/INQ000232081].
178. In the concluding paragraphs of the submission, dealing with “*Risks*”, I was advised that “*a more difficult scenario may follow if the increase in the financing requirement is sufficiently large, rapid or unexpected. In the first instance, the market may not be able*

to find a new equilibrium price for UK government debt. This would most likely manifest itself through a single failed DMO operation (a gilt auction or t-bill tender where there is not enough demand for the securities on offer – the operation is ‘uncovered’ – this last happened in 2009. A number of options are available to government through such temporary liquidity stress, for example use of existing overdraft facilities at the Bank. The exchequer liquidity stress could become more persistent, with multiple failed operations, for example. This may indicate that the market does not have the capacity to absorb the large amount of debt being issued, even at higher yields”.

179. After “*record breaking moves in equities and government bond markets*” [RS/180/INQ000184564], on 21 March 2020 there was a failed DMO operation – a DMO t-bill tender was uncovered. As had been explained in the submission to me referred to above, this had not happened in over a decade. The orderly functioning of gilt and more generally cash markets is critical to ensuring the Government is able to finance itself smoothly and cost effectively at any time, so this was a significant event and served as a permanent reminder that policy had to consider the stress put on Government financing operations through continued borrowing to fund economic support measures during periods of restrictions and NPIs.

Ways and Means facility

180. In light of the concerns about how the Government was going to fund itself given market conditions, HMT and the Bank of England agreed to temporarily extend the Ways and Means facility (in simple terms akin to a Government overdraft facility at the Bank of England). This was a “*short-term source of additional liquidity to the government if needed to smooth its cashflows and support the orderly functioning of markets, through the period of disruption from Covid-19*” [RS/181/INQ000236914]. This was a highly exceptional step – the facility had last been used during the global financial crisis in 2008/9. In essence it is an acknowledgement that the Government does not expect to be able to fund itself in the markets for a period of time and instead borrows directly from the Bank of England.

181. In the event, HMT did not need to draw on the facility, but again it served as a permanent reminder of the potential stress being put on Government financing. Indeed, HMT advice noted that “*the very high financing needs and diminishing reserve currency status mean the UK’s financing position faces risks if the UK is judged to be*

relaxing measures which suppress the economy more slowly than international comparators” [RS/182/INQ000184621].

Economic impact

182. The scale of the economic and social impact of the Pandemic restrictions was significant. In March 2020, the then HMT Chief Economist requested a note from the independent OBR on their initial assessment of the impact of the Pandemic and policy response on the economy and public finances. In response, on 26 March 2020, the OBR wrote to me setting out their initial views of the economic and fiscal implications of the measures being taken in response to Covid-19 [RS/183/INQ000232206]. The OBR published their coronavirus reference scenario on 14 April 2020, which set out an illustrative three-month lockdown scenario that assessed the potential impact of coronavirus on the economy and public finances [RS/049/INQ000236890]. The OBR assumed a three-month lockdown due to public health restrictions followed by another three-month period when the lockdown would be partially lifted. Under this scenario, real GDP fell 35% in Q2 2020 but bounced back quickly. Unemployment rose by more than 2 million to 10% in Q2 2020, but then declined more slowly than GDP recovered. The scenario also set out that public sector net borrowing increased by £218 billion in 2020-21 relative to the OBR’s forecast for the March Budget 2020 (to reach £273 billion or 14% of GDP), before falling back close to forecast in the medium term. That implied the largest single-year deficit since the Second World War. The sharp rise in borrowing largely reflected the impact of economic disruption on receipts and policy measures that added to public spending. Public sector net debt rose sharply in 2020-21 due to lower GDP, higher borrowing, and the accounting consequences of the Bank of England’s policy measures. It surpassed 100% of GDP during the year but ended it at 95% (versus 77% in the March 2020 Budget forecast) as the economy recovered.

183. By July 2020 it was clear from the OBR’s Fiscal Sustainability report that the negative impact of the Pandemic on the economy was significant. GDP growth expectations in 2020 went from +1.1% in March 2020 to -12.4% by July 2020 (central scenario) [RS/184/INQ000119294]. In all three of the OBR’s scenarios, output was expected to fall by more than 10% in 2020, the **largest decline in annual GDP for 300 years**. During the first lockdown, there were “dramatic declines in output, confidence and turnover.”

184. Similarly, there were stark forecasts for the impact of people's jobs and livelihoods. During the first lockdown, unemployment was rising "*more rapidly than ever before*" and over 1 million people made new claims for Universal Credit [RS/182/INQ000184621]. Unemployment expectations in 2020 went from 3.8% to 12% in the OBR's central scenario. This meant around 2 million more people losing their jobs [RS/184/INQ000119294]. This would represent **unemployment levels not seen since the early 1980s**. It was likely that "*low paid workers and other vulnerable groups were likely to be disproportionately affected by the crisis*" given the sectors they worked in (e.g. hospitality) [RS/182/INQ000184621]. Even in December 2020 the OBR and the Bank of England still expected unemployment to peak at 7.5% and 7.7% respectively [RS/185/INQ000184604].

Fiscal impact

185. The economic impacts of the Pandemic and the unprecedented fiscal support provided by the Government led to a significant but necessary increase in borrowing and debt. The Government borrowed an additional £313 billion across 2020-21 and 2021-22 [RS/186/INQ000236953]. This was record peacetime borrowing and **caused the UK's debt rise to a level not seen since the early 1960s**, with public sector net debt reaching 97.1% of GDP in 2020-21 [RS/187/INQ000236952]. There are **clear risks to the economy to having high borrowing and debt levels**.

186. As a consequence of the economic and social impact of the Pandemic, the **tax-to-GDP ratio** rose from 36.7% in 2019-20 to 38.1% in 2020-21.

Scarring

187. As recorded in the OBR Fiscal Sustainability Report referred to above, in July the OBR was also expecting the Pandemic to inflict some **scarring** on the economy in the longer term – that is that the Pandemic would leave the economy permanently smaller compared to pre-Pandemic expectations. The OBR judged this scarring effect would be 3% within their central scenario.

188. Economic scarring refers to the tendency for the path of productive capacity of an economy to be **persistently** lower following a recession. Scarring can occur through reductions in the supply of labour, capital stock, and total factor productivity, which measures how efficiently and intensively resources in the economy are working. In

simple terms, what scarring refers to is the fact that short term economic effects can have long term consequences. The risk of scarring was an abiding concern throughout the Pandemic.

189. In an HMT slide pack dated 15 April 2020 titled “*Economic Scarring from Covid-19*”, the risks from scarring were clearly explained and it was suggested that “*the extent and nature of economic scarring will significantly influence the shape of the economic recovery. The policy focus should be to avoid significant scarring effects by shielding the economy as much as possible during the downturn*” [RS/188/INQ000184611].

190. The risk of scarring was also referred to in an HMT Economy Update Note “*UK economic activity collapses*” [RS/182/INQ000184621]. After describing how the “*UK economy is effectively in hibernation*”, the note stated that the “*risks of widespread business failure, labour market scarring and permanently longer output will be exacerbated the longer active measures to suppress business activity continue*”.

191. In the OBR’s Fiscal Sustainability Report referred to above, the OBR presented downside, central and upside scenarios in which potential output in the medium term was reduced by 6%, 3% and 0% respectively, as a result of economic scarring as a result of the Pandemic. This manifested in part through higher potential unemployment, with the medium-term potential unemployment rate 1ppt higher in the central scenario and 2ppts higher in the downside scenario.

192. For the Pandemic shock, scarring occurred in various different ways, which included the following:

- a. **Labour supply fall:** through potentially causing reduced longer-term labour market participation via people withdrawing from the labour market (for example, due to higher sickness) increased unemployment due to sectoral disruption, and lower migration due to border controls. There was also an increased risk of the loss of firm specific skills due to breaks in job matches resulting from time away from work on furlough, or job moves resulting from the Pandemic disruption. There was an increased risk of sectoral and geographic mismatch as demand and production changed following the shock. In this case, local labour markets cannot perfectly match either through skills in the existing workforce, or relocation of labour to match this changing demand. Whilst the OBR’s scarring judgements were revised down from 3% to 2% over

time, the labour supply scarring estimates increased from 0.8% in October 2021 to 1.2% in March 2022, resulting entirely from a smaller adult population due to reduced migration and excess mortalities through the Pandemic.

- b. **Lower capital stock:** through reduced business investment from higher uncertainty and large disruptions to businesses, as well as through capital scrapping or obsolescence (where capital was written off, not maintained or production reorganised given it was not being used during the Pandemic). Business support schemes aimed to reduce these effects. The OBR reduced their estimate of capital stock scarring over time, as part of an overall reduction in scarring estimates from 3% in 2020 to 2% in 2022, reflecting the OBR's views that the Government's support measures had been successful in limiting the damage to corporate cash flow and balance sheets.

- c. **Lower total factor productivity ("TFP"):** through disruptions to education via schools being closed, lower health of workers (via both Covid-19 infection and hospital appointment delays) causing lower worker productivity, and people being on furlough reducing their skill level and training. The OBR reduced their estimate of TFP scarring over time, as part of an overall reduction in scarring estimates from 3% in 2020 to 2% in 2022. This again reflected success of Government support schemes in limiting negative balance sheet impacts on corporate innovation, as well as resilient investment in wider intangible assets through the Pandemic, which supported productivity growth, and a rebound in Foreign Direct Investment in 2021.

193. Scarring meant that the people, families and businesses would be suffering the economic consequences of the Pandemic (lower wages, more unemployment, higher taxes, less spending on public services) for years to come. *"Not opening up the economy carried large risks - the longer NPIs continued, the greater scarring of the economy and the greater impact on borrowing and debt"* [RS/189/INQ000232079].

Decision-making around lifting the first lockdown: 24 March to 23 June 2020

194. During this period, most of the work I was involved in was advising on and planning for the eventual safe relaxation of NPIs. This culminated in the publication and delivery of the May Plan.

195. This work was informed and endorsed by scientific and medical advice and modelling. The May Plan was conditional and subject to certain tests being met and indeed was delayed at one point (in relation to reopening non-essential retail) to reflect the epidemiological picture.

196. The May Plan was developed in the context of the other countries taking a similar approach.

197. The measures introduced on 23 March 2020 were due to be reviewed after three weeks. Issues that I was concerned about during that period were the economic impact of the NPIs that had been introduced, the need for certainty for businesses about how long the NPIs would remain in place (for cashflow planning purposes) and peace of mind for employees. I also thought it important to look at what was being done in other countries. I communicated this to the PM and colleagues, as set out below.

198. On 26 March 2020 I attended a Bilat with the PM. I made a point about the impact of the NPIs. This was based on advice that said *“given the scale of the support and economic impact of Covid-19 it will lead to very significant increase in short-term borrowing – the OBR have estimated that borrowing in 20/21 will hit £255bn or 13% of GDP, which is higher than in the financial crisis, and debt will reach over 100% of GDP”* and that *“the key issue for the economy is the duration of the NPIs and the uncertainty about that duration. The longer they are in place, or businesses think they are in place, the more lasting the economic damage and the more precarious our financing position”* [RS/190/INQ000088050].

199. At a Cabinet meeting on 31 March 2020 I said to Cabinet that *“the message that was being heard from business was that there was a lack of clarity about what work should stop or carry on. There was a more significant impact on economic activity than had been anticipated when the measures were announced. Businesses were concerned about the length of time the measures would be in place. They could cope with between one and three months, but if they were told that it would last six months, then they would find it impossible to bridge that far. Clarity on an exit strategy would help business confidence.”* [RS/191/INQ000088891].

200. In early April, the PM caught Covid-19. During the period of the PM's illness and consequent temporary absence from his role, a decision-making 'Quad' of Ministers was convened to make strategic decisions on the Government's management of, and

- response to, the Pandemic. The Quad was chaired by the FSS, and also comprised of the CDL, the SoS for the DHSC, and myself as the Chancellor. Responsibility for establishing the Quad, as with other senior Government decision-making structures, lay with the CO and No. 10. Following the PM's recovery, the Quad continued to convene periodically, with meetings chaired by the PM.
201. During the PM's period of absence through illness there was no impairment to my ability to convey the economic and fiscal considerations of policy and input into Government decision-making in a meaningful way.
202. At a Quad meeting on 11 April 2020, I referred to the fact that *"the international conversation was shifting, and that it was important we learnt lessons from other European countries that are beginning to signal a shift in their social distancing policy. It will be important that Ministers are advised on the detailed approach being adopted by others, and the consequences of that approach"* [RS/192/INQ000232172].
203. The review of the measures took place at a Cabinet meeting on 16 April 2020 and at a COBR meeting later the same day. It was agreed that there would be no change. At the Cabinet meeting, the CSA advised that *"SAGE had advised that any changes made to the social distancing measures would risk undoing any progress and the virus spreading exponentially. It might have been possible to relax some measures about the use of outdoor space given this was relatively low risk. However, SAGE were cautious about the consequences of sending mixed messages to the public and it was difficult to gauge the behavioural impact of making slight changes. This was not the time to move"* [RS/193/INQ000089020].
204. At the COBR meeting I was asked to give an update and said that *"the UK was undergoing hardship, but that the only way to return to normality and begin recovering was to get the virus under control, which meant sticking to the plan. It wasn't yet the stage where restrictions should be eased, there was still work to do, and it remained important to be united around this single message"* [RS/194/INQ000083827].
205. When he announced the decision that the measures were to stay in place for a further three weeks before being reviewed, the FSS also announced *"5 specific things which the government will need to be satisfied of before we will consider it safe to adjust any of the current measures"* [RS/195/INQ000086576]. Those tests were:

(i) "we must protect the NHS's ability to cope. We must be confident that we are able to provide sufficient critical care and specialist treatment right across the UK

(ii) we need to see a sustained and consistent fall in the daily death rates from coronavirus so we are confident that we have moved beyond the peak

(iii) we need to have reliable data from SAGE showing that the rate of infection is decreasing to manageable levels across the board

(iv) we need to be confident that the range of operational challenges, including testing capacity and PPE, are in hand, with supply able to meet future demand and

(v) we need to be confident that any adjustments to the current measures will not risk a second peak of infections that overwhelm the NHS".

206. In the period that followed this, up until 10 May 2020 when the Government's 'Our Plan to Rebuild: The UK Government's Covid-19 Recovery Strategy' was announced by the PM, work focused on how to progress towards releasing NPIs safely.

207. At a Bilat with the PM on 28 April 2020, I provided an economic update and presented on slides that had been prepared by HMT [RS/196/INQ000232116].

208. The first slide set out the dramatic economic impact of just a three-month lockdown – *"Debt reaching 110% of GDP; £25-£70bn of spending cuts and tax rises needed; Unemployment at an extra 3m; Lowest paid worst off: 1/3 of lowest earning 10% work in shut down sectors; Up to 1 million more with chronic illnesses. 37,000 more deaths; Huge restructuring of retail, hospitality and travel sectors; Lifetime impact on the young with worse jobs, less money and worse education; Need for huge QE plus risks to currency and financial stability"*.

209. The second slide set out a three-phase titled *"plan to get people back to work safely, which minimises impact on R"* and the third slide gave details of what other countries in Europe were doing and explained that *"some countries which are past the peak are easing restrictions on activity in a phased reopening of their economies"*.

210. On 2 May 2020 I attended a ministerial strategy meeting chaired by the PM. At this meeting, the CMO noted in respect of easing restrictions that *"in any eventuality, we will need to take risks"* and *"he also cautioned that were any measures not released by September, the potential risk of a peak in winter would mean we'd potentially need*

to take a very cautious approach until next spring". The CSA agreed with the CMO [RS/197/INQ000146600].

211. At the same meeting I also stressed that *"the two most critical projects for the country"* were that *"we need a world class test/track/trace system up and running as soon as possible, alongside a separately managed surveillance and monitoring system"*. The *"crucial importance of monitoring and surveillance"* was also reiterated by the CSA.

212. Discussions regarding the phased reopening of the economy and easing of NPIs continued at a Quad meeting on 6 May 2020 and a Covid(S) meeting regarding Safer Workplaces on 7 May 2020. For these meetings I was briefed by HMT officials with economic analysis and international comparisons. The Cabinet briefing from 6 May 2020 noted that the UK was *"at a comparable position to other countries announcing changes to restrictions in early to mid-May"*, and highlighted that the *"UK has seen a more significant decrease in daily deaths from the previous week than Germany, Denmark, Norway and Czech Republic when they first eased measures"*. It also detailed that *"UK spare ICU capacity is at 48%, similar to when Germany first eased measures (43%) and to France (now 28%)"* [RS/198/INQ000184569].

213. The briefing further noted that *"the longer the current economic disruption persists, the greater the risk of permanent economic scarring. Over half of businesses have less than 3 months cash reserves (BCC). Varying NPIs along the lines that we have discussed will begin the path to recovery. But we should be under no illusions about the scale of the damage already done and the need to reduce longer-term damage"*. The briefing also highlighted that *"businesses need certainty now on the timetable for opening up. Without some basis to plan, more and more will be forced to announce large scale job losses or that they are closing"* [RS/198/INQ000184569].

214. Similarly, in the Covid(S) meeting on 7 May 2020, I highlighted some economic context for lifting NPIs, based on advice that, *"encouraging a return to work in open sectors for those who cannot work from home will help up to 7 million people. Other European countries have shown it can be done safely. We are at risk of placing the UK at a competitive disadvantage if we do not begin to reopen the economy"*, and *"we need to follow through with specific dates for when sectors can reopen. Not doing so could lead to redundancies and have a chilling effect on consumer confidence"*. I presented economic analysis showing that *"the UK construction PMI has fallen to a record low in April – down to 8.2 (the previous low during the financial crisis was 27.8). New orders*

contracted at the fastest pace on record”, and “38% of the manufacturing and 56% of the construction workforce are not working” [RS/083/INQ000088053].

215. The proposed relaxation of social distancing measures and easing of NPIs was discussed at a SAGE meeting on 5 May 2020, where they were “*relaxed (with high confidence) about the proposed Phase 1*”. There was “*some difference of view on Phases 2 and 3*” and “*SAGE would not at this stage and on the basis of the current data suggest considering easements beyond Phase 2*”. At the same meeting, when discussing the understanding that hospitals and care homes were thought to be a major driver of transmission, a SAGE member commented that they had “*managed to bring R down, but at huge economic cost. Sorting out R in hospitals and care homes should be possible at a much lower economic cost. That should now be the key focus*” [RS/084/INQ000062157].

216. The phased easing of restrictions was discussed at the 6 May 2020 Quad meeting on Covid-19 strategy, for which the readout confirms that the “*CMO and CSA were broadly content with the approach as a package, subject to the conditionality stressed by the PM as effective monitoring*” [RS/084/INQ000062157].

217. All these discussions fed into the PM's decision and the Government's plan for lifting NPIs, which was announced by the PM on 10 May 2020. The May Plan was published the following day, which provided a timetable for the phased relaxation of NPIs into the summer, subject to health and scientific data from SAGE on the R rate [RS/044/INQ000198892]. As was later summarised in strategy paper for a Covid(O) meeting on 3 June 2020, the May Plan committed the Government to three significant changes in its approach:

- a. “***Moving from lockdown to smarter controls.*** *The lockdown reduced all social contact. It would gradually be replaced by smarter measures that would be equally effective at controlling the epidemic but would have lower health, economic and social costs. The Test, Trace and Isolate programme (TTI) is a crucial part of this transition.*
- b. ***Moving from national to local responses.*** *The Government observed that ‘a greater risk in Cornwall should not lead to disproportionate restrictions in Newcastle if the risk is lower’. The new Joint Biosecurity Centre [(“JBC”)] and local public health teams are at the heart of this development.*

c. ***Making social contact less infectious using Covid-19 guidelines***
[RS/196/INQ000232116].

218. The strategy paper for the 3 June 2020 Covid(O) meeting also confirmed that *“these changes are consistent with the strategies pursued elsewhere; South Korea, France, Germany and Spain are all pursuing strategies based on very low incidence, aggressive TI and regional interventions”* [RS/199/INQ000232092].

219. At the time at which the May Plan was announced the Government’s scientific advisers endorsed the proposed timetable for the reopening of the economy and easing of NPIs. At a COBR meeting on 10 May 2020, when providing the SAGE update the CMO said that *“the direction of travel was consistently going the right way with hospitalisation and death numbers going down and that the UK was past the peak”*, following which the CSA said that *“stage 1 changes presented a low risk of pushing R above 1 so supported the move to phase 2”* [RS/200/INQ000083828].

220. Following the announcement of the May Plan, work continued to focus on how to re-open the economy safely.

221. It is important to note that Step One of the roadmap in the May Plan, which applied from 13 May 2020 and, as discussed above, was endorsed by the Government’s scientific advisors and SAGE, provided that workplaces should follow the Covid-secure guidelines as soon as practicable. Step One also provided that all workers who could not work from home should travel to work if their workplace is open. This was similar to the initial Stay at Home policy, announced in March 2020, which had included exemptions to allow for key workers to continue to attend their workplace, and for others to likewise continue to work where it was not possible for them to work from home. However, I continued to make the point that the nuance of this guidance had been lost in the messaging meaning that those who were unable to work from home, such as workers in the construction sector, nevertheless opted to stay at home and not work, and there was therefore a larger general shutdown of the economy than had been envisaged. For example, as stated in paragraph 214 above, by the time of the May Plan announcement, 56% of the construction workforce were not working, and the sector’s Purchase Managers’ Index had fallen to a record low in April 2020 [RS/083/INQ000088053].

222. The issue of overcompliance with the stay at home messaging was something that I had been interested in and it had been analysed by HMT officials in briefings I had received during the first lockdown, for example in a submission on the impacts of NPIs dated 1 April 2020 which I received ahead of a Bilat with the PM. This briefing noted that the impact of the NPIs on economic activity *“is being significantly exacerbated by overcompliance. There is growing evidence of businesses and individuals going beyond government guidelines, making the economic impact worse... There's also evidence that non-key workers who should still go to work if they cannot work from home are not... Although detailed guidance sets out that people who cannot work from home can continue going to work, this message sits behind a headline narrative that people should stay at home wherever possible”* [RS/088/INQ000088051].

223. Further analysis from HMT officials dated 1 April 2020 ahead of a Bilat with the Cabinet Secretary noted that *“people are interpreting the current NPIs more stringently than was anticipated when they were originally put in place. for instance, less than 2% of children are in school. When we put the measures in place we thought that 20% could be while still enabling the measure to be effective. The headline message 'stay at home to help save lives' is swamping more nuanced guidance, and the reality of the government position. It needs to be clear that people should continue to work (and companies should continue operate) even if they are not able to work from home. This is captured in detailed guidance, but is being obscured by the headline message”* [RS/201/INQ000088052].

224. Advice I received on 6 May 2020 ahead of the Covid(S) meeting on Safer Workplaces noted, in respect of the Government's new communications campaign, that *“we now need a shift in the headline message to support returning people to work”*, and that *“a change in comms could result in a 20% increase in people's willingness to return to work”* [RS/083/INQ000088053].

225. On 15 May 2020 I wrote to the PM to support the reopening of all non-essential retail from 1 June 2020 as part of step two on the roadmap in the May Plan [RS/202/INQ000088054]. In my letter I recommended to the PM *“that we reopen all non -essential retail from 1 June. However if you are minded to take a phased approach then my view is that this should be done over no longer than two weeks”*. I explained that *“even if we set out what might feel like a bold timetable, in practice re-opening will not be a “big bang” moment, activity will most likely happen incrementally and more slowly so any benefits (and any impact) will take time to realise”*. I told the

PM that my proposal was supported by SoS for BEIS and the CDL. As it turned out months later, closure of non-essential retail was classed as having a “*low impact*” on transmission rates with “*very minimal impact on R values*” [RS/116/INQ000070907].

226. Over the subsequent week I met with the PM frequently to advise on the safe relaxation of NPIs. In a Bilat on 18 May 2020 I emphasised the need to ensure confidence in the economy and the Government’s handling of the Pandemic by delivering on the dates for the relaxation of NPIs we had stipulated in the May Plan, and opening all non-essential retail on 1 June 2020 [RS/203/INQ000232082] [RS/204/INQ000232138]. I met again with the PM on 20 May 2020 where we discussed reopening non-essential retail. During this meeting the PM expressed his desire to reopen non-essential retail, but noted that this would be dependent on the advice from SAGE [RS/205/INQ000232137].

227. On 21 May 2020 SAGE advised that they remained of the view that it was too risky to make further relaxations of NPIs on 1 June 2020 in accordance with phase two of the May Plan, especially given that track and trace system was only just getting up and running [RS/206/INQ000088056]. The same day, I attended a meeting with the PM, CSA and Cabinet Secretary to further discuss lifting of NPIs in accordance with the May Plan. During his meeting I restated the points made in my letter of 15 May 2020 and noted that the SAGE modelling was based on assumptions made on 11 May 2020 which had since undershot, whilst also noting that this was a political judgment and a broad range of Pandemic-related impacts should be considered when making any decision, including poverty, non Covid-19 related deaths, and educational attainment [RS/207/INQ000232168].

228. My briefing on SAGE advice for this meeting analysed the relative functioning capacity of the UK’s test and trace system as against other European countries when they eased restrictions. This noted that “*European countries, such as France, Italy, Ireland and Spain, are already relaxing measures more substantially than us, despite not having fully developed test and trace systems in place. We have a higher daily testing capacity per capita now than France, Italy and Spain when they first started easing restrictions, and continue to increase our capacity above that of other countries. We’ve performed more daily tests per capita this week than Germany did in their first week of easing measures. We’ve hired over 17,000 contact tracers, whereas Spain, for instance, only has around 500 trained tracers. France’s app won’t be ready before the*

start of June, and their manual tracing system will require 25,000 testers and tracers, yet they have already reopened shops and some schools” [RS/097/INQ000088057].

229. I was keen to ensure international comparisons were considered as part of the Government’s process. Therefore HMT provided analysis for this meeting which drew on international comparisons with respect to the re-opening of non-essential retail, which provided that *“most countries (Germany, Italy, Austria, Czech Rep[ublic], Switzerland, Spain) had an estimated R of between 0.6 and 0.9 when they started opening shops. The latest data from SAGE puts R in the UK at 0.7-1”* [RS/208/INQ000232153]. The readout of this meeting notes that the PM *“did seem to pick up on the international point”* [RS/207/INQ000232168].

230. On 28 May 2020 the PM announced his decision to delay the planned re-opening of non-essential retail from 1 June (as had been originally intended under the May Plan) to 15 June 2020.

231. I attended a Cabinet meeting on 9 June 2020. The PM advised the Cabinet Committee that the next day he would be announcing *“measures to re-open non-essential retail and to allow individuals in different households more social contact. It would not totally unlock the economy, as that would put too much pressure on ‘R’ (the reproduction rate of transmission). If ‘R’ were to go above one, the virus would grow exponentially and a national lockdown might be required again”*. The CMO advised the Committee that *“the number of cases and deaths was falling, but slowly. The Government had room to manoeuvre but within a narrow headroom. The advice was to go steadily through the plan as otherwise there was a risk of ‘R’ going above 1”* [RS/209/INQ000088978]. On 10 June 2020 the PM announced the measures, as explained to the Cabinet the previous day.

232. On 23 June the PM announced further easing of lockdown measures including the following:

- a. From 4 July 2020, pubs, restaurants and hairdressers would be able to re-open, provided that they adhered to Covid-secure guidelines;
- b. From the same date, two households would be able to meet up in any setting with social distancing measures; and
- c. As mentioned below, the ‘one metre plus’ guidance on social distancing.

BOX 1: THE SOCIAL DISTANCING REVIEW – THE MOVE FROM 2 TO 1 METRE PLUS DISTANCING

233. During this period, I chaired meetings of the SMG, which were attended by the CDL and the SoS for BEIS, DCMS, MHCLG and DfT. There were three meetings of the SMG on 20 May 2020, 29 May 2020 and 5 June 2020. The SMG did not make major decisions with regards to the easing of NPIs, but was established to facilitate the safe reopening of businesses in the context of the May Plan and consider suitable guidance and attendant regulatory easements that could be made to support closed sectors opening. The SMG drew extensively on international comparisons to inform its work. For example, the SMG discussion paper for the 20 May 2020 meeting included details of the dates at which various hospitality and leisure venues had reopened across other European countries, and the associated restrictions, such as mandatory mask wearing or social distancing, which had been implemented [RS/210/INQ000232084]. The work of the SMG also fed into my advice to the PM on moving from 2 metre to 1 metre social distancing.

234. On 10 May 2020, it was announced that the remaining closed sectors, including hospitality, leisure and tourism would be subject to a phased reopening over the following months [RS/211/INQ000053269]. As explained below, working closely with colleagues from BEIS, DCMS, DfT and MHCLG in the SMG that I chaired, we considered how businesses could safely restart trading (see paragraph 27(f)). I wrote to the PM on 3 June 2020 [RS/212/INQ000088059] and then again on 9 June 2020, when I (supported by Cabinet colleagues) addressed the need for flexibility around the 2 metre rule “*to ensure businesses we want to reopen are able to do so viably, and to boost capacity on the public transport network*” [RS/213/INQ000184573].

235. The PM then established a Review Panel (comprised of officials, not Ministers) which itself concluded that the then existing guidance (“*where possible, you should maintain 2m between people*”) should change “*to state that 2m or 1m with risk mitigation (where 2m is not viable) are acceptable and that businesses should set out the mitigations that they will introduce in their risk assessment*” [RS/045/INQ000181693].

236. The PM announced this change, which became known as “1 metre plus”, on 23 June 2020.

Hospitality, tourism and leisure sectors were important to the UK economy and disproportionately impacted by restrictions

237. Hospitality, tourism and leisure are important sectors to the UK economy and were the hardest hit by Covid-19. Before the Pandemic, “*the hospitality, tourism and leisure sectors contributed 3.6 million jobs and £97.6 billion to GVA*”. These sectors represented a large number of the population on furlough in May 2020. “*Workers in about 2.1 million jobs in hospitality (not including tourism) [were] not working, alongside 0.7 million inactive jobs in arts, entertainment and recreation, and around 0.3 million inactive jobs in personal services activities. Inactive jobs in these sectors accounted for about 9% of the UK’s total workforce jobs and were associated with an estimated 4% of the UK’s GVA*” [RS/214/INQ000232089].

238. Tourism, hospitality, events and recreation were amongst the hardest hit sectors by NPIs. Analysis indicated firms within these sectors were driven by high fixed costs and low margins, were geographically clustered, and were more reliant on seasonal income, making them particularly vulnerable [RS/215/INQ000232084]. Given the face-to-face nature of these sectors and the small size of many venues, the impact of social distancing measures was also likely to have a disproportionate impact on their ability to break even over the short to medium term. There were also concerns that these sectors could face further closures in a future winter wave and the economic impact this would have [RS/216/INQ000232095].

239. These points are further elaborated upon in the Box 2: EOTHO.

Hospitality, tourism and leisure sector sectors were particularly important sectors to consider as they tended to employ more vulnerable people

240. These sectors include a disproportionate number of economically vulnerable people and people with protected characteristics [RS/214/INQ000232089]. Some of the most affected sectors tended to have more lower income workers and some regions were particularly reliant upon them. Hospitality and arts/entertainment (under which tourism sits) contributed a relatively high amount of employment in the South-West and Cumbria, making these regions particularly vulnerable. There were also higher

than average levels of ethnic minority, young and non-degree level employees in retail and hospitality.

241. In my letter to the PM on 3 June 2020, I recommended with the support of all of the members of the SMG, that *“we announce on 5 June that outdoor bars, restaurants and pubs can open on 22 June. We should then announce on 13 June that all remaining sectors will open on 4 July”*. I explained in the letter that these steps were needed *“to instil confidence in the economy”* and that *“re-opening these sectors is a crucial step for economic recovery”*. I also explained that *“we need flexibility around the 2m rule to ensure the businesses we want to reopen are viable”*.

The SMG that I chaired examined the initial case for flexibility around the 2 metre rule

242. In my letter to the PM on 9 June 2020, I set out my and the SMG's views that the Government should reopen all remaining closed sectors, with the exception of a small number of high-risk businesses. In my letter I explained that the economic impacts that were being experienced of the proposed rule *“make clear that specific businesses will struggle to turn a profit under the current guideline”*. My conclusion in that letter, which was supported by all of the members of the SMG, was a recommendation that *“we pursue a shift to 1m as soon as practically possible to ensure the viability of businesses as sectors begin to reopen”* [RS/213/INQ000184573].

243. Analysis showed that there was a significant difference between the **economic impact** of 1 metre and 2 metre social distancing, and specifically under 2 metres **many businesses would remain unviable** even if they made maximum possible revenues [RS/217/INQ000232119]. Initial HMT sectoral analysis compared the impacts of 2 metre against 1 metre social distancing in closed sectors, drawing on sector GVAs, number of workers, and data from industry bodies and international comparisons [RS/218/INQ000232093]. For pubs and restaurants, accommodation, outdoor spectator sports, indoor tourist/leisure attractions, indoor unseated music venues, cinemas, and public transport, the analysis, although initial, had suggested that there would be a significant difference between the economic impact of 1 metre and 2 metre social distancing. In a number of other sectors, such as museums, galleries, indoor heritage attractions, zoos, TV, radio and film production, gyms and

leisure sectors, the analysis had found that there would be a moderate difference between the impact of implementing 1 metre or 2 metre social distancing guidance.

244. The SMG had considered evidence provided by business representative organisations to member Departments, for example the UK Hospitality and the British Beer and Pub Association. UK Hospitality reported that for the accommodation sector, with a GVA of around £4 billion and employing 420,000 people, 1 or 1.5 metres social distancing would result in 50-60% of normal revenue, whereas under 2 metre social distancing, this sector would make only 30% of normal revenue. The British Beer and Pub Association estimated that 75% of pubs would likely be able to open and operate economically with 1 metre social distancing, compared to only around 33% of premises being likely to open with 2 metre social distancing [RS/219/INQ000232094]. The UK Cinema Association reported that 2 metres would make reopening economically unviable for the vast majority of cinema sites. Initial further advice was given comparing the economic impacts, between 2 metre and 1 metre social distancing guidance, felt by museums and galleries, libraries, theatres, theme parks and other kinds of businesses [RS/220/INQ000182251].

245. This data collected by industry bodies informed initial analysis reviewed by the SMG. The analysis – for example set out in the HMT advice grid titled “*Economic impact of 1m and 2m social distancing guidelines on closed sectors (initial assessment)*”, suggested that for many businesses in these sectors, the capacity limits created by 2 metre social distancing would significantly cap revenue (e.g. at 30% for the accommodation sector), which in turn would make them financially unviable [RS/218/INQ000232093].

246. **International comparisons provided further support for the case to change** by showing that the UK was becoming an international outlier. By this point, 24 countries were already providing flexibility to go below 2 metres (see, for example, slides 10 and 11 in the BEIS document “International comparisons for reopening closed sectors” [RS/221/INQ000232083]). At the time, both Norway and Denmark had reduced their social distancing requirements from 2 metres to 1 metre [RS/222/INQ000232094]. Norway advised a 1 metre distance between people in public spaces and 2 metres between people from different households in indoor spaces. From 30 April 2020, this was reduced to 1 metre both inside and outside. This was done as part of Norway’s plan to reopen the economy as Norway’s ‘R’ rate

was estimated at 0.63 in late April, and around 1% of the Norwegian population was infected. The Norwegian Minister of Health stated that Norwegian society could begin to open up as they had “*succeeded in suppressing the spread of infection*” and outlined intentions to support as many businesses and activities as possible to reopen before the summer.

247. Similarly, Denmark changed their distance requirements from 2 metres to 1 metre on 10 May [RS/223/INQ000232118]. In a press release, the Danish public health authority stated that in most cases a minimum of 1 metre of social distancing was sufficient. The press release specified that the most important step in preventing the spread of the disease is self-isolation of those with symptoms, followed by hygiene, handwashing and cleaning. Physical distance in public came third after these two factors. However, 2 metres was still recommended in some circumstances, such as joint singing, shouting or lectures, or when meeting those at increased risk of serious harm from Covid-19 infection, such as visits to care homes.

248. The social distancing guideline in France asked people to remain “*further than a metre from others*”. This was the case from the outset. From 2 June 2020, cafés, bars and restaurants could reopen in France and all tables could be spaced at least one metre apart.

249. The German Government adopted a federal 1.5m distance. This was based on the previous experience of certain states who had adopted this lower level of social distancing. They reported no difference in infection rate when social distancing at 1.5 metres compared to 2 metres.

250. As well as providing practical comparisons, these examples also gave rise to the risk that the UK, by continuing to constrain economic activity, would fall behind other countries economically [RS/216/INQ000232095].

251. Furthermore, at the time, the advice of **international health bodies** like both the WHO (“*maintain at least one metre distance between yourself and others*” [RS/224/INQ000236983]) and the European Centre for Disease Prevention and Control was to allow for social distancing of down to 1 metre [RS/216/INQ000232095].

252. Lastly, **there was a significant impact of the 2 metre restriction on the public transport network**, which is a key enabler for the economy and society more generally. Social distancing at any distance significantly reduces the effective capacity of public transport, as explained in the HMT note "*Social distancing on transport*" [RS/225/INQ000232091]. As set out in the note, even with 100% of normal service level (which was not the case at the time), the effective capacity of public transport would continue to have been limited by the 2 metre rule, reducing it to 13-20% of normal levels [RS/226/INQ000232090]. Vehicle capacity level at 2 metre social distancing for rail was 14-17%, for bus 20% and for the tube 13-15%, whereas at 1 metre the figures were 21-24%, 35% and 21-25% respectively. DfT worked with operators and local partners to increase capacity, but it was constrained by the 2 metre social distancing rule. DfT guidance was clear that "*short periods at less than 2 metres are unlikely to pose a major transmission risk, and risk can be mitigated by additional precautions such as face coverings and hand hygiene in place*" [RS/225/INQ000232091]. Many international comparators were also more flexible on social distancing on public transport, with at least 9 countries operating below 2 metres required social distancing [RS/225/INQ000232091].

253. I concluded my letter to the PM on 9 June 2020 recommending that "*we pursue a shift to 1m as soon as practically possible to ensure the viability of businesses as sectors begin to reopen*". This recommendation was supported by the CDL and SoS for BEIS, DCMS, DfT and MHCLG [RS/213/INQ000184573].

The PM's review of 2 metre social distancing guidance recommended a change to the existing 2 metre guidance

254. Following my letter of 9 June 2020, on 14 June 2020 I announced in a television interview that the PM had established a Review Panel on social distancing (which I refer to at paragraph 235 above) [RS/227/INQ000236882].

255. This review was led by the Permanent Secretary to No.10 and included the CSA, CMO and the Chief Economic Adviser to HMT. In its report published on 23 June 2020, the Panel said that it had "*considered the scientific evidence, the economic impact of social distancing, behavioural responses and international comparators*" [RS/045/INQ000181693].

256. My recollection is that I personally was not involved in the detailed work of this Panel.

257. The Panel's summary of its conclusions was:

- a. *"There are severe economic costs to maintaining 2m distancing. With a 2m rule in place, it is not financially viable for many businesses to operate; industry bodies, for example, have estimated that outlets in the hospitality sector could make only 30% of pre-Covid revenues with 2m distancing, as opposed to 60-75% at 1m. In sectors that are currently closed (including in accommodation, food services and recreation), over 1.75m jobs have been furloughed across the UK. Many of these are at risk if reopening is not viable at 2m.*
- b. *Some countries similar to the UK have recommended distances below 2m when prevalence has fallen and with other mitigations in place. France, Italy and Singapore recommend 1m, South Korea recommends 1-2m, and Germany, Australia and the Netherlands recommend 1.5m. Denmark and New Zealand have reduced their recommended distance from 2m to 1m with mitigations. Other countries remain at 2m.*
- c. *The absolute risk of transmission between people is reduced as the prevalence of Covid-19 infection in the population declines. The evidence shows that relative risk may be 2-10 times higher at 1m than 2m without mitigations, and the potential for higher occupancy at 1m distancing will also affect risk. However, mitigations can reduce the risk at 1m, so that it is broadly equivalent to being 2m apart, noting that a precise and quantitative assessment of how much risk is reduced by mitigations is not possible.*
- d. *Current guidance says that "where possible, you should maintain 2m between people". The guidance should change to state that 2m or 1m with risk mitigation (where 2m is not viable) are acceptable, and that businesses should set out the mitigations that they will introduce in their risk assessment" [RS/045/INQ000181693].*

258. The PM announced this change, which became known as "1 metre plus", on 23 June 2020.

259. In addition to the compelling educational reasons for returning children to in-person teaching in schools as soon as possible, reopening schools was also a vital element of economic recovery given the impact of school closure on labour supply. It was clear from the analysis we had done in HMT for a Quad meeting on 22 April 2020 that reopening schools would increase labour supply by the equivalent of 2.5 million working parents returning to work. The analysis highlighted the social impact and widening attainment gap that could emerge between children from lower socioeconomic status families and their peers from higher socioeconomic status families in the event of prolonged absence from school [RS/228/INQ000232124]. On 1 May 2020 I attended a meeting chaired by the PM on returning to in-person teaching in schools. For this meeting I was briefed by HMT officials that data showed that the closure of schools was the top issue preventing the parents of children aged 10 or younger returning to work, and that scientific advice suggested that resuming early years in person teaching had the smallest relative impact on virus transmission [RS/229/INQ000184567].

260. On 4 May 2020 I received advice from HMT officials regarding strategy for reopening schools which discussed various options, these being a rota whereby different year groups would attend school on different days of the week, or a phased approach for returning students to schools by year groups. The HMT briefing recommended that I support a phased approach which would prioritise early years, and noted the strong arguments in favour of this included that *“it is arguably simpler to deliver quickly... there is a clearer and easier path to scaling up after 1 June...subject to R not rising more broadly”* and *“it arguably provides more consistency and certainty for children and parents in terms of planning, including on returning to work”* [RS/085/INQ000184568].

261. On 28 May 2020, in addition to announcing the planned reopening of non-essential retail, the PM also confirmed the reopening of nurseries, early years settings and reception, year one and year six in primary schools from 1 June 2020, and the planned reopening of secondary schools to allow face to face contact time for year 10 and year 12, given that they were preparing for important exams the following academic year, from 15 June 2020 [RS/230/INQ000065357].

262. Discussions within and advice from SAGE around the time that the reopening of schools was being considered evolved over time to reflect on wider impacts of extended school closures on educational attainment and mental health of children. A

SAGE paper on the sequencing of social distancing measures in respect of schools dated 20 May 2020 noted that *“as it stands educational outcomes are seriously at risk, especially for disadvantage pupils (DfE, 2020, p1). School closures can also impact emotional attachment and a failure to positively support psychological wellbeing are likely to have longer term negative implications for child development”* [RS/231/INQ000075419]. A SPI-M-O paper on social distancing measures for the same SAGE meeting (also dated 20 May 2020) noted that *“there is currently no scientific consensus on the infectiousness of children, and it is possible that they are less susceptible and/or less infectious than adults”* [RS/232/INQ000236965].

263. A readout from a SAGE meeting attended by an HMT official on 18 June 2020 noted some *“reflections offered by members in the meeting, so I suspect will not be recorded in the minutes”*, and that in respect of schools there had been *“reflections from some member”* whether *“especially in light of mental health concerns and the recent letter from colleague paediatricians, but also the ongoing decline in transmissions – the current position was the right one”* [RS/233/INQ000232148]. The readout further noted *“some suggestion that schools should be retuned [sic] before summer, in order to ‘test run’ the return in Sep[tember], and given that ‘firebreak’ provided by the summer holidays if it does give rise to an increase”*. The letter referred to in the readout was sent on behalf of the 1,500 members of the Royal College of Paediatricians and Child Health dated 17 June 2020, which stated *“we are increasingly concerned by the continued absence of children from schools”* which *“is without precedent and risks scarring the life chances of a generation of young people”* [RS/234/INQ000236926].

264. On 19 June 2020 I attended a Covid(S) meeting which focussed on planning to re-open schools in September. The PM said *“the aim of the meeting was to ensure that plans were in place to get every eligible child back into school by September. There was a social imperative to allow children to make up for lost time by returning to school”* [RS/235/INQ000088241]. My briefing for this meeting noted with regards to the May Plan roadmap *“we are continuing to meet the tests – hospital admissions, daily deaths and the rate of infection have continued to fall”* and that the *“data suggests we have been more cautious than SAGE anticipated in May. For instance, SAGE’s analysis assumed schools (across years) being at 50% capacity in June. As of yesterday (18th June) only 10% of pupils have returned”* [RS/105/INQ000088067].

265. A further readout from a SAGE meeting on 9 July 2020 *“concluded on [the] importance of SAGE re-iterating support for re-opening schools in September, and to prioritise that*

above other aspects of re-opening, given the harm to children of not being educated, and evidence of increased numbers of suicide in school age children since the start of lockdown (more than would have died from Covid)” [RS/236/INQ000232146].

266. A later joint statement from the CMO and Deputy CMO, dated 23 August 2020, provided that “*multiple sources of evidence show that a lack of schooling increases inequalities, reduces the life chances of children and can exacerbate physical and mental health issues*” [RS/237/INQ000231927].

Decision-making July to August 2020

267. Even though economic policy is being considered in the round in a subsequent Module, the Inquiry has asked about the EOTHO scheme and I explain this in detail below.

BOX 2: EAT OUT TO HELP OUT

The EOTHO policy was devised, premised and implemented specifically in the context of the safe lifting of NPIs, and safe consumption up to capacity limits.

268. After a period of closure, the Government decided that hospitality venues could reopen, subject to considered guidelines. At the time that EOTHO was introduced on 3 August 2020, the overall strategic decision had already been taken to open hospitality venues *safely*, including measures that constrained capacity, and the EOTHO policy was devised and implemented in that context.

269. The EOTHO policy was devised and implemented in the context of the safe lifting of NPIs and reopening of the hospitality sector. The decision to ease NPIs was ratified at a Cabinet Meeting on 23 June 2020 and was the outcome of extensive cross-Government discussion and a decision-making process incorporating health and science expertise and advice, which resulted in the PM’s announcement on 23 June 2020 on the reopening of pubs, restaurants, and hairdressers. The policy design for EOTHO was completed during the same May to June 2020 timeframe and in the same context as the roadmap for the safe lifting of restrictions on 4 July 2020, and ran for just thirteen days in August 2020. As I made clear in my statement to Parliament when I announced the EOTHO scheme, we would not have lifted the

restrictions if we did not think we could do so safely [RS/238/INQ000236912]. EOTHO was premised on the safe lifting of NPIs.

270. The Government's strategy in managing the Pandemic during the design and operation of EOTHO, as summarised in the 'May Plan' referenced above, and by the Permanent Secretary to No. 10 at a Covid(S) meeting on 4 June 2020, was to seek to reduce transmission by incorporating Covid-secure approaches in people's daily lives, which depended on the NHS Test, Trace and Isolate programme, the new JBC, local response capacity, and compliance with the Covid-secure guidelines [RS/015/INQ000088234].

271. It is important to remember that a framework of meaningful restrictions applied to hospitality venues from Mondays to Wednesday in August 2020, the days EOTHO operated.

- On 4 July 2020, regulations came into force which revoked previous restrictions and replaced them with a new prohibition on gatherings of more than 30 people, provided the Government with new powers to restrict access to public spaces, and provided the policy with enforcement powers in relation to these new rules [RS/239/INQ000236879]. To ensure safe reopening, the Government implemented Covid-secure guidelines which provided businesses with guidance on how to operate in a Covid-secure way. This included placing limits on group sizes in hospitality settings, ensuring a safe distance between different groups, and the maintenance of social distancing measures of 'one-metre plus'.
- Further, specific guidance was provided for hospitality venues to help them minimise close contact, which included encouraging the use of table service where possible, encouraging the use of contactless ordering, encouraging customers to use hand sanitiser, and providing clear guidance on social distancing and hygiene to customers, including via signage and visual aids [RS/240/INQ000065410].
- These Covid-secure guidelines had been designed by cross-Government collaboration in conjunction with health and science experts. The public was also issued with guidance on staying safe outside the home as restrictions were eased, including by continuing to work from home where possible, and by minimising contact between households [RS/044/INQ000198892].

272. Hence, anyone seeking to use an EOTHO voucher could only legitimately do so in a venue operating under significant Covid-secure guidelines, with appropriate distancing measures and mitigations in place.

273. EOTHO was therefore designed to operate within a broader framework of decisions regarding how to respond to the Pandemic, which necessarily incorporated the latest advice on health and science.

EOTHO was implemented in the context of HMT providing significant funding for the NHS Test and Trace programme which was meant to enable a return to greater levels of economic and social activity.

274. There was broad consensus across Government, informed by international experience, that an effective test and trace programme would facilitate a safe return to greater levels of economic and social activity. From April 2020 onwards, HMT officials worked closely with CO and DHSC officials on how testing, contact tracing and self-isolation requirements could support greater levels of economic and social activity.

275. In mid-June 2020, HMT officials engaged with decisions around broadening funding for testing, in light of recommendations from No. 10 and SAGE to make testing a greater priority in the Government's response to the Pandemic. On 15 June 2020 HMT officials provided a submission to the CST and I, to recommend a ring fenced fund of £10 billion (plus £275 million Barnett consequentials) for the Test, Trace, Contain and Enable Programme [RS/241/INQ000088062]. This met the full funding request from DHSC.

The EOTHO scheme was designed to utilise excess existing safe capacity in hospitality venues and specifically targeted the early part of the week when demand was lowest

276. It should also be noted that the EOTHO scheme was explicitly targeted at Mondays to Wednesdays, when demand on the hospitality sector was lower and enabling greater use of spare capacity safely in the early part of the week [RS/242/INQ000088069]. EOTHO was designed to fill up spare and otherwise unused safe capacity in venues. This meant that any increase in demand as a

consequence of the EOTH scheme could be accommodated safely in the context of restrictions placed on the capacity and operations of hospitality venues by the adherence to Covid-secure guidelines. Where a venue's Covid-secure levels of capacity had been reached, the venue could not accommodate customers wishing to use EOTH vouchers without breaching Covid-secure guidelines. Reports subsequently showed that *"the hospitality sector's compliance with Covid-secure guidelines [was] high"* with no 'prohibition notices' being *"issued to hospitality businesses out of a business population of 140,000 nationally"* during the week of 21-27 September 2020 [RS/243/INQ000184597].

277. International data showed that of the countries that had *"reopened restaurants, recoveries in bookings have tended to be slight"*, with Canada's bookings *"still down 93% year on year on 24 May"* after restaurants could reopen on 11 May and *"Australia's bookings still down 90% year on year on 24 May, after restaurants could reopen on 15 May"* [RS/210/INQ000232084], indicating that interest in attending hospitality venues was not widespread and was likely to be manageable. This was supported by UK polling data available to HMT prior to the implementation of EOTH, from 17 June 2020, which suggested that *"if restrictions were lifted that day, only 34% of respondents would be willing to visit a pub, bar or restaurant whereas 52% wouldn't (versus 31% and 55% on 27 May 2020)"* [RS/244/INQ000088077].

Consumption is an essential part of the UK economy representing 63% of UK GDP, making it the largest part of the economy and a significant driver of jobs in the UK

278. On 19 May 2020 I received advice from HMT which highlighted that *"household consumption represented 63% of [UK] GDP"*, making it the largest part of the economy, and that over the past 20 years, aside from the financial crisis period, consumption had consistently provided the largest positive contribution to GDP growth. This advice provided that this *"decline in consumption implied in the card spending data far exceeds that seen in previous UK downturns"* [RS/245/INQ000088055].

279. This advice noted that Government action in response to the Pandemic was a major factor in preventing consumption in two major ways. First, by introducing NPIs which had closed many sectors of the UK economy making it impossible or illegal for

people to consume goods and services in the usual way. Second, there was low consumer confidence due to health-related uncertainty in connection with strong health related messaging from the Government, which served to dissuade people from any non-essential activity, meaning that individuals may be reluctant to consume certain goods and services if they remained concerned about the potential impact on their health [RS/245/INQ000088055]. As I stated in a Covid-19 strategy ministerial meeting on 14 May 2020, "*international Ipsos Mori polling suggested that British people were much more fearful of the virus than other countries, with the UK scoring highest of any western country and higher than most countries globally*" [RS/246/INQ000088624].

280. The impact of the Pandemic, and the NPIs introduced in response, on levels of consumption was a matter of great concern to HMT, given consumption is considered "*vitaly important for the performance of the macroeconomy*" [RS/245/INQ000088055]. It was imperative to support a return of consumption levels as a necessary and essential step in restoring the UK's macroeconomic performance, with the aim of avoiding insolvencies and protecting jobs in order to protect businesses and livelihoods which had been placed at risk by the economic and social impact resulting from the restrictions required to curb the spread of the virus.

281. The advice of 19 May 2020 also used international example to show that, even after the lifting of restrictions, there had not been a rapid return in consumer activity. For example:

- a. "*in Germany, in the first week of eased restrictions inner-city sales were 67% lower than normal, compared to 83% lower during the 'hard lockdown'*";
- b. In Spain, according to the Spanish Confederation of Commerce, "*over 80% of small businesses have chosen not to reopen as they expect low sales... although it's estimated that around of 40% retail had opened by the end of the first week*";
- c. "*In China, retail sales recovered more slowly than industrial production on the lifting of NPIs*"; and
- d. "*in the US, states which have eased restrictions (eg Alaska, Georgia, Oklahoma, South Carolina) have seen spending plateau well below pre-virus levels since the easing of restrictions on activity*"

282. On this basis I was advised that *“the most significant and effective thing the government can do to restore consumption is to safely lift the NPIs whilst using policy and communications to reassure and encourage individuals that it is safe to consume”* [RS/245/INQ000088055].

Given its importance to the UK economy and the concern for people’s jobs and livelihoods, on 19 May 2020 I received advice from HMT recommending that I take steps to specifically support consumption

283. The advice I received from HMT officials on 19 May 2020 recommended taking steps to support consumption by safely lifting the NPIs, and to support consumer confidence through messaging to the public, supported by the Government’s strategy on health, which would also be key to the return of consumer confidence. HMT further recommended that I consider pursuing regulatory stimulus and that there *“may be a case for temporary policies”* to *“provide a targeted incentive to consumers... to leave home and consume certain goods and services”* in sectors where there was the greatest need [RS/245/INQ000088055]. This advice noted that internationally voucher schemes had been a popular way to boost consumption, which could be used to target labour intensive services, such as hospitality and tourism.

284. On 1 June 2020 I received advice from HMT that set out that whilst there were *“good reasons to expect many elements of consumer spending to recover if the conditions are right”*, some forms of economic activity may face a *“sluggish return where public safety concerns weigh on confidence or social behaviours have become entrenched”*. Further it recommended *“targeted and temporary measures to support the hardest hit sectors”* such as hospitality, leisure and tourism sectors [RS/247/INQ000088058].

285. HMT recommended a voucher scheme as the *“first best option to generate additional consumer spending in a timely way”* [RS/247/INQ000088058] and noted that, as against a VAT reduction, *“a voucher scheme would likely be better value for money”* in that *“for equivalent cost, we think a voucher scheme is likely to be more effective at stimulating consumption, because it is more likely to lead to additional spending in the relevant sectors – the vouchers would provide a greater benefit to the consumer as a proportion of a given transaction, and thus a more pronounced behavioural response”*. The advice explained that a time-limited intervention with a

clear expiry date and targeted at generating additional spending in the hardest hit sectors would be most effective to bring forward consumption, thereby supporting jobs and businesses. The *“strongest case would be to target a scheme at food and beverage services”* because of their significant employment as *“this sector is a major employer, supporting 2 million jobs (5.5% of UK)”* and considering the impact from the restrictions (*“spending on restaurants and fast food was down 58% compared to the same week last year”*). The advice also emphasised that steps to stimulate consumption should only be deployed, and could only be effective, once the NPIs had been safely lifted, and that beyond having merely a fiscal impact, any intervention to stimulate consumption would also send a strong positive signal to consumers that consumption is safe, provided it was supported by clear public guidance and took place in the context of Covid-secure business environments [RS/247/INQ000088058]. I was aware of the Bank of England’s concerns around *“cash flow issues [being] particularly high within these sectors”* so understood *“reopening [hospitality to be] a crucial step for economic recovery”* [RS/212/INQ000088059]. The positive behavioural impact of measures to encourage consumer confidence was an important element and objective of the EOTHO scheme.

286. Additionally, as highlighted above, the decision to target the scheme solely at Mondays to Wednesdays was specifically aimed at stimulating additional consumption by shifting demand towards days where there would likely be an over-supply of available capacity, rather than subsidising consumption at weekends when demand would already be higher and when the restrictions placed on capacity by social distancing measures could prevent additional consumption from being realised [RS/248/INQ000088084]. I was advised that specifying these days of the week provided *“more additionality than a VAT cut by shifting demand towards days where there is likely to be over-supply”* [RS/248/INQ000088084].

The proposal for a voucher scheme to stimulate consumption received support from the PM

287. During a Bilat with the PM on 22 May 2020, I presented the contents of the advice I had received from HMT on supporting consumption as part of the Summer Economic Update [RS/014/INQ000232117].

288. This proposed three broad policy interventions for specifically targeted support for consumption. First, direct messaging to consumers that consumption is safe. Second, regulatory changes, such as changing licencing rules, which could be targeted at specific sectors, and third, a targeted tax cut or subsidy scheme which would encourage consumers to spend in sectors which have been hardest hit, such as hospitality, tourism and leisure.

289. During this meeting the PM was “*very keen on [the] vouchers idea*” to increase consumer confidence over the summer months [RS/013/INQ000232086].

290. Further to this meeting, and in response to the PM’s positive reception to a proposed voucher scheme, I progressed with exploring options for providing targeted support for consumption and instructed HMT officials to prepare a detailed submission exploring such measures. The policy was subsequently approved and signed-off by No. 10 in July 2020, prior to its implementation.

291. Furthermore, on 1 September 2020, after the EOTHO scheme had concluded, the PM asked me to oversee work through the D(EO)CC to consider options for local and central Government to help support the economic recovery in cities which would have obviously included potential measures to stimulate consumption sectors as these were important to city recovery.

Efforts to support consumption via a voucher scheme saw broad support including from independent policy organisations

292. For example, in July 2020 whilst we were formulating the EOTHO scheme, the Resolution Foundation, a respected independent think tank, recommended the introduction of a temporary demand side stimulus in the form of a voucher scheme to boost consumption in the hardest-hit sectors. The announcement of the publication of the report which recommended the introduction of a voucher scheme stated that:

“New Resolution Foundation research... will call on the Chancellor to give every household in Britain High Street Vouchers worth £500 per adult and £250 per child, in order to kickstart the economic recovery by focusing on the firms and workers hardest hit by the covid-induced economic crisis.”

“The proposal, which forms part of wider fiscal stimulus package put forward by the Foundation, would involve the delivery of up to £30 billion worth of consumption vouchers for households to spend in the areas of the economy being hardest hit, such as face-to-face retail and hospitality.”

“The Foundation says that its innovative voucher scheme proposal is tailor-made for the nature of the current crisis – which is focused on specific sectors, rather than spread across the whole-economy – and far better than repeating policies from the very different experience of the financial crisis (such as VAT cuts)... That’s because the voucher scheme can target the parts of the economy where the problems are – bricks and mortar consumption in shops and restaurants, rather than online sales – and recognises the different impact of the crisis on poor and rich families” [RS/249/INQ000236956].

293. The report highlights the key benefits of vouchers (as opposed to cash) in terms of being targeted at specific sectors most in need of support, being time-limited such that they are spent when the economy most needs consumption to be boosted (unlike cash, which could be saved), and being easy to deactivate in the event of a second wave of infections, thereby limiting the deadweight cost of such schemes. The report also notes that other countries had made use of vouchers to stimulate demand in the hardest-hit sectors, particularly hospitality venues. Taiwan introduced ‘Triple Stimulus Vouchers’ for use in shops and restaurant, amongst other places, whilst Malta residents received €90 to be spent in the island’s bars, hotels and restaurants [RS/250/INQ000236957].

EOTHO was specifically designed to benefit the hospitality sector, which is a sector that is particularly reliant on consumption and was particularly impacted by NPIs

294. The hospitality and leisure sectors were especially vulnerable to the NPIs introduced in response to the Pandemic which made it impossible or illegal to consume goods or services in the usual way. I received advice from HMT on 30 June 2020 setting out that *“pubs and restaurants together contribute c.£40 billion in GVA and employ over 2 [million] people”* [RS/244/INQ000088077]. This spending had dramatically decreased as a result of the Pandemic, with *“spending on restaurants and fast foods*

[...] down 58%” compared to the same week the previous year [RS/247/INQ000088058].

295. Hospitality is reliant on footfall and in-person settings, which had been closed during the lockdown, and was otherwise limited in how it could adapt to operate viably during the Pandemic. Though disparate, the sector relied to a large extent on ambience and convenience, and while some hospitality venues were able to shift to street sales and takeaways, their ability to do so was generally limited. The advice I received from HMT officials on 19 May 2020 utilised card spending data to demonstrate the huge reduction in consumption during the Pandemic, and noted that this was particularly pronounced in the ‘restaurants and fast foods’ sector, which saw a 71% reduction in card spending as against the previous year. While retail was also impacted by the loss of footfall, businesses had been able to shift some demand online, and the development of Covid-secure guidelines for businesses had enabled non-essential retail businesses to open safely on 15 June 2020. The seasonality of the hospitality sector also meant that it was particularly vulnerable, and that every week of closure over the summer period had a disproportionate impact on the survival of businesses [RS/212/INQ000088059].

296. It was also reasonable not to expect hospitality activity to bounce back immediately even after restrictions were lifted. *“For example, in Germany, in the first week of eased restrictions inner-city sales were 67% lower than normal, compared to 83% lower during the ‘hard lockdown’. In Spain, over 80% of small businesses had chosen not to reopen as they expected low sales, according to the Spanish Confederation of Commerce”* [RS/245/INQ000088055].

297. Businesses in the hospitality sector, which already operated with fine margins, were also forced to operate at reduced capacity due to social distancing measures. Advice I had sight of quoted figures from UK Hospitality that, on average, capacity across the sector would be capped at 60% as a result of the safety guidelines that we put in place. A major concern for HMT was that, in light of these intense strains on the sector and *“trading at 60% revenues, costs will outweigh sales for many businesses and redundancies and insolvencies will begin to crystallise”* [RS/244/INQ000088077] resulting in mass unemployment with disastrous effects for the wider economy. Hospitality Futures Group, a forum established for discussion between Government and industry leaders on possible ways to support the recovery

of the hospitality sector¹, provided an example of a profit and loss scheme, based on a 'typical' small independent pub or restaurant, showing the significant effect of reopening with NPIs might cause.

	Pre-Covid	Reopening with NPIs	Assumptions
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Turnover incl. VAT	12,000	7,200	VAT is not cut
Turnover excl. VAT	10,000	6,000	60% revenues
% cost of goods	30%	33%	Assumes higher wastage to revenue
Costs	-3,000	-1,980	
% labour costs	32%	40%	Reduced labour efficiency
Labour	3,200	2,400	
Rents	-1,000	-1,000	Fixed rents
Business Rates	-500	0	Rates relief for 20-21
Other costs	-1,350	-1,000	Many costs are fixed
Profit/Loss	950	-380	-

298. Hospitality is also an employment intensive sector, with pubs and restaurants employing over 2 million people before the Pandemic. This advice noted the severe impact of the Pandemic of the hospitality sector in particular, with “83% workers furloughed and 75% of businesses not trading” [RS/244/INQ000088077].

Aside from the macro-economic rationale for supporting the hospitality sector, there were also compelling wider social justice objectives

299. In addition to the compelling economic rationale for introducing measures to support the hospitality sector, providing support to this sector was a matter of social justice on the basis that those employed in the sector were disproportionality young, female, lower paid and of ethnic minority backgrounds.

¹ The Hospitality Futures Group was chaired by Karen Jones (CEO of Prezzo) and included the following as members: Andy Hornby (Restaurant Group), Paul Campbell (Gymbox, Hickory's, Vinoteca), James Spragg (Casual Dining Group), Mark Chambers (Restaurant Group), Steve Holmes (Azzuri Group), Andy Pellington (Pizza Express), Will Beckett (Hawskmoor), Nisha Katona (Mowgli), and Zoe Bowley (Pizza Express)

300. This was borne out across the advice I received from HMT during the period when the EOTHO scheme was being designed. I wrote to the PM on 3 June 2020 to advise on the need to instil confidence to get the economy going and highlighted the vulnerability of workers in the hospitality sector who tend to be in lower income roles as well as young, female, educated to a non-degree level and of minority ethnic background [RS/212/INQ000088059]. HMT's advice of 3 July 2020 advised that the EOTHO scheme was targeted at a sector which would be unable to return to full capacity while social distancing restrictions remained in place and which also disproportionately employed women, young people, and workers without degrees or higher qualifications [RS/248/INQ000088084]. I again raised the demographic of workers in the hospitality sector during a Cabinet meeting on 8 July 2020, where I highlighted that revitalising this sector was a matter of social justice as well as sound economics [RS/251/INQ000088961].

In light of the macro-economic and social justice rationale, a broad package was put together to support consumption and the hospitality sector over the course of the Pandemic. Whilst the Inquiry has only asked questions about EOTHO, this was only a small part of the considerable support for the hospitality sector, all of which contributed to its sustainability and therefore the social activity it supported.

301. EOTHO was a relatively small part of a broader package of economic support measures which benefited the hospitality sector. This package included:

- a. The Job Retention Bonus (estimated cost of £9.1 billion)
- b. VAT cut for hospitality, accommodation and attractions (£8.36 billion)
- c. Business rates relief for retail, hospitality, leisure and nurseries (£16.16 billion)
- d. Business grants for the accommodation and food services sector (approx. £9 billion) [RS/252/INQ000236871]
- e. Covid-19 commercial loan schemes for the accommodation and food services sector (£4.3 billion under the Bounce Back Loan Scheme and £1.9 billion under the Coronavirus Business Interruption Loan Scheme, both of which closed on March 2021) [RS/253/INQ000236943]
- f. Tax deferrals

g. Spend on the furlough scheme for the accommodation and food services sector (£12.9 billion out of a total spend on the scheme of £69 billion)

302. EOTHO, with an estimated cost of £500 million, was a relatively small intervention in comparison to these other measures which do not seem to have attracted the same focus, yet also all served to support social and economic activity in the hospitality sector, and thereby increased social interaction.

In particular, EOTHO and the VAT reduction are specifically demand side stimuli designed to support consumption - EOTHO lasted just 13 days and was cost around £500 million, while the VAT reduction cost £8.36 billion (sixteen times more significant) and lasted from 15 July 2020 to 31 March 2022.

303. The VAT reduction from 20% to 5% for the hospitality and tourism sectors was implemented for the period from 15 July 2020 to 12 January 2021, and was later extended until 30 September 2021. A new reduced rate of 12.5% was introduced on 1 October 2021 which ended on 31 March 2022.

304. This was a demand side stimulus that reduced prices and was designed to encourage people to consume goods and services, every day of the week. By contrast, EOTHO ran for a total of only 13 days, from Monday to Wednesday between 3 and 31 August 2020. It was designed as a short, time-limited and targeted stimulus. Given the relative cost and duration of these two sector-specific demand side stimulus measures, the particular and sole focus on EOTHO seems misplaced.

EOTHO was announced as part of a broader 'Plan for Jobs' economic package in July 2020 worth an estimated £30 billion which sought to provide support to employment

305. The EOTHO scheme was also a relatively small part of a broader package of economic support for employment across all sectors during the Covid-19 recovery period, which I announced to the House of Commons on 8 July 2020 as the 'Plan for Jobs' [RS/046/INQ000088027]. This package, with a combined estimated cost of £30 billion, included the following support measures:

a. Job Retention Bonus to reward and incentivise employers who keep on their furloughed employees (£9.4 billion)

- b. Kickstart Scheme fund to create hundreds of thousands of high quality 6-month work placements aimed at those aged 16-24 who are on Universal Credit and are deemed to be at risk of long-term unemployment (£2.1 billion)
- c. Boosting work search, skills and apprenticeships with funding to ensure more people will get tailored support to help them to find work. (£1.6 billion)
- d. Reduced rate of VAT for hospitality, accommodation and attractions (£4.1 billion)
- e. Infrastructure package (£5.6 billion)
- f. Public sector and social housing decarbonisation (£1.1 billion)
- g. Green Homes Grant (£2 billion)
- h. Stamp Duty Land Tax temporary cut (£3.8 billion)

306. The Plan for Jobs emphasised the importance of the work done by the Government to support the safe reopening of businesses, and stated that *“the Government and devolved administrations have worked closely with businesses to develop guidelines to keep staff and customers safe. These guidelines include advice to businesses to take steps such as frequent cleaning, making sure risk assessments explicitly take into account COVID-19, and keeping temporary records of customers and visitors to support contact tracing.”*

A large number of other countries all supported consumption with demand side stimulus/voucher schemes. France, Austria, South Korea, Japan, Taiwan, Malta and Portugal all had similar voucher schemes. Other countries like Germany, Norway and Italy reduced VAT

307. When developing the EOTHO scheme, HMT officials considered a variety of international comparisons where measures to support consumption had been implemented [RS/245/INQ000088055] [RS/247/INQ000088058]. I was advised that *“internationally, voucher schemes have been a popular way to support consumption generally”* [RS/245/INQ000088055]. Voucher schemes to support restaurants and catering had been established in France, Austria, and South Korea, whilst other voucher schemes to support consumption had been implemented in Japan, Portugal, and across 30 cities in China.

308. In France, a pre-existing voucher scheme was expanded with the threshold for restaurant vouchers doubling from €19 to €38 and their use allowed over weekends and holidays.

309. In Austria, the city of Vienna issued 'Vienna Gastro Vouchers' worth €25 or €50 to all households to be redeemed in bars, restaurants or coffee houses in a campaign running from June to September 2020.

310. Japan had provided incentives in the form of "*price discounts, vouchers and reward points*", as well as subsidies to "*revive the tourism industry*".

311. In May 2020, South Korea implemented an "*emergency consumption voucher scheme*" for all households, distributed via credit/debit card points, coupons, pre-paid cards and cash, with the sum determined by the number of people per household and spending restricted to certain sectors (for example shops and restaurants). This scheme required subsidies received as credit/debit card points to be used by 31 August.

312. Taiwan created a 'Triple Stimulus Voucher', available from 15 July 2020, which could be used to purchase goods and services physically (not online) at restaurants and shops [RS/250/INQ000236957].

313. In Malta, residents were given five €20 vouchers to be spent in bars, restaurants and hotels [RS/250/INQ000236957].

314. Similarly, at the time of these interventions, various countries had initiated targeted tax cuts to support spending in the hospitality and tourism sectors. These included Norway, which had reduced their VAT rate for six months, Italy, which had suspended VAT payments for all firms within the tourism, catering and entertainment sectors, and Germany, which had announced a prospective 12-month VAT reduction for hospitality [RS/245/INQ000088055] [RS/247/INQ000088058] [RS/254/INQ000088085]. Greece, Hungary, Ireland, Moldova and Turkey actioned similar reductions.

315. The Government's targeted interventions to support consumption, including EOTHO, were completely in line with other countries, in terms of aims and methods.

There were also no significant concerns raised specifically with me about the EOTHO scheme

316. As stated in paragraph 289 above, the Prime Minister indicated his support for a voucher scheme EOTHO at an early stage of the scheme's development.

317. Throughout the period at which EOTHO was in operation, and immediately prior to its implementation, I do not recall any concerns about the scheme being expressed during ministerial discussions, including those attended by the CMO and CSA².

318. At a Covid(S) meeting on 16 July 2020 the upcoming "*two significant risk moments*" were identified by the CMO as being the "*return of schools*" in September and "*the winter*" [RS/255/INQ000088249].

319. At Covid(S) on 6 August it was noted that "*returning to schools was the single riskiest element of the Government's plan*", and during which there was no mention of EOTHO or hospitality in general [RS/256/INQ000088257].

320. Similarly, a Covid(S) meeting on 22 July 2020 had "*August Planning*" as a specific agenda item which included discussion and consideration of managing the virus through test and trace, data and outbreak management; preparing for winter; contingency planning including the development of smarter NPIs; and work to prepare for schools to reopen. This meeting was attended by the CMO and CSA. There was no mention of EOTHO as a cause for concern or risk at all, as part of the specific August planning [RS/257/INQ000088251].

Any suggestion that EOTHO caused the second wave of infections is not borne out with reference to the discussions at the time, which reflected the view informed by science and health experts that a second wave was always anticipated, even at the outset of the Pandemic, and well before any mention or conception of EOTHO

321. At a Cabinet Meeting on 14 February 2020 the CMO said that "*the virus might take between six weeks and two and a half months to reach its peak, then run at that peak for a few weeks. There was a chance there could be two peaks*" [RS/142/INQ000056138].

322. On 8 March 2020, during a call I had with the CMO and CSA, even before the UK had been through its first peak of infections, I was advised that the second peak

² The CMO attended Covid(S) meetings throughout July and August, the CSA attended the majority

would be expected to hit in the autumn, likely either at the end of October, or November/December, when the normal respiratory illness season begins [RS/089/INQ000088047].

323. In May 2020, shortly after announcing that Europe as a whole had passed the peak of infections, Dr Andrea Ammon, director of the European Centre for Disease Prevention and Control, predicted that a second wave of infections would hit Europe [RS/258/INQ000236906].

324. This was not unique to Europe. In the US, Dr Antony Fauci, Director of the National Institute of Allergy and Infectious Diseases, also predicted in May 2020 that an “*inevitable*” second wave would hit the US in the autumn [RS/258/INQ000236906]. The US Centre for Disease Control noted that the 2009 swine flu epidemic saw a second wave and similarly the 1918 influenza pandemic also had a mild spring wave, followed by a larger second wave in September [RS/258/INQ000236906]. Dr Greg Poland, director of Mayo’ Clinic’s Vaccine Research Group reiterated this, commenting that “*often the second wave of a pandemic is worse*” [RS/259/INQ000236868].

325. The CMO confirmed that one of the three scenarios he envisaged playing out was that infection rates would “*reduce through the Summer, with some non-pharmaceutical interventions likely remaining in place, but then in the Winter the rates would increase again*” [RS/015/INQ000088234].

326. At a Cabinet Meeting on 8 September 2020 the PM confirmed “*that the government had known for a long time that a second peak [of infections] was coming*” [RS/260/INQ000088964]. Similarly, the PM again noted at a Covid(S) meeting on 21 September 2020 that rising levels of incidence were “*not unexpected and had been repeatedly forecast*” [RS/261/INQ000088271].

327. On 23 June 2020, SAGE considered which social distancing measures had the greatest impact on controlling the virus and should therefore be reintroduced first if required. An HMT readout of the meeting indicates that the discussion assumed the likelihood of a second wave, with particular risks linked to schools opening in September, and notes SPI-M’s emphasis on opportunities for the outbreaks of the virus to be controlled locally rather than through nationally-imposed restrictions, as

well as on the importance of assessing the effectiveness of social distancing measures as a “*package*” rather than individually [RS/262/INQ000232181].

328. The Covid(S) meeting on 16 July 2020 was focused on considering the Government’s approach to reopening the economy in recognition of the risk of a winter surge and second peak in infections. The discussion at the Covid(S) meeting centred on the question of “*whether the risk of a winter surge and a second peak of coronavirus, combined with a winter influenza outbreak and other winter pressures was so great that the Government should not aspire to opening everything up by the end of the year*”. The design of EOTHO was well-advanced by this stage, but there was no mention of this scheme and nothing to indicate that it was a cause for concern [RS/255/INQ000088249].

329. A paper from the Taskforce circulated for a Covid(S) meeting on 8 September 2020 discussed the causative factors for the anticipated second wave of infections, noting that (emphasis added) “*people are not maintaining social distancing when they do meet up, **whatever the setting***” [RS/263/INQ000088260] and a PHE report (for the week ending 27 September 2020) cited in a briefing regarding the epidemiological position for the North East and North West, showed “*75% of contacts for those testing positive were **in private settings***” [RS/243/INQ000184597]. The same briefing cited a PHE case control study, which compared the activities of those testing positive to a healthy control group, which found “*there was very little evidence to suggest that cases were more likely to have participated in activities including attending a mass gathering, travelling or commuting, or eating out*”, dispelling the suggestion that the second wave was driven purely by transmission in the hospitality setting, and less still as a result of the EOTHO scheme.

330. I received a Cabinet briefing dated 1 September 2020 which confirmed that EOTHO and the reopening of the hospitality sector did not have a noticeable impact on rates of infection. The briefing noted “*we haven’t seen a widespread resurgence in transmission*” since the reopening of the sector and an acknowledgement that “*clusters of high transmission have largely been driven by social interactions between households, not formerly closed sectors*” [RS/264/INQ000232098].

331. HMT briefings for Covid(O) meetings in November 2020 included discussion of transmission risk in university settings, ONS data demonstrating a high prevalence in secondary school children, older teenagers, young adults, as well as evidence

from Directors of Public Health for university towns and cities who believed that the return of students in September 2020 had accelerated infections amongst older age groups in their areas [RS/265/INQ000113692] [RS/266/INQ000113695].

332. The readout of a SAGE meeting on 3 December 2020 provides that there was discussion of papers on transmission of the virus in hospitality. The readout states "*Patrick Valence [sic] asked on finding that rates in hospitality low given volume of custom. PHE paper noted outbreaks not as a high as might be expected*" [RS/267/INQ000232188]. The PHE paper regarding transmission in various settings, dated 26 November 2020, provides that "*analysis from PHE case control studies... suggests that working in hospitality is associated with a higher risk of infection*", however "*the study also showed that the fraction of cases likely to be attributable to a particular setting are relatively low in non-household settings which indicates that transmission events are likely associated with many settings and activities*" [RS/268/INQ000074996].

Countries across Europe, not just the UK, experienced a second wave of infections during the Autumn of 2020.

333. At a Cabinet meeting on 1 September 2020, the PM noted the increase in cases in France, Spain and Germany as a warning, commenting that there was no reason to believe that the UK would be an exception to this European trend [RS/269/INQ000088930].

334. At a Covid(S) meeting on 8 September 2020 the JBC Director General advised that international comparators showed that the UK curve was broadly tracking the curve for France and Spain, with a lag of four weeks [RS/270/INQ000088263].

335. The below chart from Our World in Data illustrates the prevalence of second waves of Covid-19 infections, experienced by the UK's European peers into the Autumn of 2020. This chart clearly demonstrates that the UK was in no way unique in experiencing a second wave of infections, and that many of our European neighbours in fact experienced more severe peaks than the UK.

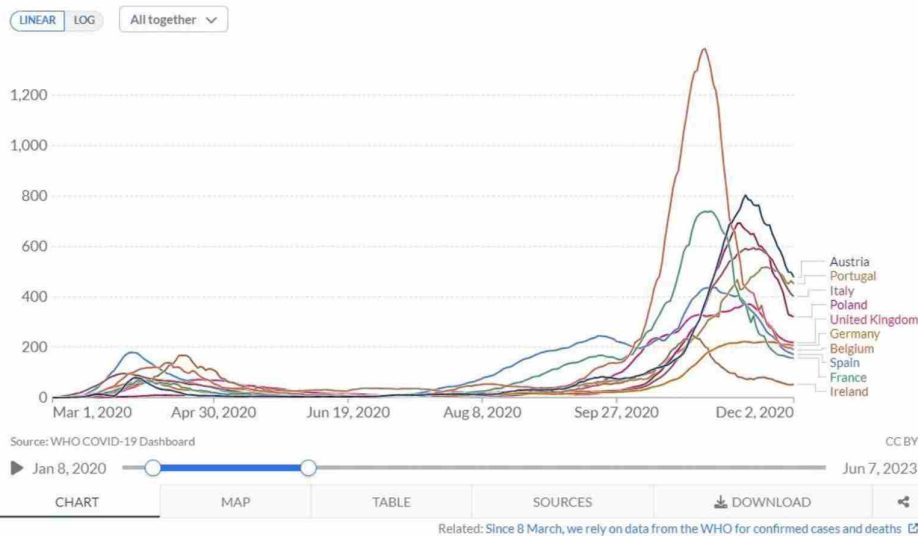
Table 1: Daily new confirmed Covid-19 cases per million people

[RS/271/INQ000236881]

Daily new confirmed COVID-19 cases per million people

7-day rolling average. Due to limited testing, the number of confirmed cases is lower than the true number of infections.

Our World
in Data



At the end of 2020, HMRC published detailed analysis that showed that “*there is a lack of convincing evidence that take-up of the scheme has led to an increased amount of new cases*” [RS/272/INQ000088102].

336. The HMT statement vol. 1 notes the HMRC analysis on local area data in relation to EOTH and Covid-19 cases. This regression analysis, looking for evidence of correlation (reported using the Pearson correlation coefficient) was shared with HMT on 15 December 2020.

337. It concluded that “*currently, we find little evidence to support the claim that the EOH [sic] scheme directly led to an increase in COVID-19 cases, on a UK-wide level. Generally, correlations are either weak or not statistically-significant. Subsequently, there are local authorities with very high EOH take-up and relatively low levels of new COVID cases, as well as local authorities with high levels of new COVID cases and low take-up of the EOH scheme*” [RS/272/INQ000088102].

338. This analysis was completed by examining the meals claimed per head in local authority areas against new Covid-19 cases during September and October 2020.

339. I have not reviewed this analysis, nor looked at the underlying local area data on EOTH which was published by HMRC on 28 January 2021.

EOTHO was widely considered to have had a very positive impact on the hospitality sector, helping to save jobs and businesses

340. Without the additional cashflow generated by EOTHO it is highly likely that many more businesses would have faced insolvency in future months with subsequent job losses. The positive impact of EOTHO was recognised by industry leaders who noted the immediate benefit of the scheme in helping to sustain their businesses and avoid making redundancies, thereby helping to protect the 1.8 million jobs in the hospitality sector.

- a. Andy Laurillard, CEO of Gigging Squid said that *“the tremendous success of the August scheme, combined with the temporary VAT reduction and fantastic support from our landlord community have made the difference between failure and survival of our business... As a result of the Eat Out to Help Out scheme we have managed to avoid making any redundancies and we no longer have any of our 950 staff on furlough”* [RS/273/INQ000236928].
- b. David Page, Chairman of Fulham Shore (who own and operate Franco Manca and The Real Greek) said that *“Eat Out to Help Out immediately increased our restaurant customer numbers by over 50%, thus enabling us to get all our staff back to work. In fact, we are now creating new jobs by hiring and training more people as fast as we can!”* [RS/273/INQ000236928]
- c. Stephen Wall, managing director and co-founder of Pho restaurant chain, said *“it has certainly benefited our early-week figures and seems to have encouraged the British public to dine out safely”* [RS/274/INQ000236903].
- d. The Hospitality Leaders Poll found that some 80% of 250 restaurant, pub and food-to-go operators reported that EOTHO had been a success [RS/275/INQ000236904].

341. As touched on at paragraphs 305 and 306 above, on 8 July 2020 I announced the Plan for Jobs 2020 [RS/046/INQ000088027]. This plan addressed concerns about the freezing effect in the labour market resulting from the furlough scheme, and the risk this would lead to higher long-term unemployment. It aimed to provide targeted and temporary support to employment through the recovery period, and in doing so, to help minimise structural damage to the economy and public finances. This included the introduction of a new Job Retention Bonus to encourage firms to retain furloughed workers, and the provision of direct help for people to find work and gain skills required

for employment (e.g., the Kickstart scheme). A progress update on the Plan for Jobs was published in September 2021, which reported that the plan was working, since *“the headline unemployment rate has now fallen for six consecutive months”* and *“people are rapidly coming off the emergency employment and income support schemes”* [RS/276/INQ000236929].

Rule of Six

342. The “Rule of Six” was developed in September 2020 in the context of a national increase in cases of Covid-19. At a Cabinet meeting on 1 September 2020 the PM had noted that *“despite flat or declining rates of deaths or hospital admissions there was no room for complacency. The increase in cases in France, Spain and even Germany was a warning”* [RS/269/INQ000088930]. By the time of the next Cabinet meeting on 8 September 2020, rates were increasing and the PM noted that *“...the Government had known for a long time that a second peak was coming”* [RS/260/INQ000088964].

343. There was a Covid(S) meeting on 8 September 2020. My briefing for this meeting emphasised the need to *“manage rises in infections with tools that are less economically damaging”* than the NPIs used in March 2020. I was advised that simple messaging, reducing social contact, tougher enforcement of non-compliance and instilling confidence in the public should *“tackle transmission, increase public confidence and limit economic damage”*. This was in line with strategies taken by other countries, such as Germany and Belgium, who had *“responded to rising cases by focusing on robust, universal enforcement of existing measures”* and *“increasing efforts to ensure compliance with quarantine rules”* [RS/277/INQ000184584].

344. At the meeting it was reported that the UK had seen the *“highest daily case rate since April”* and there had been an *“acceleration of cases”* in England, Wales and Scotland. On this basis the JBC Director General suggested a *“re-adjustment was needed to take the UK through the autumn and winter”* and therefore a *“response package”* was being proposed, which *“included stronger enforcement, moving more requirements into regulations, and clearer communications”* [RS/270/INQ000088263].

345. The meeting concurred with the proposal that tighter social contact measures were necessary, and the question of *“where to set the number for social contact limits”* was discussed. The Director General of the JBC reported that *“the sharp increase in positivity rates seemed to reflect a genuinely higher incidence rate”* and that *“the UK*

curve was broadly tracking the curve for France and Spain". The meeting discussed whether social contact should be limited to six or eight people. The CMO acknowledged that it *"was not possible to quantify the impact of a social contact limit of eight as opposed to six"*, however in his opinion, the *"lower the number the better from a transmission perspective"*. It was noted that *"most countries in Europe were setting social contact at ten people"* at that point, but the CMO also raised the point that *"consistency of messaging would be important"* (previously there had been a limit of 6 people meeting outdoors).

346. The impact on family life was considered by the Committee, with eight considered to be *"preferable"* from this point of view, as a number lower than this *"would heavily impact the black and minority ethnic communities who often had larger families"*. That having been said, it was noted that changing the limit to eight people (albeit that the previous rule related to meeting *outdoors*) *"would look like a relaxation of the regulations"*.

347. The PM, in summing up, said that *"having listened to the discussion"* he was in favour of a social contact limit of six which *"would be simple and enable tough enforcement"* [RS/270/INQ000088263]. On 9 September 2020 the PM announced the introduction of the 'Rule of Six', which would come into force on 14 September 2020 [RS/278/INQ000086845].

BOX 3: FINANCIAL SUPPORT FOR THOSE SELF ISOLATING

348. I am aware that in a later Module, the Inquiry will be examining the Government's business and financial response to the Pandemic in detail, but in response to the Inquiry's questions in relation to SSP and financial support for those self-isolating, I set out the major decisions below.

The Government implemented a range of interventions to improve the generosity of SSP at the outset of the Pandemic in order to ensure support for individuals

349. On 4 March 2020, as the infection rate of Covid-19 began to increase in the UK, the PM announced that SSP would be paid from the first day (rather than the fourth day) of sickness, for those self-isolating due to Covid-19 [RS/279/INQ000236941].

350. On 11 March 2020, as part of Spring Budget 2020, SSP eligibility was increased to include all those advised to self-isolate due to Covid-19, even where they had not yet presented with symptoms. It was also announced that the cost of providing SSP to any employee off work for up to 14 days due to Covid-19, would be refunded for businesses with fewer than 250 employees by the Government [RS/280/INQ000236874].

351. For those who were ineligible for SSP, access to other benefits, for example new style Employment Support Allowance, was made quicker and easier. A Hardship Fund of £500 million was established for local authorities to use to support vulnerable families in their areas at their discretion [RS/281/INQ000065322].

The Government implemented a specific scheme to provide additional financial support to those isolating

352. The Test and Trace Support Payment (“TTSP”) scheme was launched on 20 September 2020, following agreement at a Covid(O) meeting on 18 September 2020 [RS/282/INQ000090196]. Initially the scheme was expected to run for 4 months until the end of January 2021. On 16 September 2020 [RS/283/INQ000232144], HMT approved the means tested scheme’s creation, providing eligible individuals (low-income workers) with a flat payment of £500 for the 14 days of isolation. This payment was exempt from National Insurance contributions.

353. Following this, on the 21 September 2020 [RS/284/INQ000232134], HMT approved an initial allocation of £40 million funding, requested by the MHCLG for local authorities to administer the TTSP scheme.

354. Furthermore, on the 28 September 2020 [RS/285/INQ000232103], following engagement with the CO and No.10, HMT approved funding for a separate discretionary fund to be allocated for local authorities to administer for “hard cases”. This was estimated to provide support to approximately 30,000 individuals required to self-isolate, that would not be eligible for funds under the TTSP scheme, but where there was a compelling case that they should receive support.

A legal requirement to self-isolate was introduced (with accompanying enforcement and fines), rendering financial considerations less relevant

355. On 28 September 2020 a legal requirement was introduced for people to self-isolate if they tested positive for Covid-19 or were contacted by NHS Test and Trace. The legal duty was introduced to ensure compliance and reduce the spread of the virus. To promote compliance, NHS Test and Trace increased their contact with those self-isolating, and the police were engaged in checking compliance in high-incidence and high-risk areas, as well as investigating and prosecuting high-profile and egregious cases of non-compliance. Fines for those found to be breaking the rules started at £1,000, rising to £10,000 for repeat offenders [RS/286/INQ000236924].

356. Regardless of any financial incentive, from this point it was a legal requirement for those who tested positive or were contacted by NHS Test and Trace to isolate.

There was limited evidence to show that financial reasons were the main driver behind why people did not comply with self-isolation requirements

357. Behavioural analysis supported a more nuanced view, that human behaviour is complex and multiple factors influence the decision of an individual, about whether or not to self-isolate when they test positive for Covid-19, not just their financial circumstances.

358. In June 2020, in a No. 10 note on financial support, in considering whether those isolating due to NHS Test and Trace should be given further financial support to increase compliance with isolation requirements, it was noted that there was “*a lack of robust data*” on the “*reasons for non-compliance (in particular, financial pressure [versus] social factors*” and that “*we should look at non-financial routes of securing compliance before reaching for financial incentives*” [RS/287/INQ000232096]. It cited polling from YouGov, saying reasons for resistance to self-isolating “*included practical and emotional as well as financial reasons*”.

359. In addition, it was said that “*if non-compliance proved to be high, it seems unlikely that a financial incentive would increase compliance among the latter group [...] Unless some form of enforcement was introduced, there would be nothing to prevent people who are inclined to break isolation from taking the financial incentive and breaking isolation anyway*”.

360. On 10 November 2020, with the onset of the second wave of Covid-19, changes to the Government's self-isolation policy and the introduction of mass testing, HMT officials provided a submission on “*self-isolation income support strategy*”

[RS/288/INQ000232105]. The context for the submission was a consideration of whether to extend eligibility under the TTSP scheme. The advice from officials was that *“behavioural analysis conducted so far shows that financial concerns are one reason why people leave the house during their self-isolation period, but not overwhelmingly so: only 12% of those who reported leaving home did so to go to work. For comparison, 17% of people polled did not understand that you should stay at home if you have symptoms, 15% reported leaving home for mental health reasons, 12% left home for a non-medical need”*.

361. The submission further pointed out that there had also been a *“low take up of the £500 self-isolation support payments”*, representing only *“20% of eligible people”*.

362. Similarly, in a briefing of 21 November 2020 for a Covid(O) meeting, officials advised that *“we have no evidence financial incentives are why people don’t isolate, surveys conducted by DHSC suggest the main drivers of breaches amongst those with symptoms are loneliness/boredom (30%); because they had mild or improving symptoms (29%); or to go shopping (20%). Only 8% report doing so in order to go to work (which is a potential proxy for financial pressure to do so)”* [RS/289/INQ000113694].

363. Likewise, in an HMT submission of 14 December 2020 regarding self-isolation compliance, the advice was that *“there isn’t enough evidence to be certain that the current scheme is working. Uptake is low at 25%, and there’s no proof that those who take the payment are more likely to self-isolate than those who don’t. The average payment is made nine days after [the] application – likely received after the self-isolation period is over”* [RS/290/INQ000232112].

364. Again, when the prospect of widening eligibility to TTSP was raised again in June 2021 in the context of decisions on ‘Step 4’ of the Roadmap. Advice from HMT officials on 9 June 2021 [RS/291/INQ000113741] and a follow-up briefing [RS/292/INQ000232131] set out that:

- a. There was insufficient evidence that widening eligibility criteria would make an impact – evidence from local authorities that decided to implement more generous eligibility through the ‘discretionary pot’ showed no increase in overall take up.

- b. There was evidence that other, operational, changes to the existing scheme would increase uptake: uptake of TTSP by the eligible population was only 30%, payments took an average of 13.3 days to arrive (rather than during the self-isolation period itself); over half of local authorities had unclear, incorrect or misleading information on their websites; and the 'discretionary pot' was underutilised – around half of local authorities expanded eligibility criteria with the additional funding, and 55% of councils spent less than 30% of their discretionary funding allocation.

- c. Lack of financial support was not the primary reason that people did not come forwards for testing or broke self-isolation rules, evidence showed that many people did not understand when they needed to be tested. 28% of people dismissed symptoms as too mild or not as Covid-19, and 20% did not know they were eligible or did not know how to get a test. ONS survey data showed that the main reasons for breaking self-isolation were to go to the shops (32%), to attend work, school or university (26%) or for medical reasons (21%). Asked about the challenges faced during isolation, 79% of people living with others were unable to keep completely separate from household members, whereas only 32% cited lost income as a challenge.

The generosity of TTSP automatically increased over time as self-isolation periods were reduced

365. As the requirement on self-isolation changed to require individuals to isolate for a shorter period of time, the flat rate £500 TTSP payment became more generous in relative terms. In November 2020, officials noted in advice that when it was first introduced, the £500 payment was intended to support isolators for a 14 day period, equating to £35.71 per day, or 82% of the National Living Wage. When the self-isolation requirements for most cases was reduced to 10 days, the £500 payment equated to £50 per day, or 115% of the National Living Wage [RS/293/INQ000232108].

366. The self-isolation requirement was subsequently reduced to 7 days on 22 December 2021, and to 5 days on 17 January 2022. The £500 payment stayed constant during this period, meaning that eligible fully-vaccinated index cases who were able to exit self-isolation after 5 days could have received £100 per day of self-isolation support.

The Government continued to refine and increase the generosity of the TTSP Scheme

367. Notwithstanding the issues with the evidence base referred to above, the scheme was expanded.

368. On the 14 December 2020, advice was submitted to me [RS/290/INQ000232112], ahead of a Covid(O) meeting on the 17 December 2020 that was being held to discuss DHSC's proposal for the future of the TTSP scheme [RS/294/INQ000232130]. This included proposals for extending and expanding the eligibility of the TTSP and providing financial incentives for local authorities to implement the scheme. HMT agreed to the following proposals:

- a. Extending the TTSP scheme until 31 March 2021.
- b. In principle, agreement to deliver practical support to people self-isolating. DHSC's behavioural evidence indicated that the provision of tangible, non-financial support such as food parcels, alternative accommodation, medicines, and medical health services might prove effective at improving compliance through the removal of common barriers to isolation that have been identified. However, HMT did not agree with the proposals to relax the means-tested eligibility criteria for the scheme. Instead, HMT requested from the DHSC an alternative proposal based on a top up to the discretionary pot.
- c. Based on a follow-up proposal from the DHSC, HMT also proceeded to increase the discretionary pot by £10 million increments, first on 21 December 2020 [RS/295/INQ000232141] increasing the total pot to £25 million and on 11 February 2021, by a further £10 million top up to a total of £35 million [RS/296/INQ000232187]. The latter advice, notes the low uptake of the scheme, with over 97,000 successful applicants (with 110,000 unsuccessful applications) only representing 25-30% of those that are eligible for the TTSP scheme.

369. On 17 February 2021 [RS/297/INQ000232129], ahead of the roadmap out of lockdown announcement [RS/298/INQ000075756], HMT agreed to extend the eligibility of the TTSP scheme to parents and guardians of school-age children, and to increase the discretionary funding available to local authorities to £20 million per month from March 2021 until the end of 30 June 2021, to be funded from the £15 billion NHS Test and

Trace envelope for the financial year 2021-22. The CST also agreed to extend the eligibility of the TTSP scheme to include parents and guardians of children aged between 16-25 years-old. These changes were published in online guidance on 22 March 2021 [RS/299/INQ000236878].

HMT funded DHSC pilot schemes to gather more evidence, without any conclusion

370. In April 2021, it was agreed that HMT would fund pilot schemes to trial alternative, more generous approaches to self-isolation support subject to a number of conditions. This was in the context of the NHS Test and Trace programme being more established by this point, and in support of ongoing surge testing. There was an objective to build evidence in order to shape the scheme and future initiatives.

371. However, advice to the CST in June 2021 noted that no financial pilots had been launched by then. In September 2021, CST agreed to continue the existing self-isolation support schemes until 31 March 2022. The pilots were not a factor in officials' advice to CST on this extension, and did not provide conclusive evidence to inform policy making.

372. On 24 February 2022, the Government removed the legal obligation to self-isolate, as part of the 'Living with Covid' strategy and withdrew the practical and financial support available to individuals for self-isolating (including TTSP and the Covid-19 SSP regime) [RS/300/INQ000236898].

Approach through to Second Lockdown

373. As we moved into the Autumn, the Government's approach was to pursue localised interventions to control the spread of the virus. This approach was informed by scientific and medical advice.

374. There were signs that this was successful in certain places and for a while, as highlighted by medical advisers, it was deemed a credible and reasonable approach given the balance of considerations.

375. The Government did implement further significant NPIs like the 'Rule of Six' but ultimately, it was necessary to implement a second lockdown in early November.

BOX 4: CIRCUIT BREAKER AND AUTUMN RESTRICTIONS

The Government strategy for the autumn after NPIs had been released was informed by scientific and medical advice, and was to pursue localised interventions to control the spread of the virus

376. Following the exit from the first lockdown, the Government, informed by advice, favoured using localised interventions to manage the Pandemic, rather than imposing national measures. The SAGE meeting on 23 June 2020 notes that *“reintroduction of measures will need to be considered at a local level in response to outbreaks”* [RS/301/INQ000120530]. A readout from that meeting provided that *“SPI-M note that the focus going forwards should be on local control; a need to reimpose national measures would suggest a failure of local lockdown”* [RS/262/INQ000232181].
377. This strategy of favouring local interventions was embodied in the CONTAIN framework, which was developed by DHSC and informed by the advice of the science and health experts. This framework set out how the NHS Test and Trace programme and the JBC would work with local authorities and PHE to take action at a local level to contain and manage outbreaks.
378. This localised approach is reflected in ministerial discussions at the time. At a Covid(S) meeting on 22 July 2020 during discussion it was said that *“a local approach should be taken for as long as possible, rather than reverting to a national approach to imposing measures”* [RS/257/INQ000088251].
379. At a Cabinet meeting on 1 September 2020 the PM noted that *“the best way to avoid a national lockdown would be a successful test and trace system combined with strong local lockdowns”* [RS/269/INQ000088930]. At a Cabinet meeting on 30 September 2020, the SoS for DHSC said that *“the focus of attention, resources and enforcement should be on areas where coronavirus continued to grow exponentially”*.

380. The CMO commented that the UK's first national outbreak "*had been an exception to the pattern across Europe*", where "*Italy and Spain in particular had seen highly localised outbreaks*". On that basis, the CMO noted that "*it was possible the second wave in the UK would also be localised*" [RS/302/INQ000089096].

381. The Government's approach to managing localised outbreaks evolved to the development of a tiering system, which sought to effectively reduce transmission in areas where there were high infection rates, but also mitigate against the wider economic and social impacts caused by implementing more severe nationwide restrictions.

382. On 11 September 2020 the Taskforce shared a DHSC-produced paper, developed with the input of scientific and medical experts, which proposed a three-tiered approach to manage the Pandemic, with different economic and social restrictions for each tier [RS/303/INQ000184585].

383. Following the implementation of a tiering system of local alert levels, each with a corresponding suite of NPIs (discussed at paragraph 414 below), comments from the Government's scientific advisers at ministerial forums continued to reflect the commitment to a localised strategy for managing the virus.

384. At a Cabinet meeting on 20 October 2020 the CMO explained that "*the country remained split into three broad categories: areas where the virus was spreading very fast; those where it was spreading less quickly but still significantly; and regions such as the South West, South East and parts of the East of England where the spread was slowest. This justified the Government's approach of three tiers of Local Alert Level*" [RS/304/INQ000088884].

385. Even once the decision had been made to enter a national lockdown in November 2020, the Government's scientific advisers affirmed the commitment to pursue a tiering system once the national lockdown had ended. At a Cabinet meeting on 10 November 2020 the CMO commented that "*reintroducing the tiered system after the national measures ended seemed entirely rational*" [RS/305/INQ000088986].

The localised strategy provided for the imposition of strong local restrictions to effectively curb spread of the virus

386. The strategy of imposing targeted NPIs on local areas which were identified by JBC as having high levels of incidence involved the imposition of significant social and economic restrictions.
387. A good example of the early approach to local interventions was Leicester in July 2020 where national easements were paused and some further NPIs were reimposed to help control the spread of the virus. And then later in the Autumn, large parts of the North West were subject to additional meaningful NPIs.
388. A Cabinet briefing dated 1 September 2020 noted that the targeted approach seemed to be working in that Northern local authority areas where additional social restrictions had been applied saw the number of cases per 100,000 halve, since their peak on 12 August 2020 [RS/264/INQ000232098]. Briefing I received from HMT officials on 17 September 2020 ahead of a Covid(O) meeting further noted that this strategy had seen “*specific successes*”, with outbreaks controlled in Luton and Leicester [RS/306/INQ000184587].
389. Comments from the Government’s scientific advisors reflect the efficacy of the imposition of strong restrictions at the local level in curbing the spread of the virus following the imposition of the tiering system (discussed at paragraph 414 below). At a Cabinet meeting on 10 November 2020, the CMO said that “*in those areas at the top end of the Local Coronavirus Alert Levels (tier three) there had been progress in suppressing the virus. In some tier two areas the virus had stabilised. Those areas in tier one, including the South West of England, had been catching up*” [RS/305/INQ000088986]. Professor Dame Angela McLean, Deputy CSA, noted in a press conference on 18 November 2020, that in relation to the regions with higher rates of infection which had been targeted by localised tiering, these were “*interventions that have worked*” [RS/307/INQ000260615].
390. SAGE meetings on 19 and 26 November 2020 considered a paper which found that the vast majority of English local authorities placed in Tier 3 in October 2020 saw “*a lower growth rate than before tiers were introduced and most were declining*” [RS/308/INQ000114473]. The analysis therefore anticipates that instituting a stricter tiering system would lead, when regions were placed in higher tiers, to the epidemic shrinking under such restrictions. This paper also noted that Tier 3 restrictions in England were heterogenous, “*with most/all having additional restrictions above the minimum set of interventions for this tier*”. The CSA commented in a press

conference on 26 November 2020 that Tier 3 restrictions really started to “*hold [infection cases] back, and in some cases led to a decrease in the number of cases...overall*” [RS/309/INQ000260616].

As cases rose, SAGE suggested a range of national measures to keep R below one alongside the local measures

391. As discussed at paragraphs 376 to 385 above, on following the advice of science advisers the Government had adopted an approach to managing the Pandemic which favoured localised interventions. In response to emerging data showing the rising level of infections, in September 2020 SAGE proposed introducing a package of national measures.
392. A SAGE paper provided to the CO, dated 20 September 2020, listed a range of NPIs to be “*considered*” for introduction, including: a national circuit breaker lockdown; advice to work from home to all those who can; banning contact within the home with members of other households (except members of a support bubble); closure of all bars, restaurants, cafes, indoor gyms, and personal services (e.g. hairdressers); and all university and college teaching to be online unless absolutely essential [RS/310/INQ000232101].
393. A SAGE consensus statement dated 23 September 2020, which was considered at a SAGE meeting on 24 September 2020, provided that a circuit breaker lockdown would be most effective when R is at or below 1.2, whilst stating that R in the UK was at that time already higher than this threshold (between 1.2 and 1.5). This consensus statement also concluded in respect of the efficacy of a prospective circuit breaker lockdown that “*if R is only reduced slightly below 1 then a circuit break will generate little time additional to the two-week period of the intervention itself*” [RS/311/INQ000232171] [RS/312/INQ000213284].
394. On 20 September 2020 I attended a meeting which was chaired by the Cabinet Secretary and also attended by the PM, CSA, CMO, and five other scientists: Professor John Edmunds, Professor Sunetra Gupta, Professor Carl Heneghan, Dr Anders Tegnell and Professor Dame Angela McLean. As this meeting was arranged by the CO I did not determine the attendee list. The purpose of the meeting was to discuss whether the Government “*should [...] intervene now, and if so, how?*” Ahead of this meeting, I was provided with a briefing paper consisting of short notes

produced by each of the five scientists to inform the discussion [RS/313/INQ000146604]. Unfortunately the CO have been unable to locate any minutes of this meeting and I do not have strong recollections of the precise discussion.

However, SAGE acknowledged that consideration of other non-epidemiological factors would need to be balanced by policy makers

395. The SAGE paper of 20 September 2020 noted that the “*government will continue to have to juggle social freedom, economic activity and transmission for many months*”. This paper also acknowledged that “*the evidence base on which to judge the effectiveness and harms associated with different interventions is weak*” [RS/310/INQ000232101].

396. At a SAGE meeting on 21 September 2020 where the possibility of introducing new restrictive measures was discussed, it was noted that “*all the interventions considered have costs in terms of health and wellbeing and many interventions will affect the poorest members of society to a greater extent*”, and “*policy makers will need to consider analysis of economic impacts and the associated harms*” alongside the epidemiological assessment [RS/314/INQ000212102].

397. The advice from SAGE around the time that a national circuit breaker lockdown was being discussed therefore reflected the need to take into consideration the non Covid-19 impacts of decisions taken with regards to NPIs, including whether to introduce a national circuit breaker.

398. Analysis I received from HMT ahead of the COBR and Cabinet Meetings on 22 September 2020 noted that sectors most likely to be impacted by a circuit breaker, such as hospitality, were high employment sectors with a vulnerable workforce, made of workers who were more likely to be young, low skilled, minority ethnic and/or female, who would be at risk of mass redundancies. These sectors were disproportionately affected in the early parts of 2020, with 800,000 workers on full time furlough, with a further 350,00 on part time furlough [RS/315/INQ000232100]. The Covid-19 Winter Strategy, which was circulated on 19 September 2020, also noted that a package of harder national measures to be introduced for three weeks, including banning all contact between households in all settings, except for work, school and other limited exceptions, and closing leisure, personal care and

hospitality settings, would likely lead to further job losses, which would disproportionality affect younger adults who were already the hardest hit by the first lockdown [RS/316/INQ000137293].

399. The HMT briefing also noted that the package of measures proposed was weighted towards economic, rather than social restrictions, despite evidence from JBC that social encounters were driving transmission [RS/317/INQ000184589].

The Government had already implemented a significant national NPI in early September which may not yet have taken full effect

400. On 9 September 2020 the PM announced the introduction of the 'Rule of Six', which limited the number of people who could legally meet socially. This was a significant national restriction to limit social interactions to manage the spread of Covid-19 in addition to the localised approach.

401. At the point at which further restrictive measures were being proposed by SAGE, the Covid-19 Winter Strategy dated 19 September 2020 noted that the new measures introduced in early September, like the 'Rule of Six' *"have not yet had time to drive a change in transmission and have not yet been reflected in SPI-M modelling"* [RS/316/INQ000137293].

402. The 'Rule of Six' applied both indoors and outdoors. It was set out in law and any group larger than six risked being dispersed by the police or fined for non-compliance.

The Government did implement a set of stringent national measures on 22 September 2020, including measures recommended by SAGE

403. The Government took further decisive action in response to rising incidences of Covid-19, which included moving to 'Covid Alert Level 4', as recommend by the CMO [RS/261/INQ000088271] and implementing some of the measures which had been recommended by SAGE.

404. On 21 September 2020 I attended a Covid(S) meeting regarding measures to be taken in response to the reported rising number of infections, including the possible imposition of a circuit breaker lockdown. The Taskforce papers that I received ahead

of the meeting asked the Committee to agree a package, “*designed to change people’s behaviour, while keeping children and students in education and minimising economic harm*” [RS/316/INQ000137293].

405. On 22 September 2020 the PM announced a wide-ranging set of national restrictions, which included:

- a. asking people to work from home where possible;
- b. introducing a 10pm to 5am curfew for hospitality venues;
- c. making it a legal requirement that hospitality venues must operate table service only;
- d. making the Covid-secure guidelines legal obligations, with businesses that failed to comply being at risk of fines or enforced closure;
- e. expanding the range of settings in which the Covid-secure guidelines applied;
- f. extending the requirement for face masks to be worn across a broader range of settings;
- g. cancelling the planned reopening of business conferences, exhibitions and which had been scheduled for 1 October 2020;
- h. tightening the ‘Rule of Six’ by removing some of the exemptions; and
- i. introducing higher fines for business or individuals who broke the rules.

406. In addition to these measures, a significant portion of the population, accounting for approximately 13 million people, were at the time under various meaningful local restrictions, which were more stringent than these national restrictions.

International comparisons showed the UK was acting in a similar way to peer countries

407. Analysis from HMT officials during the period in which further restrictions were being considered drew upon international comparisons. A briefing I received for a Covid(S) meeting on 2 July 2020, regarding contingency planning for an anticipated second wave in the winter, noted that Spain, France, Germany, and Switzerland had each adopted regional or local approaches for managing the Pandemic [RS/086/INQ000088078].

408. In Spain, regional Governments were empowered to lift or impose restrictions, Germany had established triggers for local lockdowns based on the number of new

infections per 100,000 people, France was to adopt colour coded local alert levels to monitor the prevalence of the virus and re-impose restrictions on regions where prevalence remained high, and Switzerland was to favour regional measures over national ones, with responsibility for managing a second wave resting with the cantons rather than national Government [RS/086/INQ000088078].

409. A briefing I received ahead of a Covid(S) meeting on 21 September 2020 noted that France, Spain and Belgium, and other countries experiencing similar increases in incidences, were favouring limiting social interactions rather than considering broad based economic restrictions, such as a national circuit breaker [RS/317/INQ000184589].

410. Similarly, most advanced economies, including Germany, Italy and Japan, were limiting national economic restrictions and focusing on more targeted measures to minimise economic and social damage. The briefing also provided international comparison where a short, sharp lockdown which was intended for a finite period had extended far beyond its planned duration, thereby causing significantly greater economic and social impact than had been envisaged when it was first implemented [RS/318/INQ000184590]. This briefing also noted the difficulty with implementing a time-limited circuit breaker lockdown given that *"due to data lags it is quite likely that deaths would still be rising as any short two week lockdown was due to end meaning we would need to justify releasing while deaths were still rising"* [RS/317/INQ000184589]. The lack of a clear exit strategy, and that a two-week circuit breaker would not be long enough to dampen the curve, were further factors meaning that in reality the choice at the time was between implementing a longer national lockdown, with the commensurate economic and social impacts, or continuing with the localised strategy.

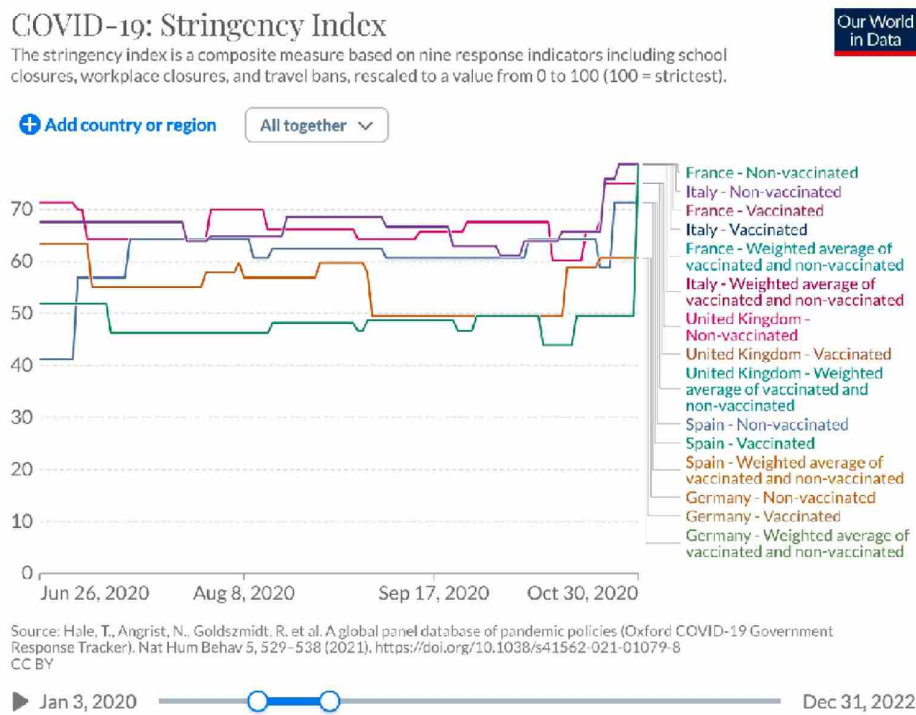
411. The experience of the circuit breaker in Wales is instructive. Wales did in fact implement a 2 week circuit breaker on the 23 October 2020. However ultimately, consistent with concerns that had been raised, this did not change the outcome. Transmissions and R continued to increase after the circuit breaker ended, and ultimately a full lockdown was implemented in Wales later on [RS/319/INQ000236892].

412. The Covid-19 Winter Strategy paper dated 19 September 2020 noted that the package of national measures, which were ultimately adopted by the Government,

“would be more significant than steps taken in France or Spain. In spite of substantial local action, both countries are recording around 10,000 new cases each day. Deaths are rising. Yet neither France nor Spain have taken significant national action. This might suggest we should take a similar course for the UK. While Macron has not ruled out another lockdown, his rhetoric emphasises the need to ‘learn to live with the virus’ and to balance the COVID threat with economic and social considerations”. This paper also noted that, were the UK to adopt a package of harder measures, “it could make the UK an outlier from key European neighbours” [RS/316/INQ000137293].

413. Oxford University maintained a Covid-19 Stringency Index, which records the strictness of Government policies to manage the spread of the virus during the Pandemic. Using this tool to produce a chart covering the period from 1 July 2020 to 31 October 2020, Table 2 demonstrates that, on this metric, the UK maintained among the most stringent set of NPIs compared to its international peers, and that we were certainly not an outlier in our approach during the period of September and October 2020.

Table 2: Covid-19: Stringency Index [RS/320/INQ000236899]



The Government implemented tiering on 14 October 2020 which further tightened restrictions

414. On 12 October the PM announced a three-tiered system of local alert levels (to come into effect on 14 October 2020), these being 'medium', 'high' and 'very high', which standardised and strengthened the package of restrictions as they applied to different areas of the country [RS/321/INQ000137280].

- a. Areas which were designated as having a 'medium' local alert level had the national restrictions which were announced on 22 September 2020.
- b. Areas with a 'high' local alert level had **additional** restrictions which prohibited people from meeting with anybody outside their household or support bubble in any indoor setting.
- c. For areas with a 'very high' local alert level, further baseline restrictions applied which meant that, in addition to the high-local level restrictions on socialising indoors, people could not socialise with others outside their household or support bubble either in private gardens or most outdoor venues, wedding receptions were prohibited, pubs and bars were required to close unless they could operate solely as a restaurant, serving alcohol only as part of a main meal, and people were advised not to travel outside of, or enter, the area designated to have a 'very high' alert level. Additional measures could also be determined in consultation with local authorities.
- d. Calls previously with local leaders in the North-West and North-East illustrated their general scepticism about further economic restrictions (see paragraph 142 of HMT statement vol. 1).

415. The PM reflected that these measures "*provided a balanced approach to tackle the rise in Covid-19 cases*" [RS/322/INQ000088996]. During discussion at a subsequent Cabinet meeting on 31 October 2020 the point was made that "*the three tier system of local lockdowns that the government had previously introduced was well-understood*", recognising that public understanding was an important aspect of the tiering system [RS/323/INQ000089102].

Throughout this period, statements from the Government's scientific and medical advisers reflected that any decision on whether to introduce a national circuit breaker lockdown was finely balanced

416. Comments made by the Government's scientific advisers during the period at which a possible circuit breaker lockdown was being discussed reflect that the decision on whether or not to impose a lockdown, given the attendant economic and social harms, was finely balanced.

- a. During a press conference on 21 September 2020 the CMO acknowledged that *"minsters making decisions, and all of society, have to walk this very difficult balance. If we do too little this virus will go out of control...If we go too far the other way then we can cause damage to the economy which can feed through to unemployment, to poverty, to deprivation all of which have long term health effects"* [RS/324/INQ000137282].
- b. On 30 September 2020, during a press conference with the PM, when asked about the chance of more restrictions being introduced nationally, the CSA noted that *"the decisions that need to be made are very difficult, none risk free, all have costs, that's human costs in some form or another. Science can provide advice on the situation. Ministers need to make decisions as to when and how to act"* [RS/325/INQ000260617].
- c. At a press conference on 12 October 2020, when asked whether action taken by Government was enough to slow the spread of the virus, the CMO spoke about the *"balancing act"* of *"doing things which pull down the virus to the point where R goes below one but with minimal impact on the economy"*, and said that *"the idea that we can do this without causing harm is an illusion"*. The CMO went on to state that *"it is a balancing act between two harms, a harm for society and the economy on the one hand, and a harm for health on the other hand, And if we damage the economy, we damage long term health, and if we damage health, we damage the economy and confidence in the economy...we are all trying to find the balance...the really narrow path between these two harms on either side, accepting that whatever we do is not going to be easy"* [RS/326/INQ000260618].
- d. At a press conference on 20 October 2020, when asked about whether it was right to introduce a 'firebreak' short period of national restrictions in England, the Deputy CMO noted that *"we are trying to walk a very fine line between getting the virus under control in areas where it is out of control and incurring the minimum about of economic damage in doing so"*. When

considering whether it was right to insist on hard measures in parts of the country, the Deputy CMO went on to state: *“But do I think, right now, it is appropriate to insist on those similar hard measures in, for example, the south west of England or, or Kent, where levels of disease are really very, very much lower than in the north of England, in other words, the national firebreak you talk about? No, I don't think that's right and I don't think that's consistent with the epidemiological picture we're seeing, or indeed consistent with the pressures that are being seen in different parts of the health service across the country, which again are very different.”* He went on to underline this point, and said *“I repeat the point that the epidemiology is so varied across England that I think it would be very difficult to justify for some communities”* [RS/326/INQ000260618].

- e. At the same press conference on 20 October 2020, the National Medical Director, Professor Powis, said that *“as [the Deputy CMO] has shown with the epidemiology, there is variation throughout around the country, and that is also reflected in the number of patients we see in hospitals... There are more patients in hospital in Greater Manchester alone at the moment than there are in hospitals in the entire South East and South West of the country, so we are seeing variability in infection rates”* [RS/327/INQ000260619].
- f. At a press conference on 31 October 2020, the CSA said that we *“should not underestimate the impact of a lockdown and all the things that go along with that”*, and when considering whether to take such restrictive measures *“other factors have to be considered and that is for politicians”*.
- g. At the same press conference on 31 October 2020, when asked about the timing of introducing a national lockdown, the CMO noted *“whilst some countries have gone earlier, and some later... each option has its downsides and it is about balancing costs”*. He further noted that *“the idea there is a perfect time to act is a complete misapprehension. There is no perfect time and no good solutions; all are bad. We are looking for the least bad solutions while striking a balance”* [RS/328/INQ000232145].

Second lockdown

417. **As matters developed it became clear that existing interventions were no longer sufficient to manage the situation and more significant national interventions were required.**

418. On 30 October 2020 I attended a Covid(O) meeting which was convened to deal with a proposal from the Taskforce of a four week England-wide lockdown. Their suggestion was to “*introduce a national intervention, with a regional approach to de-escalation*” including the following provisions:

- a. Stay at home legislation;
- b. Keeping schools and universities open;
- c. Travelling to work only permitted where working from home is not reasonably possible;
- d. Restrictions on hospitality, leisure and personal care;
- e. Closure of non-essential retail;
- f. Guidance against travelling where possible;
- g. Public services to stay open;
- h. Prohibit overnight stays for leisure;
- i. Open air exercise and outdoor recreation;
- j. No exemptions for places of worship (except private prayer and funerals), organised team sports, protests, weddings (except deathbed weddings in homes) or children’s activities (exemptions will remain for childcare, respite care and some limited youth work with vulnerable children) [RS/329/INQ000185092].

419. At the Covid(O) meeting, the PM highlighted that “*the situation was deteriorating*” and that “*hospitalisations would soon place an unsustainable pressure on the NHS*”. The package that was being suggested was not the same as the initial lockdown in March 2020 as schools would be kept open and the context was different now, with progress having been made in testing and vaccine development. It was acknowledged that the “*epidemic was worse in some region, [but] it was spreading everywhere and spreading fastest in some lower prevalence places*”. The aim was for drive R below 1 [RS/330/INQ000090156].

420. The meeting discussed that the proposed package “*would have a severe economic impact*” with high unemployment rates forecast however “*there was a risk of taking insufficient action [and] creating the need for greater action later*”. It was noted that “*there was no evidence of transmission in non-essential retail and so closing this sector would make no contribution to “R”*”. Further, this sector employed 1.2 million people so would result in significant economic harm. That having been said, there was concern that keeping non-essential retail open would conflict with the “*overarching ‘stay at home’ message*”. The CMO commented that it was “*a central view of many epidemiologists*” that the situation would improve in spring [RS/330/INQ000090156].
421. The PM concluded that the “*package of measures in the paper was reasonable and had been agreed by the Committee*”. He noted that it would be “*economically preferable to keep non-essential retail open, and this required further thought*” [RS/330/INQ000090156].
422. The decision to proceed with a four week national lockdown was approved at the Cabinet meeting on 31 October 2020. The PM noted that “*The Government had been right to pursue the regional approach to tackle coronavirus*” until that point, but now “*cases were rising across the country*” so action should be taken at national level. As noted at paragraphs 321 to 332 above, another wave over the winter had been anticipated from the early days of the Pandemic. It was noted that “*the proposals put forward by the [PM] were different from the full-blown lock down in March and should be strongly supported as they would take the pressure off the NHS.*” For the purpose of protecting the NHS from being overwhelmed, and in the hope of Christmas being “*as normal as possible*”, it was concluded at this Cabinet meeting that the “*country would go back to a series of national measures*” [RS/323/INQ000089102].
423. International comparison data showed that nationwide measures were being implemented in Belgium, France and Germany around this time [RS/331/INQ000184603]. Italy, Norway, Switzerland and Spain also introduced “*more stringent national measures [the same] week*” [RS/332/INQ000184600].
424. At the Cabinet meeting on 31 October 2020 I echoed the advice that I had received from HMT and advised “*that that there would be significant economic damage as a result of taking these measures*”. I mentioned unemployment and the consequences to the UK’s financial and economic strength. I acknowledged that “*it was a reasonable and right decision to do these things to save lives and the NHS, but it would have*

- economic consequences*". I also reflected on the issue around communications that had arisen in the initial period of the Pandemic in relation to working from home, and set out that explicitly "*people should go to work unless the premises in which they worked were legally closed or it was possible to work from home*".
425. The second lockdown (including the closure of non-essential retail) was announced on 31 October 2020, and following Parliamentary votes, came into force on 5 November 2020.
426. There were some indications by this point that areas that had been moved into 'High Alert Levels' on 12 October 2020 had experienced a reduction in cases. It was reported by PHE at a SAGE meeting on 6 November 2020 that "*feedback from north of England field teams was that demand on their services was decreasing slightly*" and that the "*North East had been saying for some time that incidence is flattening*" [RS/333/INQ000232159].
427. I received an HMT briefing ahead of a Cabinet meeting on 3 November 2020, which highlighted the "*importance of developing the exit strategy from [the] restrictions*", as well as supporting and strengthening NHS Test and Trace, and mass testing [RS/334/INQ000113686]. At the meeting, the PM expressed his interest in wanting "*the regional approach to work*" and that "*2 December was a hard deadline to end the measures: the Government would use every second to get mass testing working to avoid further lockdowns and find a way out of coronavirus*" [RS/335/INQ000088940].
428. At a Cabinet meeting on 10 November 2020 the PM outlined "*huge strides*" in mass testing, medicine and "*from late December, there was also the hope that vaccines could start being used*" [RS/305/INQ000088986].
429. In my briefing from HMT for this meeting I was advised to "*be clear on the importance of developing and communicating the strategy for easing national restrictions from 3rd December*" and to "*emphasise the importance of using the time covered by these restrictions not only to support and strengthen test and trace and mass testing, but to communicate the importance of continued social distancing and caution*" going forward [RS/336/INQ000113687].
430. On 12 November 2020 I received advice from HMT in relation to a post lockdown strategy and the potential for a return to tiering. HMT recommended "*supporting a*

- return to tiering from the 3 December, which should be built on principles of durability and certainty for businesses with a clear rationale for progression between tiers to maximise compliance*” [RS/337/INQ000113689].
431. The PM confirmed at a Cabinet meeting on 17 November 2020 that the *“plan was for the country to come out of national measures on 2 December and return to a tiered, local system”* [RS/338/INQ000089030].
432. At a Covid(O) meeting on 17 November 2020 regarding a proposal to move the country out of national lockdown and reintroduce a tiering system, the CMO said that the *“proposal in the paper could be supported”*, but advised *“the Government should wait for more data about the impact of the national lockdown before making a final decision, to minimise the chance of unnecessary harm”*. The PM noted an agreement from the Committee to leave the national lockdown on 2 December 2020, subject to any data which advised against this, and for all parts of the country to enter a system of local restrictions [RS/339/INQ000090928]. This approach was endorsed by Sir Patrick Vallance who *“described approach of tougher tiers and de-escalation [...] as very much in line with SAGE recommendations”* [RS/340/INQ000232170].
433. At a Covid(O) meeting on 21 November 2020, there was discussion about which services and settings would be allowed to open at different levels of tiering [RS/341/INQ000090954].
434. On 22 November 2020 I attended a Cabinet meeting where the SoS for DHSC said that the number of Covid-19 cases were falling and the *“trend was moving in the right direction across the country”*, and on this basis *“it was right to go back into a localised tier system when the current restrictions ended”*. I said that I *“welcomed the change to a system of localised tiers [but] the loosening of restrictions should not be oversold”*. The new approach allowed *“minimal economic activity to resume”* which I recognised *“would still be problematic for many businesses, especially those in areas that had been subject to tougher restrictions for longer”*. Whilst *“it may still be the right decision... Cabinet Ministers should be cognisant of the implications of the decisions they were taking. [HMT] had offered all the support that it could [but] The Government could not get into the habit of giving out more cash each time it put more restrictions in place. It was costing a fortune and not sustainable for the country’s finances.”*

435. I went on to flag the risk that we may have to think again about the appropriateness of university students returning in January 2021, saying that *“consideration should be given to the return of students to universities in January. It would be a difficult conversation, but lessons had to be learned from what had happened in September”*. The Cabinet *“approved the return to a localised, tiered system as set out in the paper”* on the basis that it *“was a sensible and balanced approach”* [RS/342/INQ000089062].
436. On 23 November 2020 the PM announced the ‘Covid-19 Winter Plan’ which confirmed that the national restrictions would end on 2 December 2020, as originally intended, and a regional tiering system would be reinstated. The *“latest results of the ONS infection survey published on 19 November suggest the infection rate has stabilised in recent weeks”* [RS/343/INQ000114433].
437. On 1 December 2020 I attended a Cabinet meeting where the PM *“said that it was clear that the recent lockdown had been absolutely essential and had worked. Prior to the lockdown, deaths and hospital admissions were rising. The country was now ahead of the [RWCS] and ‘R’ (the reproduction rate of transmission) was now below one”* [RS/344/INQ000088885].
438. On 2 December 2020 the second lockdown ended.
439. In the period leading up to, and during the second lockdown, HMT worked to support the development of a vaccine. HMT’s role was primarily focused on working with the BEIS Vaccines Task Force on funding for manufacture and research and development costs. In September 2020, the CST wrote to the SoS for BEIS to confirm HMT’s provision of a funding envelope of £5.23 billion and conditions for the Vaccines Task Force over three years (2020-21 through to 2022-23) – this envelope was then increased in 2021 [RS/345/INQ000232123]. In November 2020, following Pfizer’s announcement of >90% efficacy for their vaccine, HMT officials provided my office with a slide pack which set out HMT’s early modelling and assumptions on the vaccination programme, and noted the importance of achieving collective agreement for an immunization strategy [RS/346/INQ000232106]. By December 2020, the Pfizer-Biontech vaccine had received emergency MHRA authorisation, and the CST was briefed ahead of a Covid(O) on 3 December 2020 on the deployment of the vaccine, including that HMT had provided funding of £475 million to support this deployment [RS/347/INQ000113697].

440. During this period, HMT also worked to support the NHS Test and Trace pilot in Liverpool, which ran from 6 November 2020 to 9 December 2020. On 6 October 2020 I was forwarded an email from No. 10 which set out the view that a less centralised approach to testing might be required to enable “*mixing venues*” to be open as normal, provided individuals had taken a Covid-19 test of sufficient sensitivity. The email considered that a pilot in “*a small city with high prevalence*” might be of value [RS/348/INQ000232149]. On 30 October 2020 I attended a PM-led meeting on mass testing. The readout of this meeting provides that “*the PM was clear that we must have a large whole city/region begin with lateral flow tests asap, and well ahead of 23 November*”, and subsequent emails between officials identify Liverpool as the Covid Taskforce’s chosen city [RS/349/INQ000062821]. On 6 November, HMT officials updated my office and others on wider testing strategy points, including on the launch of the Liverpool pilot and the need for HMT to consider further whether any incentives could be used to drive take-up of testing [RS/350/INQ000232104].

441. An HMT submission I received on 13 November 2020 advised that, in light of a significant ramping of testing capacity, HMT should support DHSC’s proposal to use testing to protect the most vulnerable and reduce R, and that HMT should engage with No. 10 and DHSC on the potential for tests to de-risk difficult settings (e.g. air travel), as well as pushing for a substantially expanded role for private sector testing. The submission also notes the CO and No. 10’s interest in further ‘Liverpool-style’ population testing, which could impact overall testing capacity [RS/351/INQ000232107]. HMT’s priorities as set out in this submission were then fed into a briefing for Covid(O) on 18 November 2020 which considered mass testing [RS/265/INQ000113692]. On 25 November 2020 I received advice from HMT officials regarding a proposed community testing offer to local authorities, which officials suggested should be supported provided that funding was drawn from the existing NHS Test and Trace budget [RS/352/INQ000232110]. My office responded to confirm my agreement, noting my view that funding should be based on actual and not on a forecast basis [RS/353/INQ000232111].

Third Lockdown

442. After exiting the second lockdown, the approach reverted back to a tiered system of local restrictions as was envisaged by policymakers when the second lockdown was initiated.

443. However, during December 2020 a new, more transmissible variant emerged which resulted in an escalating set of regional restrictions in London and South East, and ultimately a third national lockdown.

444. On 2 December 2020 after four weeks in lockdown, England returned to a three-tier system of local restrictions. At this point there were a number of positive interventions that were being considered, with the objective that we would be able to “*rely less on economic and social restrictions and more on solutions provided by scientific progress*”. Preparation of the vaccine programme was in full swing and testing capacity for those with symptoms had “*increased almost five-fold in six months, from 100,000 a day at the end of April to 500,000 a day by the end of October*” [RS/343/INQ000114433].

445. At this point, R was “*conclusively below 1 in most regions*” and SAGE’s “*latest modelling now found it highly unlikely that Christmas could cause a doubling of prevalence*” [RS/267/INQ000232188].

446. However, the following week it was identified that there was a need for action against rising cases in London and the South East. Modelling work of the path of infections was “*full of uncertainties*”. Early evidence from ONS was pointing towards school children being the cause of a rise in infections [RS/354/INQ000232155].

447. Shortly thereafter, it was confirmed that a new variant of the virus had been identified, which was suspected of being highly transmissible, responsible for the sudden and unexpected rise in case numbers, and it was confirmed that the highest rate of incidence was amongst school children [RS/355/INQ000232186]. The CMO noted in a press conference on 14 December 2020 that there is “*never going to be a perfect time to go into any tier*”, however it is about “*balancing the wider needs of society with the need to keep the virus under control*” [RS/356/INQ000260620].

448. At a Covid(O) meeting on 16 December 2020 it was noted that the UK was experiencing “*one of the highest ever case rates since the first peak*”. The SoS for DHSC set out recommendations around the changes to tiering. It was noted that SAGE recognised that the “*vast majority of cases were transmitted in hospitals, care homes and educational settings*”, with only a small number in workplaces and food outlets. The CSA advised from an epidemiological perspective to exercise “*extreme caution*” as the R rate was above one in every part of the UK [RS/357/INQ000091076].

449. The SAGE meeting on 17 December 2020 found it *“concerning that case rates are continuing to rise in areas that have been in Tier 3 since the relaxation of national measures.”* They also noted that (emphasis added) *“additional interventions may need to be considered (or there needs to be an increase in adherence to existing measures) in such places in order to keep R below 1”* [RS/358/INQ000114468].
450. I attended the Covid(O) meeting on 18 December 2020 where it was acknowledged that the new variant *“was responsible for a substantial increase in transmission”* and was *“highly prevalent in London, the East and South East of England”*. The CSA said that at this point *“it was not known whether the disease profile of the new variant was similar to other variants of coronavirus”*. The CMO noted that it was *“clear and unarguable that case numbers and hospital admissions were going up”*, and that *“modelling of the new variant was less certain, and numbers could change”*. The PM said that *“looking at the data, it would be perverse not to act”*.
451. The Second Permanent Secretary in the Taskforce explained that there was *“no way to stop the spread of the virus throughout the UK”* so the objective was to *“slow the rate of transmission by: implementing travel restrictions, tightening non-pharmaceutical interventions, and making changes to the Christmas rules... On Christmas, there were three options: rely on travel restrictions to prevent travel out of the affected areas; cancel Christmas bubbles within the worst affected region; or cancel the Christmas policy everywhere”*. In summary, the PM said that *“polling and behavioural science showed that unless there was legislation, people did not take rules or guidance seriously.”* Appreciating the gravity of the decision, the Committee was asked to reflect overnight [RS/359/INQ000091087].
452. The following day on 19 December 2020, the Covid(O) meeting decided to implement Tier 4 restrictions across London, parts of the South and parts of Essex. The Second Permanent Secretary in the Taskforce set out the following proposals [RS/360/INQ000091091]:
- a. *“First, there was an option of introducing a ‘tier four’ for some areas which would see tighter restrictions than the rest of the country through closing of non-essential retail, entertainment and personal care. Communal worship, and outdoor sports and leisure would remain open.*

- b. *The second proposal was around the geographies where the tier four restrictions would apply and these were focused on the areas that had been moved into tier three the previous week.*
- c. *The third proposal was about domestic travel and what this would mean for the new tier four areas. In tier four the message out be 'stay at home; outside tier four the message would be 'stay local'.*
- d. *International travel in tier four would be negated and for everyone outside of those areas, the guidance would be not to travel.*
- e. *Christmas bubble option could be rescinded across the country or just in the new tier four areas."*

453. It was noted that *"the proposals were in line with the Government's strategy to suppress the virus using a local tiering system until a vaccine was fully rolled out"*. The following points were considered:

- a. *"Restricting part of England that did not have a high prevalence of the new variant would go down badly in those areas. People would ignore the Government. Once they had started to disobey guidance, they would not adhere to it any longer;*
- b. *Given that the new variant was seeded across the country, cancellation of Christmas bubbles should apply beyond tier four areas. Taking this step now was the right thing to do because there was less economic activity anyway. It would be impossible to defend households mixing once people understood the implications of the new variant. Most people did not support the idea of Christmas bubbles anyway. The Government should learn from its experience and - against the temptation not to pile on additional restrictions and misery - bring the virus under control in this way;*
- c. *The cancellation of bubbles would cause distress to the elderly and should be handled sensitively"*.

454. The Committee agreed to *"put those areas of the country with a high prevalence of the new variant into tier four"*. The PM noted that *"there was a good argument that people deserved a Christmas break and that in areas **outside** tier four, the rules should remain the same with greater messaging around being cautious."* Whilst I was conscious of the social difficulties that tightening restrictions in relation to Christmas would have, my focus lay primarily with the economic, not social, impact of restrictions over the festive period and I was not opposed to the cancellation of bubbles over this period outside of

- Tier 4 areas. The PM concluded that *“on balance, there should be a total cancellation of the Christmas bubble plans in tier four areas, and in other parts of the country three households would only be allowed to meet on Christmas Day”* [RS/360/INQ000091091].
455. The PM announced these measures on the same day. He confirmed he had learnt just that week that a new variant was responsible for the greater than expected spread of the virus even in areas with *“tough restrictions”* [RS/361/INQ000086623]. The CSA specifically contrasted the *“generalised”* increase seen across England with the particularly *“fast moving problem”* in the Tier 4 areas [RS/362/INQ000260621]. It still remained the case at this point that there was regional variation in transmission.
456. On 21 December 2020, the CSA outlined the Government’s approach, saying that *“we need to monitor the rates very carefully, look at them all the time, regularly, as is being done by Public Health England, and take the action on tiers on the basis of the evidence as it accrues”* [RS/363/INQ000114476].
457. A SAGE meeting on the 22 December 2020 noted that *“the introduction of Tier 4 measures in England combined with the school holidays will be informative of the strength of measures required to control the new variant, but analysis of this will not be possible until mid-January”* [RS/364/INQ000075511]. It remained the case at this point that there was regional variation in transmission.
458. I was provided with a briefing ahead of a Covid(O) meeting on 29 December 2020. The briefing noted that the meeting *“will cover the Tiers review”* and that it *“will propose escalating large parts of England into Tier 4, and the [partial] return of schools in January”*. On the basis of the analysis in the briefing I recommended prioritising early years and primary schools remaining open from 4 January 2020 and highlighted the educational impact of long-term closures of secondary schools [RS/365/INQ000113704]. It was suggested that delaying the return for university students taking non-practical degrees was preferable to closing schools that were relied upon by vulnerable children or those whose parents are key workers.
459. At the Covid(O) meeting the PM said that the main decision facing the Committee was *“whether to take a precautionary approach: slam more places into tier four before the data for those regions had reached the usual level necessary”*. It was explained that the new variant which surfaced in mid-December accounted for *“around 63 per cent of*

the cases in the country". The CMO advised that *"on the question of whether tier four would work, it was definitely the case that it slowed down increases and reduced doubling time, but it was too early to tell whether 'R' would be under one"*. The CSA advised that *"there were some signs that tier four might be working, but decisions on schools would be important; they were currently closed and there was a high prevalence of coronavirus in school age children"* [RS/366/INQ000091113]. The Committee agreed that the new measures should be implemented on 31 December 2020.

460. On 30 December 2020, the Deputy CMO highlighted the sharp difference in transmission between regions, where the Midlands, North East and North West were not *"running as hot"* as they were in November [RS/367/INQ000260622]. The PM further articulated the rationale for the regional approach, stating that *"given the uncertainties we face"*, the fact that at that point the impact of Tier 4 was unknown, the fact that Tier 3 worked on the old variant, and that there was still a *"regional differentiation"* in people's experience.

461. On 4 January 2021, I received a briefing for a Cabinet call that day. The briefing set out that the meeting *"will discuss proposals for further restrictions in England to reduce pressure on the NHS. These measures are likely to include extending tier 4 to the whole country and closing schools"*. I was advised that there was a *"reasonably strong public health argument"* for these measures and that SAGE modelling and early data from December indicated that Tier 4 restrictions alone would not be sufficient in keeping the R rate below 1 [RS/368/INQ000113706].

462. The Cabinet call took place on 4 January 2021. I do not have a precise recollection of what I said on this call. The minutes of the meeting record that the PM said that we *"were obliged to take further steps"* as there had been a 30% increase in hospitalization and an increase in cases due to the new variant which was 70% more contagious and was the *"reason for a new national lockdown"*. In accordance with SAGE guidance, he PM announced later that day that *"additional measures"* were being implemented to galvanise the public to stay at home. A focus was being put on access to vaccines for the most vulnerable by the middle of February [RS/369/INQ000088943].

463. The third lockdown came into effect on 6 January 2021 [RS/370/INQ000054404]. The CMO highlighted that whilst it was too early to say definitively, there were *"some early indications that things were levelling off"* in Tier 4 areas. He also said that the *"bits of*

the county that had lower rates and had previously controlled things, particularly in the North East and North West for example, the rates of increase have been higher” than Southern areas [RS/371/INQ000260623].

464. The following day, Sir Patrick Vallance commented that whilst the NHS was under serious pressure, the Government had reacted *“in line with previous SAGE recommendations”*. He also noted that the *“vaccine rollout [was] proceeding”* and *“the Test and trace system looked in a good position and [was] working effectively”* [RS/095/INQ000232184].

Exit from Third Lockdown

465. Thereafter a focus of work was on developing a plan (which came to be known as the Roadmap) for the lifting of restrictions. This work was informed and endorsed by scientific and medical advice and modelling. The plan was conditional and subject to certain tests being met and indeed was delayed at one point to reflect the epidemiological picture.

466. On 25 January 2021 I attended a Bilat with the PM at which the CMO and CSA were also present. At this meeting the PM set out his overall thinking on a potential exit roadmap in which tiering would be gradually reduced nationwide as the number of the population who had been vaccinated increased [RS/372/INQ000236596]. At this meeting the PM also *“noted the risk that if we released too soon, there could be many unprotected individuals and we needed to understand that risk better. It was important we did not pursue a path that resulted in repeated future lockdowns”* [RS/373/INQ000236595]. Following this meeting HMT officials worked with the Taskforce to develop the Roadmap.

467. At a Cabinet meeting on 26 January 2021, the PM noted that whilst *“the number of cases might be dropping”* and R was below 1, *“the number of people in hospital with coronavirus was 80 per cent higher than during the previous year’s April peak”*. The PM reiterated *“how keen he had been to keep schools open, but he was equally keen to ensure that they were not reopened prematurely”* [RS/374/INQ000089080].

468. A document was produced on 27 January 2021 which set out HMT’s initial thinking on exit strategy. The priorities were to:

- a. Ease restrictions while continuing to protect public health and prevent the NHS from being overwhelmed by Covid-19 hospitalisations.
- b. Communicate clearly the Government's approach to reopening the economy, allowing businesses and individuals to plan ahead.
- c. Aim for a 'steady-state' scenario by Autumn that enables a tapering of economic support but that is future-proofed for further outbreaks [RS/375/INQ000113714].

469. On 28 January 2021, I met with the PM and advocated for a Roadmap for reopening the economy. This was based on advice that we needed *"a clear plan for lifting restrictions, giving businesses and the country clarity over the restrictions that they should expect to be in place over the next few months"*. The latest data showed that R was below 1 and the vaccination programme was progressing well, which would *"dramatically reduce hospitalisations and deaths"* [RS/376/INQ000113715].

470. On 8 February 2021 I received a briefing for a meeting with the PM which confirmed that *"health data [was] moving strongly in the right direction – cases are declining across the country, as are hospitalisation rates and fatalities"* and therefore we *"should work to target dates for lifting restrictions"* [RS/377/INQ000116407]. SAGE confirmed that *"admissions and hospital numbers [were] falling in all regions"* [RS/378/INQ000232154] and I was provided further positive data in a briefing on 9 February 2021 in that the *"vaccine take-up [had] been much better than expected"* [RS/379/INQ000113717]. Based on analysis from my officials, I recommended the reopening of non-essential retail as soon as possible. This is reflected in the readout of my meeting with the PM on 9 February 2021 which provides that I *"put down markers on 1) NER – importance of opening [sic] this early economically/fiscally, vs relatively low impact on R according to sage"* [RS/380/INQ000236597].

471. I met with the PM, CMO and CSA on 12 February 2021 to discuss the long-term path for Covid-19. The CMO set out that *"there would be some increase in cases at some time"* as a result of easing restrictions. The CSA noted that an *"effective test, trace and isolation"* programme would be essential. The CMO further noted that *"we will continue to have some surges in future winters, but so long as this was moderate, the public would accept this as they do with flu"*. The CMO was content for outdoor events to return to normal with testing, alongside the reopening of other settings, with testing and mitigations. It was suggested that the summer was a better time to pursue this than the winter [RS/381/INQ000145751].

472. On 15 February 2021 I met with the PM, CDL and SoS for DHSC to discuss the Roadmap. The rollout of the vaccine was considered and the impact this would have on the ability to move forward to Step 2 of the plan. The PM and SoS for DHSC were keen to *“push for a cautious but irreversible and sustainable exit”*. The CMO noted that by the time Steps 1 and 2 were implemented, the majority of the virus spreading population would be vaccinated. Both the public’s confidence in the plan, as well as sufficient data in relation to the impact of each Step were considered important aspects to consider when formulating the Roadmap. It was recognised that whilst various measures had significant financial implications, protecting the NHS was a priority. The PM concluded that the 8 March 2021 remained a viable date for the first step, with pupils returning to schools. It would be a case of progressing cautiously and waiting until further data about the efficiency of vaccines was available before being able to set out the Roadmap in more detail [RS/382/INQ000063438].

473. On 18 February 2021 I met with the PM to discuss the Roadmap. Whilst acknowledging that the decision on the exit strategy was ultimately the PM’s to take given that *“only he is able to internalise all the wider trade offs”*, I noted that the closure of non-essential retail *“has minimal impact on R and opening NER on 29th March is consistent with modelling”* [RS/383/INQ000236598].

474. At a Covid(S) meeting on 21 February 2021, the PM said that the Committee had been briefed on the proposed Roadmap, which set out the following steps:

475. The *“first step was for schools to open on 8 March”*, accompanied by a testing regime. *“As the return of schools would increase the circulation of the virus, the second part of the first phase would be timed for the start of the school Easter holidays.*

a. *From 29 March, limited social mixing would be allowed outdoors, including in private gardens. This would be in accordance with the ‘rule of six’, or two households. People had been cooped up too long and the stress was telling on the population at large.”*

b. On 12 April 2021, *“nonessential retail, personal care, leisure and outdoor hospitality would open”*.

c. *“By the second step on 12 April it should be possible to say more on international travel, summer holiday plans and potentially inbound tourism, for example if certification and vaccine passports should be pursued.*

- d. *By the time of the third step, proposed on 17 May, it should have been possible to assess the impact of the sectors that had already opened. This would be the earliest point to open indoor hospitality.*
- e. *The fourth and final step in the roadmap was planned for 21 June. This would be the moment to open the riskiest sectors, even those that had not managed to be reopened the previous year, such as nightclubs [...] He intended that 21 June would be the moment to flip the guidance on people returning to the office, rather than being encouraged to work from home” [RS/384/INQ000088274].*

476. As recommended by SAGE, each step would be separated by five weeks, giving four weeks to gather data, and one week to reflect the impact of the previous step before moving forward to the next stage of the Roadmap. The CSA endorsed avoiding a precise plan considering the uncertainties that existed [RS/385/INQ000232135].

477. In my briefing for that meeting, HMT analysis indicated that it would be preferable to ease restrictions on a national basis, although we would be *“led by the data”*, and it may be realistic *“in practice there may be regional outliers”* that must to be considered. I prioritised hospitality and accommodation sectors, with a review at Easter in relation to re-opening higher education. My briefing highlighted that easing restrictions would obviously be based on infection rates and hospital occupancy [RS/386/INQ000116411].

478. In a Cabinet meeting on 22 February 2021 it was acknowledged that the *“public and businesses would welcome the balance that had been struck”* in the Roadmap [RS/387/INQ000088893]. The four *“tests”* were set out, upon which easing of restrictions would be based – these were *“the pace of the vaccination programme; the effectiveness of the vaccines; the pressure on the NHS; and the risks of any new variants of Covid”* [RS/388/INQ000075711].

479. The PM announced the Roadmap on 22 February 2021. The Roadmap explained that it was a *“step-by-step plan to ease restrictions in England cautiously, starting with schools and colleges”* and noted that *“before taking each step, the Government will review the latest data on the impact of the previous step against four tests. The tests are: (1) the vaccine deployment programme continues successfully. (2) Evidence shows vaccines are sufficiently effective in reducing hospitalisations and deaths in those vaccinated. (3) Infection rates do not risk a surge in hospitalisations which would*

- put unsustainable pressure on the NHS. (4) Our assessment of the risks is not fundamentally changed by new Variants of Concern* [RS/389/INQ000089798].
480. On 9 March 2021, the Cabinet reflected on the success of the reopening of schools the previous day. *“99 per cent of schools had reopened and 96 per cent of pupils were back in the classroom”*. The PM reiterated that *“going at a steady pace [through the Roadmap] was better than rushing, and having to make reversals”* [RS/390/INQ000088975] The SoS for DHSC later commented *“that the roadmap had landed well”* and by 16 March 2021 *“the rate of deaths from coronavirus was falling by 40 per cent each week”* [RS/391/INQ000089017].
481. On 5 April 2021 I received a briefing paper for a Covid(S) meeting, which was scheduled to take a decision on the second step of the Roadmap. The advice showed that the vaccine roll out had resulted in a *“higher uptake in the most vulnerable groups than we anticipated when planning the roadmap”* and *“Covid hospital occupancy now down to less than a tenth of where it was at its peak in January”* [RS/392/INQ000113726]. At the meeting the Director of Analysis at the Taskforce explained that the *“virus had plateaued in recent weeks”*. SPI-M modelling that was to be published the same day, suggested that step two of the Roadmap *“would have a modest impact on hospital occupancy”*. Going through the Four Tests, the Committee agreed, as HMT had advised me, that each criterion was satisfied. The CMO said that *“the data had been laid out clearly [and] moving to step two would be a safe thing to do at that point in time”*, to which the CSA agreed [RS/393/INQ000091856]. The UK progressed to Step 2 of the Roadmap on 12 April 2021 [RS/394/INQ000065352].
482. The following day, at the Covid(S) meeting, the PM said that it was *“obvious from the epidemiological data”* that *“there was going to be a resurgence of coronavirus infections”* but *“as long as there was a break in the link between infections and hospitalisation and deaths”*, it should be manageable” [RS/395/INQ000088993]
483. At a Cabinet meeting on 20 April 2021 during an Economy Update, I raised the fact that unemployment figures were a source of concern. I highlighted that it was *“particularly important to focus on [unemployment in] young people, since half of all job losses were concentrated in people under 25, and this group was also being furloughed at almost twice the rate of older workers.”* The SoS for DWP echoed this sentiment, noting that *“the hospitality sector, which employed two million people around the country, was relying on full reopening on 21 June”*. There was a desire to

- follow through with the steps of the Roadmap, to give businesses confidence and certainty after such a long period of instability [RS/396/INQ000089045].
484. At the Cabinet meeting on 27 April 2021, SoS for DHSC noted *“there was some evidence that cases were still decreasing even as the economy opened up [and] data would be published the following day showing that vaccines were not only effective at saving lives and reducing hospital admissions, but also they had an impact in reducing the transmission of the virus”*. The CSA advised the Government *“to go cautiously”*, measuring the impact of each step at a time [RS/397/INQ000089087].
485. On 28 April 2021, based on briefing and analysis from HMT ahead of a Quad meeting I was able to note that *“the latest data is continuing to look excellent – showing that we have significant headroom to loosen restrictions over the summer”*, thanks to the lockdown and vaccination [RS/398/INQ000113734]. As a result, I recommended *“push[ing] ahead with full re-opening this summer, including removing NPIs that are significantly constraining the ability of businesses to operate”*. At the Quad meeting, attended by the PM, CDL, SoS for DHSC, CMO, CSA and Cabinet Secretary, amongst others, we considered Step 3 and Step 4. It was proposed that there would be a move to greater social responsibility and a relaxation of social distancing measures *“by maintaining other specific measures / guidance and ensuring effective testing and isolation”*. The PM reiterated, in line with SAGE’s advice, the need to progress with caution. A package of measures was proposed, consisting of a movement towards office working, an expanded testing scheme, effective self-isolation system, a certification system for certain events, a border regime and Covid-secure guidance.
486. The CMO and CSA agreed the proposition put forward *“represented a balanced package”*, noting that ministers would take the final decision when the Taskforce has provided updated modelling [RS/399/INQ000063720]. As investigations into new variants emerged in early May, SAGE continued to agree that it was *“fine to proceed with Step 3”* of the Roadmap [RS/400/INQ000232183].
487. At a Cabinet meeting on 10 May 2021 the move to Step 3 of the Roadmap was approved, with the PM noting that *“the tests set out in the roadmap had been met: the vaccination programme continued to be successful; the vaccine was proven to reduce the number of hospitalisations and deaths; infection rates were declining; and, whilst new variants of the virus remained a cause for concern, their presence did not vitiate the Government’s ability to proceed.”* The SoS for DHSC commented that *“the data*

- showed that progress was slightly ahead of the roadmap*” but it was *“right to continue the cautious approach”*. The CMO *“said that the approach to be taken could be described as ‘steady as she goes’”* [RS/401/INQ000088894].
488. I reviewed the latest picture ahead of a Quad meeting on 14 May 2021, where we were convening to discuss the impact of the new variant on the move to the next step of the Roadmap. Analysis showed that Covid cases were flat and *“hospital admissions and occupancy are low and continuing to fall”* [RS/402/INQ000113738]. SAGE were concerned with the transmissibility of the new Delta variant however they noted that it was *“likely to impact infections rather than hospitalisation and deaths”* [RS/403/INQ000232173]. On 17 May 2021, Step 3 of the Roadmap was implemented.
489. By 18 May 2021, as discussed at the Cabinet meeting on that day, *“cases of Covid-19 (coronavirus) were very low. The number of deaths per day were averaging at around nine which was comparatively very good news”*, however the new variant (B.1.617.2) was of concern. Although *“the impact of the vaccines on transmission of the India variant was not yet clear”* the SoS for DHSC informed the Cabinet that mass testing and the availability of vaccines should mean it is possible *“to avoid the actions it had been forced to take”* in Autumn 2020. The CSA noted that the vaccine *“had successfully broken the link between infection and hospitalisation for previous variants, and it looked like this remained the case with the India variant as well”* [RS/404/INQ000089033].
490. In a briefing, ahead of a Quad meeting on 3 June 2021, I was advised by HMT that we *“should wait and see what the health data shows over the coming week before we take decisions on the final package of restrictions at Step 4, and whether we can proceed on 21st June”*. If we were to delay Step 4, we would have to *“be clear on the rationale for doing so”* [RS/405/INQ000116418].
491. HMT provided me with a briefing on 12 June 2021, ahead of a Quad meeting the next day, recommending a four-week delay in Step 4 to 19 July 2021, with a decision point on 12 July 2021 and a review of the data on 28 June 2021. My speaking note suggested *“I support the decision to delay the progression to Step 4”*, having taken into account the four tests and the current situation in relation to vaccines and hospital rates. There were some limited proposed easements that could take place from 21 June 2021 - in relation to weddings and events, however on balance HMT recommended against these [RS/406/INQ000113743] [RS/407/INQ000232158]. I was

also provided with a CO pack with a strategy pack, data pack and a note on a potential easement in relation to weddings. The CO also recommended a four week pause to:

- a. *“Reduce the peak and avoid a proportion of in hospitalisations and deaths*
- b. *Allow time for c. 6.4 million more vaccinations (4.6m first, 1.8m second).*
- c. *Align with offering all adults a first dose in w/c 19 July.*
- d. *Push step 4 close to the school holidays, when transmission is expected to be reduced (R by 0.3-0.5).*
- e. *Allow us to gather more data both on Delta variant and path of rising cases and hospitalisations”* [RS/408/INQ000063866].

492. I noted the negative economic impacts of this approach, however the negative impacts of proceeding with Step 4, such as potentially creating an unsustainable pressure on NHS and the costs of having to reverse a decision at a later date, were also taken into consideration. A further HMT briefing pointed out that *“engagement with businesses (via the Social Distancing Review) has showed that while current restrictions are highly damaging, businesses would prefer a steady re-opening over a longer time period rather than a rapid re-opening more likely to precipitate a sudden re-escalation”* [RS/406/INQ000113743].

493. At the Quad meeting on 13 June 2021, the CMO and CSA remained cautious. I queried the exact rationale for the delay. The argument was made that *“a delay would give more time for adults to receive double doses [...] which should mean that any third wave is more manageable”*. The PM agreed with me that any delay would need to be attached to a tangible action so that there would be greater certainty that Step 4 would happen, and this wasn't just delay for the sake of it.

494. The PM agreed to the delay to Step 4 *“to give vaccines more time to protect people and save lives that otherwise would be lost”* [RS/409/INQ000232164].

495. At the Cabinet meeting of 14 June 2021, the PM noted that if the *“Government continued to implement the next step of the Roadmap on 21 June, the rise in infections and cases could lead to significantly more hospitalisations and thousands of people dying”*. On this basis the decision to pause Step 4 of the Roadmap needed to be taken. The PM noted *“It was a finely balanced proposition but a larger proportion of the population needed to be fully vaccinated before more restrictions should be lifted”*. The PM said *“that he had waited until the last moment possible to take the decision to delay*

the full implementation of step four of the Roadmap [but] data had become more compelling [to carry out the delay] with each passing day” [RS/410/INQ000089002].

496. At the Cabinet meeting on 22 June 2021, it was reflected upon that it was “reassuring that the rate of the increase of infections and hospitalisations was decreasing” and the delay to Step 4 and the vaccine programme were to thank for this. The CMO confirmed that the “data was following the path that had been suggested to Ministers at the time that they had made the decision to delay taking the fourth Roadmap step” [RS/411/INQ000089057].

497. On 27 June 2021, I attended a Quad meeting to review the decision to progress to Step 4. It was discussed that “cases [were] rising and hospitalisations, though currently flat (and even reducing in the North West), could further accelerate”. The “group discussed the pros and cons of proceeding with Step 4 after a 2 week delay, or waiting for the full 4 weeks [and] the PM concluded that, on balance, it is better to stick to the 4 week delay”. This was on the basis of uncertainty in the data, “compounded by the relative liberalism of Step 4 as proposed”. Public confidence in the Government needed to be preserved in order to support the longer-term response. It was noted that “while there would be some gains to business and individuals as a result of going earlier, the risk is asymmetric. It would be far worse having to reverse” [RS/412/INQ000063929].

498. Ahead of the Quad meeting on 2 July 2021, I was provided with a CO pack about moving to Step 4 [RS/413/INQ000063944]. At the meeting it was noted that whilst case rates were increasing, the link between cases and hospitalisations and deaths appeared to be broken [RS/414/INQ000232179]. The CO briefing set out the following core package to which there were no issues raised:

- a. **“Reopen all closed settings**, abolish gathering limits, and lift capacity caps, including for life events.
- b. **Revoke all social distancing guidance**, except for a finite list of settings (e.g. ports of entry).
- c. **Revoke all COVID-Secure legislation** and guidance and replace with simpler ‘Working Safely guidance’
- d. **Lift cap on care home visitor numbers”** [RS/414/INQ000232179].

499. I received an HMT briefing for the Quad meeting on 2 July 2021 which noted that *“should the scientific advice remain supportive of this course of action, we should push ahead with an ambitious reopening”* [RS/415/INQ000113747]. Based on the advice, I recommended consideration of the removal of the ‘1 metre plus’ rule to stimulate the recovery of hospitality and entertainment. I recall that whilst there was some wariness amongst the scientists and SoS for DHSC, I was supportive of a more ambitious approach which was ultimately pursued.

500. At a Cabinet meeting on 5 July 2021, the PM said that the *“decision to move to step four would be taken the following week”*. This was determined to be the appropriate time as *“the NHS could also still come under a considerable amount of pressure due to the large number of cases, although he thought that the NHS would not be overwhelmed. There was a risk in continuing lockdown restrictions; if these were not lifted on 19 July, but instead lifted later that year, the country would face an even greater risk of infections as it went into the autumn”* [RS/416/INQ000088901].

501. I attended a Quad meeting on 9 July 2021. It was agreed that on the basis of having met the four tests, *“we should move into Step 4 from 19 July 2021”*. It was noted that *“the current spread of the virus was a cause for concern and our messaging on Step 4 needed to take account of this, as well as to reassure the public that the Government was proceeding to lift restrictions in a cautious manner.”* As recorded in the meeting readout, the scientific advice was that *“19 July was no worse a time to release these restrictions than any other date”*, but *“that gradual release is much more important to reduce cases and hospitalisations than the exact date”* [RS/417/INQ000232162]. This decision was approved at a Cabinet meeting on 12 July 2021 [RS/418/INQ000088903].

Decision-making around Omicron: 26 November 2021 to January 2022

502. At the end of the year, there was increasing concern amongst the scientific and medical community about a new variant, Omicron. After receiving advice from SAGE, the Government moved to what was called a Plan B set of NPIs (e.g. greater use of face masks and home working).

503. However, SAGE also advised going much further than this and imposing more significant restrictions. They cautioned that without this *“urgent action”* the UK

might experience up to 10,000 hospitalisations and 6,000 deaths per day, far worse than previous peaks.

504. However, there were questions as to the severity of Omicron, particularly in the face of vaccines, and the declining path of the epidemic in South Africa. I highlighted these and did not support further restrictions. Ultimately the PM decided not to move beyond Plan B and the epidemic receded without ever reaching the levels predicted.

505. In late November 2021 a new variant emerged in Africa and on 26 November 2021 the variant was designated 'Omicron' by the WHO.

506. On 27 November 2021 I attended a Quad meeting. In the CO briefing for the meeting it advised "*We should review how we can strengthen our initial response and prepare for additional cases to appear in the UK. We will need to continue to act before we fully understand the level of risk in order to slow ingress and spread*" [RS419/INQ000064216].

507. On 29 November 2021, SAGE noted that "*the size of this wave remains highly uncertain but may be of a scale that requires very stringent response measures...*" [RS/420/INQ000120667].

508. On 30 November 2021 I attended a Cabinet meeting [RS/421/INQ000089099]. The PM said "*that the Omicron variant of coronavirus was a set-back, which threatened the UK's good work to keep the Delta variant under control. The risk of Omicron was still unquantified. However, since boosters were likely to be at least partially effective against the new variant, expanding the booster programme had been the right response...*". At the meeting the CMO advised that "*it was clear that the Omicron variant was transmissible. Its spread in South Africa was indirect evidence that it could spread in populations that had developed immunity to earlier variants through vaccination or previous infection, and the risk that Omicron would spread was higher than with other variants. It would take one or two weeks of laboratory testing to get results, and epidemiological data would also be important in understanding whether Omicron could evade previous immunity. It was unknown whether vaccination and boosters would reduce the risk of severe disease and hospitalisation*".

509. On 3 December 2021 I received a briefing. The briefing provided a “*status update on domestic implications of the Omicron variant*” and said that I would receive fuller advice the following week [RS/422/INQ000113776].
510. On 7 December 2021 I received a further briefing. The briefing advised, in the light of a SAGE recommendation, that “*given modelling and what we know about Omicron, that urgent action is taken to slow Omicron’s spread*”. The briefing summarised the advice from SAGE that “*despite ongoing uncertainty about its properties, Omicron is clearly taking off fast in the UK, with rapid doubling time of around 3 days. This rapid spread is likely a combination of greater transmissibility than Delta and some level of immune escape. SAGE believes the UK is moving rapidly towards a new wave of infections, with an urgent, national, Government response moving beyond Plan A (and possibly also Plan B) required*” [RS/423/INQ000116430].
511. The briefing went on to say that “*we understand that the PM will therefore recommend a move to Plan B tomorrow morning, including, stronger guidance on face masks, mandatory certification; and guidance on working from home...However, our discussions with Taskforce suggest they will want to remain reactive to the data, with the possibility of further measures if needed*”.
512. On 8 December 2021 I attended a Covid(O) meeting [RS/424/INQ000092202]. My briefing for the meeting advised that HMT’s view was that Plan B was “*a proportionate response to the developing situation at this stage*” [RS/425/INQ000113778]. This recommendation was made having considered the rates of infection at that time against the mitigation provided by the package of measure that were being proposed. “*The Committee agreed to move to the previously agreed Plan B package...*” [RS/426/INQ000092194].
513. At the meeting the PM said “*there was a consensus to move to Plan B, but it was important to be clear what was in Plan B and what was not*” [RS/424/INQ000092202].
514. Later that day, the PM announced the proposed move to Plan B [RS/427/INQ000120667]. This meant: face masks to become compulsory in most public indoor venues, other than hospitality; NHS Covid Pass to be mandatory in specific settings, using a negative test or full vaccination via the NHS Covid Pass; vaccines and testing remain our best lines of defence; people asked to work from home if they can.

515. On 13 December 2021 I received a further briefing. It stated that *“this advice lays out the latest modelling scenarios for Omicron (pessimistic, medium, and optimistic) including the impact of further restrictions. It also provides a preliminary analysis of options for economic support in the event that these may be needed. While this work will require further refinement, we have set out an initial hierarchy of interventions for you to consider”* [RS/428/INQ000113780].
516. On 14 December 2021 I attended a Cabinet meeting, which discussed the move to package of Plan B measures which was to be voted on in Parliament that day. The PM said that *“the evidence was clear that the Omicron coronavirus variant was spreading fast, with doubling time of around two and a half days. It was important to roll out booster vaccinations at speed”* and that *“all colleagues needed to support this moderate package of measures, which were proportionate to the risk and complemented by a massive booster programme”* [RS/429/INQ000089008].
517. The CMO advised that *“there were several aspects of the public debate that were based on misunderstandings of the evidence which should be corrected. It was a fact that doubling time for the Omicron variant was around two to three days, and at the lower end of this range in many parts of England. It was incorrect that cases were topping out in South Africa – the reality was they were continuing to rise everywhere... It was not possible to predict with certainty where the top of peak would be. There was a wide range of opinion across the scientific community on the severity of the Omicron variant”*.
518. The CMO went on to advise that *“it was necessary to roll out boosters as rapidly as possible. However even with the booster programme there would be a sharp rise in people falling sick, self-isolating and caring for others. Later there would probably be a sharp rise in people being admitted to hospital. The measures in the Government’s Plan B package would slow this down, but only to some degree”*. In summing up at the meeting, the PM said that *“the right response was to move to the Plan B package and roll out boosters rapidly”*.
519. On 15 December 2021 the CMO expressed further caution about Omicron and advised people should *“prioritise social interactions that really matter to them”* [RS/430/INQ000260624].

520. On 16 December 2021 SAGE met [RS/431/INQ000120658] and concluded that “*urgent action*” beyond Plan B was needed and that without significant further restrictions (“*more stringent measures*”), a major peak in infections would be reached, with one expert suggesting it could be as high as “*5,000 to 7,000 hospitalisations per day*” [RS/432/INQ000236973].
521. The HMT readout of the SAGE meeting on 16 December 2021 [RS/433/INQ000232125] noted comments from the meeting that “*We are facing a very significant problem*” and provided that “*scenarios that assume no further restrictions beyond Plan B lead to trajectories in daily hospital admissions in England that have a minimum of 3,000 hospital admissions per day at their peaks (some scenarios have significantly worse outcomes during the first few months of 2022). More stringent measures would be need to be implemented before 2022 to avoid this. “Urgent action is needed”*”. The readout also provided that “*without further mitigations, there will be a very substantial peak of infections, much larger than occurred in January 2021, with consequent workforce and school absence*”.
522. On 16 December 2021, I attended a Bilat with the PM. The No. 10 readout of my meeting records that we “*talked about the latest Covid modelling from SAGE and how they should approach it. They agreed that HMT and Covid taskforce teams should understand the modelling in detail, and in particular the key assumptions/variables*” [RS/434/INQ000236602].
523. On 17 December 2021 I met the PM again. In my briefing for the meeting, the current position was summarised as (emphasis added): “*You are meeting the PM to discuss the latest SAGE modelling and options for further measures. **SAGE’s recent consensus** statement **made a case for further action soon**. They presented scenarios that assume no further restrictions beyond Plan B leading to trajectories in daily hospital admissions in England modelled to reach at least 3,000 daily admissions per day at their peaks. This would impact NHS patient safety and social care. If further measures are pursued, the timing is crucial. The SAGE view is that if implemented late, the measures are unlikely to prevent considerable pressures on the NHS. However, if measures are implemented sufficiently early and stringently then they may only need to be in place for a few weeks to limit peaks, although the length and timing of the peaks is very uncertain and it would be hard to be certain in of the length upfront*” [RS/435/INQ000113782].

524. The briefing included CO slides, which included further information on the advice from SAGE that “SPI-M have assessed different modelling groups [RS/436/INQ000232126]. The SPI-M consensus view suggests that sticking to Plan B only measures would mean: **Peak in infections:** 600,000-2 million per day between late December and Jan 2022; **Peak in hospital admissions:** 3000 – 10,000 per day. These would increase through December and January, declining until March 2022; **Peak in deaths:** 600-6,000 per day between mid Jan-March 2022. SPI-M models suggest **early stringent action** is required in order to stand a chance of constraining such a wave below January 2021 levels”.

525. At the Bilat meeting with the PM on 17 December 2021, which was also attended by the CDL, I raised a number of queries included in my briefing such as “What is the latest we can decide on implementing measures?” and “Given what we know about Omicron - e.g. significantly increased transmissibility – are we certain that the measures we used for the previous variant will be effective?” [RS/435/INQ000113782]. I recall expressing my scepticism about some of the modelling. This is reflected in the readout of this meeting which provides “the meeting focused mainly on the modelling and the assumptions behind it... The CX hasn’t had much time to engage with the papers so didn’t take a particular position but did ask for more information on some of these issues” [RS/437/INQ000236601].

526. I met the PM again on 18 December 2021. Prior to this meeting I had received papers on the modelling that had been used [RS/438/INQ000113783] [RS/439/INQ000184557] [RS/440/INQ000184556]. The readout of this meeting records that I recognised that ultimately “this is a decision for the PM to make” but that I remained “unconvinced that there is a compelling case for significant restrictions” [RS/441/INQ000184558].

527. The points that I made were:

- a. “Only relying on one model (noting that last time we had [a] range of models);
- b. However even if [we] accept this model – this implies if we wait one week there is no impact on peak. So we have time to interrogate data given this is such a significant decision;
- c. As a result of behaviour we are seeing, [it] seems reasonable to assume doubling rate is >2 days now;
- d. Not seen a good explanation of exit plan;
- e. Step 2 is significant and last time caused 3% contraction in economy;

- f. *If we don't think boosters are the answer and that we will continue to need to use NPIs to control this over the next few years then we should be honest with the public and we ought to redo the SR and understand the implications (i.e. can't deliver all the priorities that we committed to);*
- g. *There are also no regrets things we ought to be doing in terms of maximising resilience of NHS (capacity, workforce, discharge)".*

528. As recorded in the readout, the PM "wants to consider overnight" [RS/441/INQ000184558].

529. I met the PM again on 19 December 2021. Prior to that meeting I had received a further paper on the modelling (which addressed questions that I had raised in response to the earlier papers) [RS/442/INQ000184559] and a further briefing [RS/443/INQ000113784]. The briefing advised that "[HMT] believe the PM is currently proposing a short package of restrictions, to start on December 26, reviewed for removal on w/c Jan 17 to give time for booster rollout plus two weeks. We support this as proportionate to the downside epi risk, as long as the review is a genuine removal mechanism, not the start of a new roadmap". However, I remained sceptical of the case for further restrictions and made this clear to the PM during the meeting.

530. During the period of these meetings with the PM and the Cabinet regarding the Omicron outbreak, I had seen other public information and analysis about Omicron that fed into my thinking. For instance, I had read a research note by JP Morgan which suggested that hospitalisations as a result of Omicron would remain below 1,500 patients per day, just a third of the January 2021 peak of 4,500. This research note, as reported in the press at the time, concluded that a "major lockdown" [RS/444/INQ000236917] will be unnecessary and "bed occupancy by Covid-19 patients at the end of January would be 33% of the peak seen in January 2021. This would be manageable without further restrictions" [RS/445/INQ000236923].

531. Professor Graham Medley, chair of SAGE's SPI-M modelling group, whilst being responsible for the modelling on Omicron in the UK, was also reported to say "we are a population in a very different position to this time last year, in the sense that the majority of people have been vaccinated and there has been much infection since then, so there is much more immunity...The fact that we are much more immune than we were generally means that the virus will appear to be much less severe" [RS/446/INQ000236922].

532. During this period, I had also examined various reports from scientific and medical experts in South Africa, where the Omicron variant had first emerged, suggesting that Omicron was not as severe as its predecessors. A *“major real-world study of Omicron in South Africa”* found that it was *“causing two-thirds fewer hospital admissions than Delta”*. It was reported that *“Officials who analysed 78,000 Omicron cases in the past month estimated the risk of hospitalisation was a fifth lower than with Delta and 29 per cent lower than the original virus. The findings lend weight to the theory that the ultra-infectious variant is weaker than previous strains, something which doctors on the ground in South Africa have been claiming for weeks”* [RS/446/INQ000236922].
533. I had also seen that Shabir Madhi, a professor of Vaccinology at the university of the Witwatersrand in Johannesburg, had said on Twitter that whilst the infection rate had been much faster than any of South Africa’s previous three waves, there were signs that hospitalisations were remaining low relative to the number of cases, and the *“death rate very low compared to period of same case rate in previous waves. Trend over next week will be informative, but optimistic unlikely to surge”* [RS/447/INQ000236968]. Professor Madhi praised the response of the South African Government for not imposing more restrictions in response to the outbreak, saying that the *“Government response correctly remains measured by not increasing restrictions and not panicking with increase in cases, but seem to rather focusing on COVID (excluding coincidental Ix) hospitalisation and health facility capacity”*.
534. Similarly, I recall Dr Angelique Coetzee, a GP and then chair of the South African Medical Association, spoke about the relative lack of severity of Omicron as compared to earlier variants. Writing in the Daily Mail she said that *“while Covid-19 admissions are rising sharply in more than half of our nine provinces, deaths are not rising as dramatically and neither is the average length of time people stay in hospital. Admittedly, our laboratories do not carry out genetic sequencing for every death, so we do not know how many Covid-related deaths can be attributed to Omicron and how many to other variants. But yesterday there were only 11 Covid-related deaths in South Africa, far fewer than the 578 weekly average reported at Delta’s peak. If Omicron really were such a deadly variant, we would expect the numbers to have shot up, yet that simply isn’t happening here”* [RS/448/INQ000236915].
535. I attended a Cabinet meeting on 20 December 2021 which debated the right approach forward. At the meeting, following discussion of the underlying data and modelling, the

- CMO said that *“he wanted to provide his clear professional view on the discussion. It should not be assumed that everything would follow the optimistic path. The balance of the debate in Cabinet on the data was a long way from the international consensus. There was going to be a wave of hospitalisations based on current infection rates. The question was going to be how big the wave was”* [RS/449/INQ000217347].
536. In summing up the PM said that *“the Cabinet discussion was the furthest it had been during the pandemic from the current scientific position. However, while the data was uncertain, it was premature to reimpose restrictions. Given the uncertainty of the data and the downsides of more stringent measures, it was right to proceed on the basis of: actively implementing Plan B”* and other measures such as increasing capacity in the NHS. No further restrictions or NPIs were imposed.
537. On 5 January 2022 I attended a Cabinet meeting. Based on my briefing for the meeting. I set out that the economic impact, with my briefing noting that *“the economic impact of continuing with Plan B measures is uncertain. Plan B measures are much less damaging compared to more stringent measures such as social distancing and business closures; however, the economic impact will increase as the duration for which measures are in place increases”*. I pushed *“for the removal of Plan B measures, particularly Working from Home, as soon as the epi picture”* allowed [RS/450/INQ000113788].
538. At the meeting itself, the PM said that *“it was not the moment to slam on the brakes. Omicron was less severe and was sending fewer people to hospital. Introducing restrictions was not the right thing to do, although it was necessary to remain flexible to adapt if the circumstances changed”* and that *“the Cabinet endorsed the continuation of Plan B measures until further review at the end of January”* [RS/451/INQ000088948].
539. The SAGE meeting on 13 January 2022 noted that *“the increase in hospitalisations ... has not been seen so far”* [RS/452/INQ000215647].
540. On 19 January 2022 I attended a Cabinet meeting, which discussed the removal of the Plan B measures [RS/453/INQ000088921]. At the meeting the CMO said that *“there was reasonable comfort on moving back to Plan A”* and the PM, summing up, said that *“it was right to remove Plan B measures and revert to Plan A”*.

F) INTERRELATION BETWEEN CENTAL AND LOCAL GOVERNMENT

541. The Inquiry has asked me to address a number of questions about the interaction between UK Government and local authorities with regard to NPIs. Unfortunately, I am only able to give the Inquiry very limited assistance on this. Unlike economic or fiscal policy areas, these matters were not the primary responsibility of either the Chancellor or HMT and therefore I have limited recollection of any significant involvement in these areas.

542. The extent of HMT's interaction was primarily liaising with Government departments (mainly MHCLG) on funding issues for local authorities; and secondly, on England wide economic interventions that were delivered through local authorities. I do not recall having significant direct engagement with individual local authorities.

543. Negotiations regarding local lockdowns and tiering were led by the CO Covid Taskforce, while Government departments conducted their own engagement on policies they owned as necessary with local authorities. For example, MHCLG on shielding support, and DHSC on the Contain Outbreak Management Fund. HMT's role was not to design and deliver these interventions, but to agree whether and to what extent they could be funded in light of proposals, evidence and financial rules.

544. Engagement between Government departments in the context of providing support for local authorities can also be shown with reference to the minutes of a COBR meeting of 16 March 2020, where the SoS for the MHCLG *"said they had liaised with 300 local councils in England on plans to only deliver core services (social care, services to support the vulnerable, and delivering budget measures for the local level, including operating the hardship fund for those in need). That the NHS was a key aspect of every Local Resilience Forum and the Ministry for Housing, Communities and Local Government were working with local councils to ensure a coherent chain of command. The Ministry for Housing, Communities and Local Government had also been working with the Department for Media, Culture and Sport and the Department for the Environment, Food and Rural Affairs on food supply issues, especially for the vulnerable and were encouraging all local councils to set up a local hub to provide basic care in a specific set of circumstances. That rough sleepers were a key issue: 65 per cent have respiratory issues. Public Health England had issued guidance on how to handle the situation. Plans would be released the next day giving councils*

additional funding to put the most vulnerable into suitable accommodation”
[RS/166/INQ000056210].

545. As the Pandemic developed greater powers were vested with local authorities to enable them to impose measures to control the spread of the virus. I attended a Covid(O) meeting 29 June 2020 to discuss the outbreak in Leicester. As far as I am aware, engagement in terms of formulating a response to this outbreak was led by DHSC, the Covid Taskforce and MHCLG. At this meeting the SoS for DHSC said that there *“needed to be a published process for local action on outbreaks”* and noted that *“there were already powers set out in primary legislation that had allowed the government to put in place the national lockdown [and that] The best way to secure the changes in regulations for Leicester legally was using the upcoming Statutory Instrument.”* He went on to say that *“Further legislation would be prepared to ensure that local lockdowns could be implemented legally more swiftly in future”*
[RS/454/INQ000088880].

546. On 14 July 2020 at a Covid(O) meeting, the CST signed off DHSC’s CONTAIN framework for local decision-making on Covid-19 outbreaks. This framework set out how NHS Test and Trace and the JBC would work with local authorities and PHE to take action at a local level to contain and manage outbreaks. On 17 July the PM announced additional powers for local authorities from the following day, meaning *“they will be able to close specific premises, shut public outdoor spaces, and cancel events. These powers will enable local authorities to act more quickly in response to outbreaks, where speed is paramount”* [RS/455/INQ000088032].

547. On 3 August 2020 I received a submission which explained that *“in response to ongoing requests from No.10 to find ways of supporting local areas that may need to reintroduce a subset of NPIs, we think there is case for looking at how we provide financial support for those impacted by local restrictions”* [RS/456/INQ000088098]. Based on this advice, I recommended that *“MHCLG and DHSC should look at options for operationalising a model, linked to JBC governance processes, that would allow [local authorities] to provide limited, targeted financial support to businesses that are legally required to close by local restrictions and individuals who are required to self isolate but may not be financially able to”*. I instructed HMT officials to prepare a note to the PM regarding the same, which was sent to No. 10 on 5 August 2020 [RS/457/INQ000232097]. No.10 responded by email on 17 August 2020 to confirm that

“PM wishes to roll out a programme of financial support, along the lines outlined in your note” [RS/458/INQ000232143].

548. When I announced the ‘Plan for Jobs’ on 22 October 2020 I explained that additional support would be provided to businesses through local authorities – *“We will fund local authorities to provide businesses in their area with direct cash grants”* [RS/459/INQ000181688].

549. When the Government introduced a local restrictions and tiered systems the level of support increased accordingly to reflect the additional greater financial burden on local authorities. All negotiations on the agreed totals were completed by DHSC and MHCLG and approved by HMT Ministers, which were then used as a baseline for further funding discussions.

550. I received a letter signed by the mayors of North of Tyne, Sheffield City Region, London and the West Midlands dated 9 October 2020, seeking clarification of the of the package of support that would be made available to areas facing local restrictions [RS/460/INQ000116265]. I received a further letter from the mayors of Greater Manchester, Liverpool City Region, Sheffield City Region, and North of Tyne Combined Authority dated 19 November 2020 raising concerns about economic support for individuals and businesses [RS/461/INQ000232109], to which I responded to highlight the Government support package available to individuals and businesses [RS/462/INQ000104851].

How central Government funding for local Government works

551. It is hoped that the following summary of how central Government funding for local Government works will be of general assistance to the Inquiry. HMT works closely with Government departments to set budgets through the Spending Review process. This includes working with the Department for Levelling Up, Housing and Communities (“**DLUHC**”), formerly MHCLG, to agree the Local Government Department Expenditure Limit (DEL) budget, which is the main source of Government grant funding for local authorities in England.

552. The detail of local Government funding allocations is then set out by DLUHC through the annual Local Government Finance Settlement, which is approved by Parliament. Local authorities are responsible for their own finances within centrally set parameters

and budgets. Some funding will be ringfenced for particular activities. The level of funding may vary from year to year to reflect changes in responsibilities placed on local authorities by Government. Local authorities also have the power to raise income locally, including through Council Tax, retained business rates and sales, fees and charges. HMT does not control overall local Government spending because local authorities are democratically accountable to their local communities.

553. In addition to this 'core' system of local Government funding, Government departments grant money to local authorities to perform specific functions (e.g. deliver nationally-agreed local regeneration projects, or in the case of Covid-19, to provide short-term public health, welfare and business support measures). This can be achieved through a variety of legal powers, most commonly section 31 of the Local Government Act 2003, and it is the responsibility of the funding department to work with the local authorities in receipt of these grants to ensure their effective delivery.

Timeline of support provided to Local Authorities in England

554. In the hope that it may assist the Inquiry, I set out below a short summary, drawn from information published by DHSC [RS/463/INQ000236910], of financial support provided for test, trace and contain activity:

- a. May 2020: Local authorities provided with £300m for local outbreak plans.
- b. July to October 2020: Funding provided on a case-by-case basis to areas under local restrictions – this amounted to £33m, e.g. for Leicester, the North West and the North East.
- c. October 2020: Tiering began and led to a fixed formula being agreed for providing local authorities with public health funding. Local authorities received a one-off payment of £3 per head in Tier 2, rising to £8 per head in Tier 3.
- d. November 2020: National restrictions imposed - all local authorities which had not previously received this became eligible for a one-off payment of £8 per head (totalling £450m nationally).
- e. 23 November 2020: Announcement that the Contain Outbreak Management Fund ("COMF") would be extended to the end of the financial year. Upper-tier local authorities in Tier 3 would receive £4 per head per 28 days, and those in Tier 2 would receive £2 per head per 28 days while under these restrictions (£4 per head was also the level for Tier 4 when this new tier was created in December 2020).

- f. Prior to 5 November: Local authorities which moved to Tier 3 prior to this date (e.g. Liverpool) also received a top-up payment from the COMF, based on £4 per head pro-rata for the additional length of time they were at Tier 3 prior to national restrictions.
- g. January 2021: National lockdown recommenced, and every LA was effectively treated as being in Tier 3/Tier 4 (£4/head/28 days) until the end of the financial year.
- h. April 2021: A final £400m was distributed across all local authorities in England.

Amount of support provided to Local Authorities in England

555. The National Audit Office publishes a “Covid-19 costs tracker”, providing details (where the information is available to the NAO) on how much the Government spent on measures announced in response to the Pandemic. The costs tracker published on 23 June 2022 includes details of funding for local authorities. Not all items below would have been cleared by me personally and many would have been dealt with by the CST. And some of the funding lines are for businesses which were administered by local authorities.

Table 3: Covid-19 Costs Tracker [RS/464/INQ000049294]

Title	Description	Amount (£m)
Delay of the Police Crime Commissioner elections	Costs incurred as a result of the delayed Police Crime Commissioner elections due to COVID-19.	3.4
Support for May 2021 Local Elections	Funding to support local authorities with delivering local elections, owing to increased costs from COVID-19.	15
Grants to boost recovery of small businesses	Small and medium-sized businesses in England will be able to access grants of between £1,000 and £5,000 for new equipment and technology and specialist advice.	Not available
Support to local business partnerships	Business improvement districts across England received support to help cover their day-to-day costs.	5.8
Reimbursing local authorities for lost income	Where relevant losses are more than 5% of a local authority's planned income from sales, fees and charges, the Government will cover them for 75p in every £1 lost. This includes the Sales Fees and Charges Income Compensation Scheme.	1751.87

Spreading local authority tax deficits	Local authorities can spread the repayment of their local council tax and business rates deficits over three years instead of repaying them in one year.	0
Kick-starting Tourism Package	Funding to boost tourism in England for renewal and recovery.	Not available
Support to faith organisations	Support to faith organisations through a direct grant to Faith Action. Part of the charities support package announced in April 2020.	0.13
Accommodation for victims of domestic abuse	Support for domestic abuse safe accommodation charities. Part of the charities support package announced in April 2020.	9
Homelessness	Financial assistance to local homelessness organisations. Part of the charities support package announced in April 2020.	6
Keeping rough sleepers safe in winter	A package of support to protect rough sleepers during winter. Funding for local authorities includes the Cold Weather Fund payment and funding for the Protect Programme to help areas that need additional support most during the restrictions and throughout winter. There is also funding for faith and community groups.	22.96
Enforcement by local authorities	Funding for local authorities to increase their compliance work and enforcement checks on businesses, including an environmental health officer register to help councils source environmental health officers.	30.08
Community Champions	Grant funding to local authorities and voluntary and community sector partners as part of the wider-Government response to support communities that have been disproportionately impacted by COVID-19. Work supported by the funding includes giving COVID-19 advice and supporting take-up among those communities.	46
Emergency Rough Sleepers Fund	Targeted funding to minimise the risk to those unable to self-isolate.	2.92
Council tax relief (Hardship Fund)	Additional funding for the Hardship Fund, which enabled local authorities in England to reduce the 2020-21 council tax bills of working-age people receiving Local Council Tax Support. The fund could also be used to provide further discretionary support.	500
Non-ring-fenced funding to support pressure on social care and other services in local Government	Funding for local authorities and other local services to help them respond to pressures on services because of COVID-19. This included the adult social care workforce, public health services and services helping the most vulnerable, such as homeless people, clinically vulnerable people and clinically extremely vulnerable people.	6155
Support to pubs, cafés and restaurants	A reduction in application fees for pavement and street café licences (up to £100) and a reduction in the consultation period for licence applications. The announcement also provided measures to help outdoor markets, car-boot sales and summer fairs.	0

Funding for rough sleepers and the Next Steps Accommodation Strategy	In response to COVID-19, the Government announced a range of measures to accommodate rough sleepers to help them self-isolate and prevent the spread of COVID-19. This includes the Next Steps Accommodation Programme, launched on 18 July 2020. This programme makes available the financial resources needed to support local authorities and their partners to prevent rough sleepers from returning to the streets. These announcements form part of a wider package of interventions seeking to end rough sleeping in this Parliament and prevent and reduce wider homelessness.	194.96
Welcome Back Fund and Reopening High Streets Safely Fund	The Welcome Back Fund is to help local authorities prepare for the safe return of shoppers and tourists, including employing extra staff to keep festivals and events COVID-19 secure. The fund will help local authorities boost tourism, improve green spaces and provide more outdoor seating areas, markets and food stall pop-ups, giving people safer options to reunite with friends and relatives. Re-opening High Streets Safely is a fund to help English local authorities prepare for the safe reopening of high streets and other retail spaces. It supports practical measures so that businesses can reopen quickly when they are allowed to do so. Staff can get back to work and customers can be confident that it is safe to return to shops.	53.8
Kent hotels for hauliers and families	Hotel accommodation and ancillary costs for hauliers and families stuck in Kent over Christmas 2020 when the border was closed to those with COVID-19 positive tests and required to self-isolate, until 10 January 2021.	0.27
Protect Plus	Extra support to help protect rough sleepers and renters from the effects of COVID-19.	6.79
Local Council Tax Support Grant	This grant was provided to local authorities in recognition of the extra expenditure incurred by them in 2021-22 as a result of a likely growth in local council tax support caseloads.	670
The Department of Levelling Up, Housing & Communities' additional operating staff costs	This covered department's additional operating staff costs, including basic salaries, temporary responsibility allowances and other allowances for permanent staff. Also included overtime pay, shift work, secondments, agency staff, management consultancy, and special bonuses. Any continuing costs are now classed as business as usual and not captured separately.	22.01
The Department of Levelling Up, Housing & Communities' additional operating non-staff costs	The department's additional operating non-staff costs including software licences; IT-service contracts; furniture and fittings; homeworking IT equipment; office machinery; office supplies; property consultancy; removals and portage; and other miscellaneous costs.	1.54
Support for clinically extremely vulnerable individuals	Funding to local authorities to support clinically extremely vulnerable individuals to access the services they require during periods where shielding advice is in place either nationally or locally.	176.11

Homelessness Prevention Grant Top-up	Exceptional one-off top-up to the homelessness prevention grant.	65
Protect and Vaccinate	Funding for emergency accommodation and to increase vaccinations for rough sleepers.	28.1
The Small Business Grant Fund; and the Retail, Hospitality and Leisure Grant Fund	Two grant funding schemes were set up to support small businesses, and businesses in the retail, hospitality and leisure sectors. Eligible small businesses could receive £10,000, while retail, hospitality and leisure businesses could receive grants of £25,000. The cost of administering the scheme was subject to a new burdens assessment (£70 million was provisionally allocated by HM Treasury).	11085
Local authority Discretionary Grant Fund	This fund was aimed at small businesses with ongoing fixed property-related costs that were not eligible for the Small Business Grant Fund or the Retail, Hospitality and Leisure Grant Fund. Local authorities could spend the equivalent of up to 5% of their expenditure on these two schemes (capped at £617 million in total) through the Discretionary Grant Fund.	573
Local Restrictions Support Grants for businesses	A number of Local Restrictions Support Grant schemes were available to support businesses who were required to close or who were severely impacted by restrictions when open. The schemes were the Local Restrictions Support Grant, Local Restrictions Support Grant Addendum, Local Restrictions Support Grant and the Christmas Support Payment Grants for wet-led pubs (those that relied on the sale of drinks rather than food). These grants were active on 9 September 2020. However, those who were in effective tier restrictions since 1 August 2020 also received Local Restrictions Support Grant funding. The grants were available to support businesses throughout the period of national restrictions and during periods of local restrictions.	3771
Additional Restrictions Grant	The Additional Restrictions Grant was provided to all local authorities because of the national lockdown period and some local authorities moving into tier 3 restrictions prior to this. On 5 January 2021, the Government announced a £500 million top-up to the Additional Restrictions Grant, bringing the total funding to £1,631 million. In Budget 2021, this was topped up by £425 million. Local authorities can only access the £425 million top-up once they have spent their initial funding allocations and have until the end of June 2021 to do so. In the Supplementary Estimate 2021-22, a further £102 million was added to support local authorities facing further difficulties resulting from Omicron.	2131
Green Homes Grant Local Authority Delivery scheme	The Local Authority Delivery scheme aims to raise the energy efficiency of low income and low energy performance homes (those with energy	482.95

	performance certificate ratings of E, F or G (D is also in scope in Phase 1B), including off-gas grid homes.	
Restart Grants	The Government provided Restart Grants in England of up to £6,000 per premises for non-essential retail businesses and up to £18,000 per premises for hospitality, accommodation, leisure, personal care and gym businesses.	3381
Closed Business Lockdown Payment	Support for businesses required to close because of the lockdown that started on 5 January 2021. The scheme provided one-off cash grants of up to £9,000 to eligible businesses.	2123
Omicron Hospitality and Leisure Grant	To support hospitality, leisure and accommodation businesses, in recognition that the rise of the Omicron variant meant that some businesses were likely to struggle. Provided to local areas, by agreement, for eligible businesses.	635
Local Authority Emergency Assistance Grants for Food and Essential Supplies	Funding distributed to local authorities in England to help those who struggled to afford food and other essentials due to COVID-19.	63
Dedicated home-to-school transport	Funding for local transport authorities for alternative means of transport for pupils while social distancing is in place on public transport.	141.37
Bus, tram and light rail services	Funding to protect and increase local bus, tram and light rail services.	1941
Infection Control Fund & Social Care Workforce Recruitment & Retention	A ring-fenced fund for adult social care introduced to tackle the spread of COVID-19 in care homes in England. It is in addition to financial support made available to local authorities to support key public services since the start of the crisis. In 2021-22, support was provided to local authorities and social care providers to maintain safe staffing levels over the winter period and to continue working closely with the care sector to build sufficient workforce capacity across services.	2234.04
COVID Local Support Grant	To support citizens most in need across England with the cost of food, energy (heating, cooking and lighting), water bills (including sewerage) and other essentials. This scheme was extended until 30 September 2021, and was previously named COVID-19 Winter Grant Scheme.	425.6
Household Support Fund	Vulnerable households across the country have been able to access a new support fund to help them with essentials over the coming months as the country continues its recovery from the Pandemic. This Scheme ran from October 2021 to March 2022.	421
Business rates holidays for retail, hospitality and leisure sectors, and nurseries	Eligible businesses in England in the retail, hospitality and leisure sectors did not have to pay business rates until 30 June 2021 and will pay a reduced rate of 34% of their business rates for the period from 1 July 2021 to 31 March 2022. This also applies to estate agents, lettings agencies and childcare nurseries. Local authorities were reimbursed for the loss of business rates receipts.	16984

Freezing the business rates multiplier for one year	This measure froze the business rates multiplier for 12 months from 1 April 2021. This maintains the small business multiplier at 49.9p and the standard multiplier at 51.2p rather than uprating them by the Consumer Prices Index to 50.1p and 51.4p, respectively.	Not available
COVID-19 Additional Relief Fund	This measure makes £1.5 billion available for businesses in sectors that have experienced adverse economic impacts as a result of the Pandemic. This £1.5 billion is for businesses not already in receipt of other forms of Business Rates support. Funds have been allocated to English local authorities who will then exercise discretion in developing local relief schemes for local businesses.	1500

G) DEVOLVED ADMINSTRATIONS

556. The Inquiry has asked me to address a number of questions about the interaction between UK Government and the Devolved Administrations (“DAs”) with regard to NPIs, sharing of medical and scientific data and communications. Unfortunately I am only able to give the Inquiry very limited assistance on this aspect of DA interaction. Unlike economic or fiscal policy areas, these matters were not the primary responsibility of either the Chancellor or HMT and therefore I have limited recollection of any significant involvement in these areas. They would have most likely been handled by the CO and DHSC.

557. In the context of Covid-19 the UK Government were only responsible for decision-making in relation to NPIs in England (although some elements of the testing and vaccine programmes were UK-wide). After the initial ‘four nation approach’, each nation implemented its own interventions and those interventions changed as the Covid-19 response progressed. As a result, there was variance between the measures and their timings pursued across the DAs and as against England.

558. The then-CDL, and later the Minister for Intergovernmental Relations once this role was created in September 2021, led on engagement with the DAs’ First Ministers (and the Deputy First Minister in Northern Ireland) during the response to Covid.

559. I can recall engagement between Government and the DAs that occurred during the initial stages of the Pandemic response (and at other points throughout) in the context of CO and COBR meetings at which I (together with senior ministers, advisors and representatives from the DAs) was present. For example:

- a. Representatives from the DAs attended a COBR meeting on 5 February 2020 at which the DAs were asked to finalise policy inputs into the proposed legislative instrument, and were invited to an upcoming ministerial exercise [RS/137/INQ000056215].
- b. The First Ministers, Health Ministers and CMOs for the DAs (plus the Deputy First Minister for Northern Ireland) attended a COBR meeting on 2 March 2020 where they were thanked for their work drafting the response plans, and at which the DAs said they were content with the engagement with their Local Resilience Forum equivalents [RS/144/INQ000056217].

- c. The First Ministers, Health Ministers and CMOs for the DAs (plus the Deputy First Minister for Northern Ireland) attended COBR meeting on 16 March 2020 at which DHSC and DoE were asked to explore work with the DAs on “*what measures could be taken in educational settings short of closure to reassure and align with wider measures*” [RS/166/INQ000056210]. The Covid-19 ‘Comms Hub’ were also asked to share the content of the advertising campaign with the DAs.
- d. The CMOs and other officials from the DAs attended the COBR meeting on 18 March 2020, at which the PM “*welcomed attendees and the DAs and reiterated the importance of working together, across the Four Nations, to agree an approach to potential school closures*” [RS/107/INQ000056211]. At this meeting DfE was tasked with working with the DAs to consider arrangements and communications for schools and universities.
- e. The First Ministers for Wales and Scotland and the Deputy First Minister for Northern Ireland attended a COBR meeting of 16 April 2020 at which the FSS set out that “*there would continue to be a Four Nations approach to the social distancing measures*” until the SAGE review later in the month. He went on to say that a “*shared position needed to be reached on the use of face coverings outside of care settings*” [RS/194/INQ000083827].
- f. The First Ministers for the DAs (plus the Deputy First Minister for Northern Ireland) attended a COBR meeting on 22 September 2020 where the package of national restrictions was discussed. During this meeting the First Ministers’ each provided their reflections on the measures [RS/465/INQ000083849].
- g. The First Ministers for the DAs (plus the Deputy First Minister for Northern Ireland) all attended the COBR meeting on 12 October 2020 where the tiering system of local alert levels was discussed and inputted into discussions [RS/466/INQ000083851].

560. With regard to HMT’s main responsibility, many of the key economic interventions made during the Pandemic, including the furlough scheme, Self-Employment Income Support Scheme (SEISS), VAT cuts for businesses, the Coronavirus Business Interruption Loan Scheme (CBILS), the Bounce Back Loan Scheme (BBLs), and EOTHO, were UK wide. I understand that these will be covered in a later Module of the Inquiry.

561. HMT's main engagement with the DAs was in relation to funding and led by the CST through the Finance Ministers' Quadrilateral ("FMQ") as well as Bilats. In normal times the FMQ typically met once or twice a year (in advance of key fiscal events) but at the start of the Pandemic meetings were held every 2 to 3 weeks. It was standard practice for the CST to lead on engagement with DAs on behalf on HMT, rather than the Chancellor. This was and remains the case today. As Chancellor, I would not normally be sighted on these meetings.

562. Following the unprecedented funding guarantee announcement in July 2020 (discussed at paragraph 567 below), meetings were held roughly quarterly, though did take place more often where needed. These meetings were generally used to discuss the quantum of funding available to the DAs (and flexibilities to move funding between years) and the operation of UK-wide support schemes.

How central Government funding for DAs works

563. It is hoped that the following summary of how central Government funding for the DAs works will be of general assistance to the Inquiry.

564. The UK Government provides most of the DAs' funding but generally has no role in deciding how funding is allocated between DA responsibilities (e.g. health, education, etc.), nor in assessing or assuring value for money of DA spending.

565. The quantum of funding provided to the DAs from UK Government (above funding generated by each DA in its own area) is mostly formula-based. Specifically, changes in funding provided to the DAs are largely determined through the longstanding Barnett formula. Under the Barnett formula, a population-based share of changes in UK Government departmental funding for areas that are devolved in Scotland, Wales and/or Northern Ireland are added to existing DA funding. For example, additional spending on health in England automatically leads to additional funding for the DAs through the Barnett formula. Barnett-based funding is adjusted for tax/welfare devolution (through agreed formulae) and there are a small number of non-Barnett uplifts (the main one being replacement EU funding for farmers). Alongside this, the DAs have their own agreed tax and borrowing powers.

Upfront central Government funding for DAs during the Pandemic

566. During the Pandemic, funding for the DAs was ultimately determined through the Barnett formula. However, the DAs had requested additional flexibility to manage the lack of Barnett certainty which they argued constrained their Covid response. DAs had to wait for UK Government to announce Covid-19 interventions (and decide how much was new funding) before receiving Barnett allocations. The DAs argued that this restricted their ability to respond quickly and meant they were making decisions without knowing how much Barnett-based funding will ultimately materialise.

567. In response, the Government decided to provide an unprecedented upfront funding guarantee in July 2020 for the fiscal year 2020-21. *“The guarantee provides the devolved administrations with increased funding certainty, enabling them to decide how and when to provide support, rather than loans or receiving Barnett consequentials in the traditional way. It allows the Devolved Administrations to spend additional funding without having to wait for it to be spent in England first”* [RS/467/INQ000236870].

568. The Barnett guarantee sets out how much additional funding the UK Government will provide to each of the devolved administrations to address the pressures of the Pandemic in 2020-21. The UK Government initially announced a guarantee of an additional £12.7 billion in funding for the DAs on 24 July 2020, and this guarantee was subsequently uplifted three times, to the following:

- a. £14 billion on 9 October 2020
- b. £16 billion on 5 November 2020
- c. £16.8 billion on 24 December 2020

569. This meant that the DAs received the following additional upfront spending, as at 8 January 2021 [RS/467/INQ000236870]:

- a. £8.6 billion for Scotland
- b. £5.2 billion for Wales
- c. £3 billion for Northern Ireland

BORDERS (JANUARY TO MARCH 2020)

570. During the early period (between January and March 2020) of the Government's response to the emerging Pandemic, neither I nor HMT led on the development or implementation of border measures. Rather, this was led by DHSC, DfT and FCDO, with advice from the CMO.

571. Advice I received from HMT officials during this initial period, first as CST and then as Chancellor, was broadly to follow steers from the CMO on changes to travel advice with a focus on whether the proposed measures would be effective in curbing the spread of the virus.

572. This is reflected in the HMT briefings and readouts from ministerial meetings from this period. Discussions around travel restrictions and border measures at Cabinet level meetings during this period also reflect the fact that these decisions were primarily informed and led by DHSC, DfT and FCDO, with advice from the CMO, for example:

- a. An HMT readout of a COBR meeting on 31 January 2020 reflected the CMO's advice that *"there is not currently a clear clinical reason to stop all travel; the outbreak is neither sufficiently dangerous, nor the risk to UK significantly reduced by stopping travel. The only medical reason to shift to red would be if there was a breakdown in health services right across China"* [RS/468/INQ000232176].
- b. On 2 February 2020 HMT officials relayed information on the CMO's views on travel restrictions, including that *"unilateral action by the UK would have minimal (essentially no) effect"* on the epidemic, and that multilateral action *"taken by the whole of Europe"*, which was unlikely to be achievable, *"would slow the epidemic (probably by a matter of 3-4 weeks) but not stop it entirely"* [RS/469/INQ000232136].
- c. A readout of a meeting between the FSS, SoS for DHSC, Chancellor and CMO on 3 February 2020 noted that the CMO's position was consistent with his earlier views (see paragraph 572(b) above), and that *"CMO's view was that the only medically sound means of properly containing the virus would be if China themselves closed their borders – which all agreed was highly unlikely"*. In respect of the border closures made by the USA, New Zealand and Australia *"CMO's view was that their approach would not actually make a difference to*

contagion". All three Ministers present *"agreed that any credible action would need to be conducted in line with European partners and any decision should hinge on the medical advice from CMO"* [RS/470/INQ000232142].

- d. A readout of a health implementation meeting chaired by the PM and attended by the CMO on 4 February 2020, which I attended in my then role as CST, indicated that SoS for DHSC advised the PM against banning flights from China (unless, for example, Germany and France took the same action). The readout provides that *"the PM asked about stopping all flights to China as the Americans have done..., but was very cognisant of the potential economic costs. He seemed persuaded (for now) by the subsequent consensus that this was a bad idea"* [RS/471/INQ000232175].
- e. On 5 February 2020 I received a briefing from HMT officials ahead of my attendance at a COBR meeting that day in my capacity as CST which provided that *"the decision to change the travel advice should be made based on the CMO's opinion regarding its effectiveness in stopping infections"* [RS/472/INQ000232127].
- f. The papers circulated ahead of the COBR meeting on 5 February 2020 noted that *"SAGE estimates – with limited data – that if the UK reduces imported infections by 50%, this would maybe delay the onset of any epidemic in the UK by about 5 days; 75% would buy 10 additional days; 90% buys 15 additional days; 95%+ buys a month"* [RS/473/INQ000056148].
- g. A readout of the COBR meeting on 5 February 2020, which was chaired by DHSC, provided that *"there was some talk of barring entry of people from China to the UK, but most around the table made the case that this would have limited impact. A 50% reduction in entry would only give 5 days of delay in the spread of the virus – it does not buy much time"* [RS/474/INQ000232180]. The minutes of this COBR meeting record that *"the committee had agreed that the UK would not close the borders for arrivals from China but that all measures would be kept under review"* [RS/137/INQ000056215].
- h. A Cabinet briefing for the Chancellor and CST on 6 February 2020 noted that *"The PM asked at a meeting on Tuesday about the feasibility of stopping all flights to China, but so far has been persuaded by the consensus from SoS DHSC and Chief Medical Officer (CMO) that this would not meaningfully stop*

the spread and would negatively impact repatriation". This briefing also noted that "on Monday, the Foreign Secretary agreed with you (CX) that any action would need to be conducted with European partners and should hinge on the medical advice from the CMO", and "from a spending perspective, we would not recommend changing the travel advice unless the Chief Medical Officer advises that there is a clear medical reason to stop all travel" [RS/475/INQ000232128].

- i. At a Cabinet meeting on 14 February 2020, the FSS and SoS for FCO reported that *"Travel advice had not been changed to recommend against all travel to China, as this would mean commercial flights would cease, removing the principal way for UK nationals to return home. It would also not make a difference unless the same action was taken all over the world"* and the discussion point that *"consideration should be given to suspending all flights from China into the UK"* was raised. The CMO then said that the *"spread of the virus would not be stopped by the suspension of flights from China. If the UK suspended flights the modelling showed that it would only slow the spread of the virus by a maximum of five days. If the whole of the EU suspended flights from China then the virus may be slowed by two to four weeks. Of the cases in the UK, only three had come from China, the rest were from Singapore or France"* [RS/142/INQ000056138].
- j. At a Cabinet meeting on 25 February 2020 the SoS for DHSC said that, as a result of the increase in the number of Covid-19 cases in northern Italy, *"the Government's Chief Medical Adviser had changed his advice: those with symptoms returning from the region North of Pisa should self-isolate for 14 days. Those returning from areas now quarantined should self-isolate regardless of symptoms"*, and the SoS for FCDO *"said that he was looking again at the travel advice for South Korea and Italy"* [RS/476/INQ000056140].

573. Whilst border measures were considered by SAGE at various points (as above at paragraph 572(f)), I do not recall them being an intervention of particular focus around this time. For example, at COBR meetings of 9 March 2020 [RS/151/INQ000056219] and 12 March 2020 [RS/158/INQ000056221], no recommendations were made in relation to border measures.

574. Given HMT's limited role in respect of borders policy during the early period of the Pandemic response, HMT officials have been unable to locate much by way of relevant

material. I do not recall anything about guidance advising travellers arriving in the UK from Category 1 countries to self-isolate if asymptomatic, and those from Category 2 to self-isolate only if symptomatic, being withdrawn on 12 March 2020.

575. I attended a COBR meeting on 23 March 2020 for which I received a briefing from HMT officials which set out that closing borders “*would lead to material effects on GDP, unemployment, and prices, and so [would] cause material hardship for people in the UK*”. I was advised by HMT that pursuing a policy of stopping **all** border flows could be “*potentially catastrophic in terms of its impact*” [RS/177/INQ000088104]. I think the language in this advice is strong because it was contemplating the potential impact of a **total** closure of the borders, meaning prohibiting imports of food, energy, medical and health supplies, which would clearly have a very significant impact. I do not recall whether I relayed this point using this wording in the COBR meeting itself.

H) PUBLIC HEALTH COMMUNICATIONS

576. Throughout the Pandemic, public health communications were led by DHSC, No. 10 and the CO so this is not an area I can speak with great detail on or where I have significant knowledge of policy development.

577. I understand that in relation specifically to the “following” or “being guided by” the science messaging the Inquiry has asked about, this was led by the CO.

578. I had some concerns that the communications around the measures taken in March 2020 had led to more economic activity stopping than had been required by the guidance (see paragraphs 222 to 224 above). This was reflected in the advice that I received from HMT and in the advice that I gave to colleagues, as set out in the examples below.

579. In my briefing for the COBR meeting 23 March 2020 the analysis indicated that “...*It is more difficult to assess the impact of limiting gatherings - but if the messaging around this (wrongly) implies that people cannot be in places where there are more than 2 people, for example in shops, the economic and social impacts would be very significant*”[RS/177INQ000088104].

580. At the Cabinet meeting on 31 March 2020 I said that “*the message being heard from business was that there was a lack of clarity about what works should stop and what carry on*” [RS/191/INQ000088891].

581. Based on analysis on the impacts of NPIs on the economy dated 1 April 2020 [RS/201/INQ000088052], that I received ahead of a Bilat with the PM, I noted that “...3. *This impact is being significantly exacerbated by overcompliance. There is growing evidence of businesses and individuals going beyond government guidelines, making the economic impact worse. For example, the original intention behind the approach to school closures was that 20% of children could be at school in order to deliver the desired public health benefit. In practice, under 2% of children are consistently attending school. There's also evidence that non-key workers who should still go to work if they cannot work from home are not ... Although detailed guidance sets out that people who cannot work from home can continue going to work, this message sits behind a headline narrative that people should stay at home wherever possible. 8. ...You should also make the case for a clearer articulation of the public strategy for*

NPIs, to provide clarity to business. 9. Our initial analysis suggests the following changes in approach would have most impact from an economic perspective: 1. Changing the government's top linked message so that it encourages people to continue to work (and businesses to continue to operate) even if they can't work from home. This is allowed within current government policy, but the overarching message of 'stay at home, save lives' is overwhelming it."

582. My briefing for a Bilat with the PM on 3 April 2020 [RS/477/INQ000232073], set out that *"while an exit strategy should be the number one priority, we also need to consider how we can limit the immediate impact of the NPIs on the economy in the next few weeks. This would give the economy some limited relief, but not fix the underlying issue. The most important thing we could do here from an economic perspective would be changing the tone of government communications since to date this has led to more compliance than was original planned... We should change the tone of communication emphasizing that the hard work people have already done has got the virus under control and that they should continue to work to support the economy"*. The readout of this meeting confirms that I agreed that Government should *'clarify communications around people going to work across the whole economy'* [RS/478/INQ000236583].

583. At the Cabinet meeting on 30 April 2020 [RS/479/INQ000089093], points made in discussion included that *"it was already the case that if working from home was not possible, and an individual showed no sign of infection, then they could attend their normal workplace. But many were being more cautious. Maintaining the current behaviours would be in effect a tightening of the social distancing measures. Employers in the housing and construction sector wanted to hear a clear and coordinated message on this from the Government, the devolved administrations and Mayors"*.

584. At the 915 meeting on 14 May 2020, I pointed out that *"international Ipsos Mori polling [RS/480/INQ000236872] suggested that British people were much more fearful of the virus than other countries, with the UK scoring highest of any western country and higher than most countries globally"* [RS/481/INQ000088624].

585. In relation to HMT's communications, these were focused on the economic and business response to the Pandemic and I understand that HMT officials would seek input from across Whitehall to ensure consistency with broader Government messaging. By way of illustration:

- (i) in a press release on 12 June 2020 I was quoted as saying that “*we’ve set out our plan to gradually and safely reopen the economy*” [RS/482/INQ000236979];
and
- (ii) in a press release on 3 August 2020 HMT was quoted as saying that “*people may be worried about returning to eat out. To address these concerns, businesses have prepared to become Covid-secure through, for example, protective screens, contactless payments, social distancing, one way walking systems, online bookings and reduced capacity*” [RS/483/INQ000236905].

586. I have been asked about a tweet published by HMT on 4 July 2020. I have no recollection of seeing this tweet or of it being brought to my attention. I have since been informed by HMT officials this tweet was part of a series developed by HMT to support the CO’s ‘Enjoy Summer Safely’ ad campaign, the purpose of which was to raise public awareness of sectors like recreation and hospitality re-opening. Tweets were routinely approved by HMT’s Head of Media and my Digital Communications SPAD, rather than directly approved by me.

I) PUBLIC HEALTH AND CORONAVIRUS LEGISLATION AND REGULATIONS

587. The Inquiry has asked me to address a number of questions in relation to the legislative framework governing the response to Covid-19. Unfortunately, I am only able to give very limited assistance to the Inquiry on this as this was not an area I led or had significant involvement in from a policy perspective.

588. So far as I am aware, policy responsibility for the legislative framework under which regulations were made in response to the Pandemic lay with SoS for DHSC, subject to oversight and agreement with the PM and Cabinet as set out below.

589. In the period leading up to the introduction of the Coronavirus Act 2020, I did receive some briefing, as set out below.

590. At the COBR meeting on 2 March 2020 (see paragraphs 131 to 132 above), the SoS for DHSC gave an update on the proposed Covid-19 Bill. During discussion of this the points made were *"whether emergency powers under the Civil Contingencies Act (2004) could be used, however it was agreed that the Civil Contingencies Act (2004) could not be used in place of new bill as there is still time to legislate"* [RS/144/INQ000056217]. The Committee agreed to proceed with the Bill *"as a priority"* and in the actions arising from the meeting it is recorded that DHSC were *"to ensure that communications relating to the 'Covid-19 Bill' make clear that the exceptional powers it includes will only be used when and where necessary"* [RS/484/INQ000049726].

591. On 10 March 2020, in advance of a COBR meeting the following day which the CST was to attend in my place, I received advice on the Covid-19 Bill [RS/485/INQ000232068]. The advice was to *"support the Bill and reiterate that HM Treasury will make sure the NHS and spending departments have the resources they need for tackling Covid-19, for the time limited period of impact"*.

592. As explained at paragraph 165 above, the COBR meeting on 20 March 2020 attended by the FST agreed to implement further social distancing measures. As recorded in the note of Decision for the meeting, in relation to the new measures it was said that *"In England and Wales these will be enforced by powers taken by the Health Secretary under the Public Health Act 1984"* [RS/486/INQ000056198].

593. The Coronavirus Act 2020 ("**the 2020 Act**") received Royal Assent on 25 March 2020 [RS/487/INQ000049282]. I understand Section 97 of the 2020 Act required the SoS for DHSC, every two months, to prepare and publish a report on the status of measures take under the 2020 Act. So far as I am aware, the SoS for DHSC met that obligation.

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 in its truth.

Personal Data

Signed:.....

Dated:..... 06/09/23

APPENDIX 1

Defined terms

BEIS	Department for Business, Energy & Industrial Strategy
Bilat	Bilateral meeting
CCS	Civil Contingencies Secretariat
CDL	Chancellor of the Duchy of Lancaster
CMO	Chief Medical Officer
CO	Cabinet Office
COBR	Cabinet Office Briefing Room meetings
Covid(O)	Covid-19 Operations Committee
Covid(S)	Covid-19 Strategy Committee
CRIP	Commonly Recognised Information Picture
CSA	Chief Scientific Advisor
CSS	Civil Contingencies Secretariat
CST	Chief Secretary to the Treasury
DCMS	Department for Digital, Culture, Media & Sport
D(EO)CC	Domestic (Economic Operations) Cabinet Committee
DfE	Department for Education
DfT	Department for Transport
DHSC	Department of Health and Social Care
DIT	Department for International Trade
DLUHC	Department for Levelling Up, Housing and Communities
DMO	Debt Management Office
DWP	Department for Work and Pensions
E-MIG	Economic and Business Response Implementation Group
EOTHO	Eat Out to Help Out
FCDO	Foreign Commonwealth and Development Office
FMQ	Finance Ministers' Quadrilateral
FSS	First Secretary of State
FST	Financial Secretary to the Treasury
Government	Her/His Majesty's Government
HMT	Her/His Majesty's Treasury
Home Secretary	SoS for the Home Department
ICJU	International Comparators Joint Unit
Inquiry	UK Covid-19 Inquiry

JBC	Joint Biosecurity Centre
MHCLG	Ministry of Housing, Communities & Local Government
MIG	Ministerial Implementation Group
No. 10	Number 10
NPI	Non-Pharmaceutical Interventions
OBR	Office for Budget Responsibility
ONS	Office of National Statistics
Pandemic	Covid-19 Pandemic
PHE	Public Health England
PM	Prime Minister
PPE	Personal Protective Equipment
RWCS	Reasonable Worst Case Scenario
SAGE	Scientific Advisory Group for Emergencies
SCCL	Supply Chain Co-ordinated Limited
SMGs	Small Ministerial Groups
SoS	Secretary of State
SPAD	Special Advisors
SRO	Senior Responsible Owner
SSP	Statutory Sick Pay
Taskforce	Covid-19 Taskforce
TFP	Lower total factor productivity