

Witness Name: Rebecca Evans

Statement No: 1

Exhibits 140

Dated: 1 November 2023

UK COVID-19 PUBLIC INQUIRY

WITNESS STATEMENT OF REBECCA EVANS

I provide this statement in response to a request under Rule 9 of the Inquiry Rules 2006 dated 28 June 2023 and referenced M2B/WG/RE/01.

I, Rebecca Evans, will say as follows:

Preface

1. I would like to begin by extending my condolences to everyone who suffered bereavement as a result of the Covid 19 pandemic, as well as my sympathy to everyone who was affected in other ways. I hope that this Inquiry will provide people with the answers that they need and provide lessons for the future.
2. As requested, this witness statement covers the period between 1 January 2020 and 30 May 2022 (the date when the remaining Covid-19 restrictions were lifted in Wales).

A. Introduction

3. I was first appointed to the Welsh Government by the then First Minister, Carwyn Jones AM, in June 2014, when I was made Deputy Minister for Agriculture and Fisheries during a mini reshuffle. The role became Deputy Minister for Farming and Food (losing the fisheries responsibilities and gaining the food responsibilities) in September of that year in a further reshuffle. I held the role until May 2016, and my responsibilities were:

- i. Delivery via the Rural Development Plan of measures to support the management and competitiveness of agriculture and forestry, and improve the environment and countryside, including promotion of agri-environment schemes, organic and woodland activities, and to enhance the social and economic well-being of rural communities
 - ii. Agriculture sector development, including wages and skills
 - iii. Developing the agri-food sector, associated supply chains and promotion of food from Wales
 - iv. Animal health and welfare, including responding to reports of notifiable animal diseases affecting Wales; local authority animal health enforcement policy; the licensing of zoos by local authorities; and the regulation of slaughterhouses
 - v. The artificial insemination of livestock, including poultry, companion animals, equines, and bees
 - vi. Livestock identification and movement policy, including the importation of livestock and dangerous animals other than for agricultural purposes
 - vii. Holding Registration Policy (CPH)
 - viii. The protection of wildlife in Wales, including control of pests, weeds and vermin and the regulation of plant health, seeds and pesticides
 - ix. Assessing with other UK competent authorities all Part C applications seeking approval for the uses of Genetically Modified (GM) crops in cultivation and importation in the European Union and the licensing of any GM crop trials in Wales
 - x. The power to require provision of information about crop prices
 - xi. Common Land Policy (implementation of the Commons Act 2006, mainly)
4. Following the May 2016 elections to the National Assembly for Wales, I was appointed Minister for Social Services and Public Health. I held this role until November 2017, and my responsibilities were:
- i. Policy and oversight of the provision of all social services activities of local authorities in Wales, including the issue of statutory guidance
 - ii. Policy on care in the community
 - iii. Oversight of the Care Council for Wales
 - iv. Regulation of residential, domiciliary, adult placements, foster care, under 8s care provision and private healthcare in Wales
 - v. Inspection of, and reporting on, the provision of social services by local authorities in Wales (via the Care and Social Services Inspectorate for Wales), including joint reviews of social services and responding to reports
 - vi. The Older People's Commissioner for Wales

- vii. Public Health Wales Bill
- viii. All aspects of public health and health protection in Wales, including food safety and the fluoridation of drinking water
- ix. National strategy and policy for community sport, physical activity, and active recreation in Wales, including sponsorship of the Sports Council for Wales
- x. Promotion of walking and cycling, including the Active Travel (Wales) Act
- xi. The activities of the Food Standards Agency in Wales
- xii. Genetically-modified food (but not the cultivation of genetically-modified crops)
- xiii. Responsibility for the Prison Service health service, other than private contracts
- xiv. Substance misuse
- xv. Armed Forces and Veterans' Health

5. Between November 2017 and December 2018, I held the role of Minister for Housing and Regeneration. My responsibilities were:

- i. The housing and housing-related activities of local authorities and housing associations, including housing management and the allocation of social and affordable housing
- ii. Supply and quality of market, social and affordable housing
- iii. Homelessness and housing advice
- iv. Matters relating to housing provided by the private rented sector, including regulation of registered social landlords
- v. Aids and adaptations, including Disabled Facilities Grants and Physical Adaptation Grants
- vi. The provision of housing-related support (but not the payment of Housing Benefit)
- vii. The regulation of commercial tenancies let by local authorities
- viii. Regeneration, including Strategic Regeneration Areas; legacy regeneration; and provision of sites and premises, derelict land and environmental improvements relating to regeneration
- ix. Welfare reform
- x. Financial inclusion, including credit unions.

6. When Mark Drakeford MS became First Minister in December 2018, I was appointed to the role of Minister for Finance and Trefnydd¹. This was my first Cabinet level position. I held the role until May 2021, and my responsibilities were:

¹ The Trefnydd is the Minister with responsibility for organising government business in the Senedd. I describe this in more detail below.

- i. The Welsh Treasury
- ii. The Welsh Revenue Authority
- iii. Provision of strategic direction and management of the resources of the Welsh Government
- iv. Taxation policy
- v. Local taxation policy, including council tax, non-domestic rates, council tax reduction, and the sponsorship of the Valuation Office Agency and the Valuation Tribunal Service
- vi. Budget monitoring and management
- vii. Strategic investment
- viii. Invest to Save
- ix. Financial accounting and audit
- x. In year budget monitoring and management
- xi. Value for money and effectiveness
- xii. Operation and development of the devolved funding settlement and the Statement of Funding policy
- xiii. National Procurement Service and Value Wales
- xiv. Acquisition, maintenance and disposal of property and other assets
- xv. Co-ordination of National Statistics and the Census
- xvi. Management of Government Business in the Senedd in line with Standing Orders
- xvii. Delivery of the weekly Business Statement
- xviii. Representing the Government in Business Committee
- xix. Liaison with other parties on the Government's Legislative Programme

7. Following the Senedd elections in May 2021, I was appointed to the role of Minister for Finance and Local Government, a role which I still hold today. My responsibilities are:

- i. The Welsh Treasury
- ii. The Welsh Revenue Authority
- iii. Strategic direction and management of the resources of the Welsh Government
- iv. Taxation policy
- v. Local taxation policy, including Council Tax, non-domestic rates; sponsorship of the Valuation Office Agency and the Valuation Tribunal for Wales
- vi. Budget monitoring and management
- vii. Strategic investment
- viii. Invest to Save
- ix. Financial Accounting and audit

- x. Value for money and effectiveness
- xi. Operation and development of the devolved funding settlement and the Statement of Funding policy
- xii. Relationship with HM Treasury and HM Revenue and Customs on all spending and tax matters
- xiii. Public Sector pay policy
- xiv. Acquisition, maintenance and disposal of property and other assets
- xv. Procurement reform
- xvi. Grants policy
- xvii. Official Statistics, including the Census
- xxviii. Structural, democratic, financial and constitutional reform of local authorities including co-ordination of regional collaboration models
- xix. The Local Government Partnership Council
- xx. Local Government performance, governance and constitutional matters, scrutiny arrangements, cabinets, elected mayors, the role of councillors, their diversity, conduct and remuneration
- xxi. Local Government electoral arrangements, sponsorship of the Local Democracy and Boundary Commission for Wales and the timing of local authority elections
- xxii. Local Government finance policy including financial reform
- xxiii. The un-hypothecated funding of local authorities and Policy and Crime Commissioners through the Local Government revenue and capital settlements
- xxiv. Financial governance, financing and accounting relating to Local Government
- xxv. Public Service Boards
- xxvi. Public libraries
- xxvii. Local archive services
- xxviii. Local Government workforce matters
- xxix. Academi Wales
- xxx. Oversight of audit, inspection and regulation as they relate to public services, including the organisation arrangements for Healthcare Inspectorate Wales and the Care Inspectorate Wales

8. Prior to being elected to the National Assembly for Wales in 2011, I worked in the third sector for a national charity which represented the needs of, and provided services to, disabled people. This, along with six years' experience in Government as a Minister in a range of portfolios prior to the outbreak of the pandemic served me well in terms of having a strong understanding of the needs of various sectors across Wales. My

background in the third sector gave me a strong insight into the critical role that the third sector and volunteers could play in responding to the pandemic. In the event, the third sector and volunteers were crucial partners in our Team Wales response, and as such they were one of the four key pillars to which funding was allocated from the COVID-19 Response Reserve.

9. Shortly after taking on the agriculture portfolio in June 2014, I published an updated Welsh Government Contingency Plan for Exotic Animal Diseases, which drew on the lessons learned from the UK exercise, Walnut. I gained experience of responding to animal disease outbreaks (avian influenza, for example) and I was familiar with the threats posed by zoonotic diseases.
10. My time spent in the Social Services and Public Health portfolio, as well as the Housing and Regeneration portfolio, meant that I was familiar with the systems and processes relating to the provision of services in these areas, as well as the needs of service users. Again, this knowledge was helpful in allowing me to rapidly grapple with issues. It also allowed me to understand the background to funding requests from colleagues. I was also familiar with preparedness plans because I had taken part in Operation Cygnus, the Tier 1 pandemic flu exercise.
11. During the period January 2020 to May 2022 the Finance Minister side of my portfolio was largely focussed on managing the financial response to the pandemic. At the start of the pandemic, my role included working with the First Minister to put in place appropriate structures to consider and scrutinise pandemic-related requests for funding from across Cabinet. This mainly took the form of the Star Chamber, which I will discuss in more detail later in this statement.
12. My role also involved ensuring that we used all of the levers available to us to identify the funding needed to respond appropriately to the pandemic. For example, early in the pandemic I decided that the Welsh Government would need to undertake a budget reprioritisation exercise, moving money away from our existing plans so that it could be re-deployed towards the pandemic response. This was a major and serious undertaking. I describe this in more detail below.
13. Throughout the pandemic, my role was also to lead on all inter-governmental finance-related discussions. There were reasonably frequent Finance Minister quadrilateral

meetings where the Finance Ministers of Scotland, Northern Ireland, and I would meet with the Chief Secretary to the Treasury to discuss the financial response to the pandemic. The Finance Minister quadrilateral meetings were a pre-existing forum for intergovernmental discussions on finance matters, and I describe these in more detail below. I also met regularly on a trilateral basis with my Devolved Government counterparts in order to explore shared experiences and concerns, and to work together where we saw benefit in jointly pressing a particular issue with HM Treasury Ministers (such as about funding certainty, or budget flexibilities, for example); I exhibit a chronology of the Trilateral Meetings held during the specified period at M2BRE/001-INQ000066171.

14. There were areas of work which I de-prioritised during the pandemic, such as pursuing the further devolution of tax-raising powers (specifically a vacant land tax) for example, because they were not urgent matters and did not relate directly to our pandemic response, which took precedence over everything else. This de-prioritisation happened organically as the entire machinery of government pivoted towards responding to the pandemic, and officials' time became focussed on the response to the pandemic. Pursuing the further devolution of tax-raising powers involved detailed discussion and negotiation with the UK Government, and in the context of the pandemic our inter-governmental time was rightly spent on the immediate challenges in front of us.
15. The Trefnydd is the Government Business Manager, equivalent to the Leader of the House in the UK Parliament. My role during the pandemic included meeting frequently on a bilateral basis with the Llywydd, the Senedd's Presiding Officer, as well as meeting jointly with Llywydd and the opposition party Business Managers to agree how the Senedd would function in the pandemic. The forum for this was through the Senedd's Business Committee which is responsible for the organisation of Senedd business. It is the only Committee whose functions and remit are set out in Standing Orders. Its role is to "facilitate the effective organisation of Senedd proceedings." The Committee met at least weekly, in private, to comment on proposals for the organisation of Government business and to determine the organisation of Senedd business in Plenary, including agreeing how and when the Senedd would sit. The papers and

minutes for these meetings are available online², I exhibit at M2BRE/002-INQ000321279 and M2BRE/003-INQ000321256 an example of these papers, which were produced by the Senedd Commission, for the meeting on 17 March 2020.

16. Another important role of the Trefnydd is to deliver the weekly Business Statement in the Senedd. The Statement sets out the Government business for the week, following which Members of the Senedd can request debates or statements on any issue. Inevitably, this meant responding on behalf of the Government to requests for statements or debates on all aspects of the pandemic. As an example, I exhibit at M2BRE/004-INQ000321257 a transcript of the Business Statement and Announcement I made on 15 September 2020.

17. I took on the Local Government responsibilities in May 2021 following the Senedd elections. This was around the time that Cabinet agreed that Wales would complete its phased move from Alert Level 4 to Alert Level 3.

18. The Local Government portfolio was a new role for me. In the main, the responsibilities within the portfolio relate to local government structural, democratic, financial, and constitutional matters, rather than the policies and decisions which drive local authority service delivery (in areas such as social services, or waste collection, for example). Those matters sit within the portfolios of other Ministers. My key purpose in this part of my portfolio during the pandemic was to continue to work closely with local authorities and be the main conduit for information and views to be shared between Welsh Government and our local government partners, in order to inform our joint response to the pandemic. I was fortunate to be building on the very sound foundations laid by my predecessor in the role, Julie James MS, who had developed a strong relationship with local government which was based on trust and respect.

² [Browse meetings - Business Committee - Fifth Senedd](#)

B. Structures and bodies involved in the Welsh Government's emergency response to the pandemic

19. Throughout the pandemic, I was a regular attendee of the following: Welsh Government Cabinet; the Star Chamber (which I chaired); the Core Covid-19 Group; and the meetings with local authority Leaders. I describe each of these below.

Welsh Government Cabinet

20. The role of Cabinet is to make decisions, develop and implement policy, exercise executive functions, and propose legislation in the fields which are devolved to it under the Government of Wales Act. All Cabinet Ministers and Deputy Ministers attended Cabinet meetings. This is where the core decisions were taken in respect of the response to the pandemic. The Inquiry has been furnished with the Cabinet papers and minutes for the period of interest to the Inquiry, and I understand has received detailed evidence in relation to the decision-making process, particularly in the First Minister's statement in response to Rule 9 reference M2B/WG/MD-01, and in Andrew Goodall's statement in response to Rule 9 reference M2B/WG-01.

The Star Chamber

21. The Star Chamber was established by the First Minister on 23 March 2020 to oversee and coordinate the Welsh Government's overall fiscal response to the crisis. At a Cabinet Meeting on 23 March 2020, Cabinet had been presented with a series of papers on the budget implications of coronavirus. However, during the meeting the First Minister advised that given the size and complexity of these papers, Ministers would not have the opportunity to discuss the proposals that day. Instead, reflecting the result of a discussion which had already taken place on 23 March between myself and the First Minister, the First Minister informed Cabinet that a small group would be established to assess the papers which Cabinet had not been able to consider, and to maximise the available resources within each Department so that funding could be redirected to support the public sector and respond to the needs of the economy. I exhibit the minutes of the meeting at M2BRE/005-INQ000048923.

22. This group quickly came to be known as the Star Chamber and it met for the first time on 25 March 2020. In essence its job was to assess proposals for the allocation of resources to tackle the impact of the pandemic, and to act in an advisory capacity to

me in relation to the deployment of available resources held centrally to address the challenges of the COVID-19 crisis. Proposals for funding would be developed by portfolio Ministers' officials via the Ministerial Advice (MA) process. Once Ministers were content, the funding request would be submitted to the Star Chamber for consideration. Ultimately, after considering and testing the advice, I took the spending decisions as the Star Chamber did not itself take such decisions. I exhibit the note which was produced in advance of an oral item on Star Chamber which emphasised the group did not take spending decisions, M2BRE/006-INQ000320738. The Star Chamber was a critically important part of our response to the pandemic, ensuring that decisions which required funding were affordable and offered value for money as well as meeting need. It also ensured that there was a view of interventions being proposed across the whole of Government, helping to avoid duplication. It had the further benefit of offering an additional level of assurance and scrutiny in a context where decisions were being taken very rapidly.

23. In addition to myself as chair, the group comprised: Counsel General and Minister for European Transition, Jeremy Miles until 6 April 2020 and then Minister for International Relations and the Welsh Language, Eluned Morgan AM; Damien O'Brien, Non-executive Director (former Chief Executive of Wales European Funding Office; two Special Advisers (Gareth Williams and Alex Bevan); and officials including the Director of the Welsh Treasury, Andrew Jeffreys, and members of the Strategic Budgeting and Central Finance teams.
24. The remit of the group was to support me in undertaking an initial reprioritisation exercise to identify areas of Welsh Government spending (both revenue and capital) which could be repurposed in order to contribute to a centrally held and newly created COVID-19 Response Reserve, after which I would set revised Main Expenditure Group (MEG) budgets for 2020-21 based on the reprioritisation exercise. Main Expenditure Groups are essentially the budgets which sit under Ministerial portfolios. The Star Chamber would then support me in taking my decisions on the deployment of the COVID-19 Response Reserve, by scrutinising all Ministerial Advice which sought to draw upon it and receiving reports on the progress of implementation. I exhibit at M2BRE/007-INQ000066177 the Terms of Reference for the Star Chamber.
25. To minimise the impacts of this reprioritisation exercise I sought to protect (i) expenditure which protected the lives of citizens, (ii) areas where we had a legal or statutory commitment to deliver, and (iii) areas of Government priority. I also sought to

minimise the impact through identifying where funding could not be used for its intended purposes, or where it was allocated for new activities planned during 2020-21 but which had not yet started and could be deferred to a later date.

26. To give a small flavour of the results of the exercise, examples of funding returned to reserves for redeployment to tackling the pandemic included £50m performance fund money related to support for NHS Wales to address waiting times. This was identified because routine activity had been stepped down due to pandemic-related capacity requirements in the acute sector. The Childcare Offer for Wales was closed to children due to start after the Easter holidays in 2020; this enabled £30m of funding to be redirected to support key workers with their childcare costs and support vulnerable children during the pandemic. £1m was returned from the major events budget related to cancellations and delays to events. £390,000 was released from the National Forest budget from work identified intended to support face to face engagement with farmers during the spring which could no longer take place.
27. I also allowed Ministers to fund a number of pandemic interventions within their existing budgetary allocations to respond to the pandemic, the impact of which was fiscally neutral as interventions were funded within the existing spending envelope. Examples included £35m of capital funding which was provided from the Integrated Care Fund and Innovative Housing Programme to accelerate discharge from hospital and decelerate hospital admissions and for more permanent accommodation for vulnerable people temporarily housed. £5.5m was allocated from the Rural Affairs department to provide extra support for Welsh farmers and also provided eligible dairy farmers with the ability to claim up to £10,000 to cover 70% of their lost income to allow them to continue to operate without impacting on animal welfare and the environment. £3m to was made available from the Education department to make digital provision available to disadvantaged learners recognising that many young learners did not have access to an appropriate internet-connected device to participate in online learning activities from home.
28. The Star Chamber reviewed all Ministerial Advice documents proposing new COVID-19 spending commitments within the Main Expenditure Groups, considering value for money and affordability in the context of the wider reprioritisation exercise and the COVID-19 Response Reserve. It viewed any Ministerial Advice proposing changes to spending plans within the revised Main Expenditure Group budgets above a threshold

of £5m or 1% of the revenue budget, in order to consider any implications for the Welsh Government's ability to respond to the critical Covid-19 priorities.

29. As I have noted above, the Star Chamber met very frequently, sometimes daily, during the period in which it operated. I exhibit at M2BRE/008-[INQ000066178](#) an 'agenda log' which lists all the meetings which took place between March and October 2020, when the Star Chamber met for the last time, and lists the proposals which were considered at each meeting. As I have noted above, the key purpose of the Star Chamber was to assist me in making decisions about the reprioritisation of existing Welsh Government budgets, and the allocation of funding from the COVID-19 Reserve, which included the consequential funding received from the UK Government, in a way which ensured affordability and delivered value for money whilst meeting needs. By October, the interventions in place to support the response to the pandemic were well established so we no longer needed the additional consideration provided by the Star Chamber. After the winding down of the Star Chamber, I returned to managing the Welsh Government's finances and allocating money in the normal way.

30. Paragraphs 31-41 below, relating to decision-making, provide an illustration of how the Star Chamber fitted into the wider decision-making process.

The Covid-19 Core Group

31. The Covid-19 Core Group was established by the First Minister in March 2020, to bring together a core group of Ministers and senior officials who were leading on the response to the pandemic. It first met on 11 March 2020, and I attended for the first time on 18 March 2020; I exhibit the note of the 18 March meeting at M2BRE/009-[INQ000216472](#) where the group were provided an update on public health, public services, and schools. The Core Group was not a decision-making body; its purpose was to share information and updates about the main pandemic-related issues in Wales. Andrew Morgan, who was the Leader of the Welsh Local Government Association, also attended and in late March 2020 the First Minister invited Paul Davies MS, the then Leader of the Opposition in the Senedd, and Adam Price MS, then leader of Plaid Cymru, to attend.

Meetings with Local Authority Leaders

32. From May 2021, after taking on the Local Government portfolio, I chaired the regular meetings with the Leaders, and sometimes Chief Executives, of the 22 local authorities in Wales. The four Police and Crime Commissioners and the Chief Constables were also regularly involved in these meetings, particularly in relation to any discussions concerning community safety, resilience, and enforcement. Prior to this, I had attended these meetings when there was a finance-related discussion on the agenda.
33. The meetings provided the opportunity to identify and address rapidly emerging issues or to disseminate information at short notice on COVID-19 related issues. These included epidemiological matters; the development of Welsh Government policy; consultation on options under consideration by the 21-day review process; advising of decisions following the 21-day review process; and consultation with individual authorities relating to any potential local measures. These meetings provided a regular opportunity for two-way sharing of issues at both local and national levels. The intelligence gained helped inform Cabinet decisions. These meetings had been established by my predecessor, Julie James, and I understand that she has described in more detail how they were established and how they operated, and how they enabled a two-way flow of information between the Welsh Government and local authorities to inform the 21-day review process. I cover my participation in these meetings at paragraphs 108-178 below.

General Decision-making within Welsh Government

34. The Welsh Government Cabinet is the central decision-making body of the Welsh Government. It is a forum where Ministers make decisions on matters which raise significant issues of policy and/or are of critical importance to the public. As I have noted above, Cabinet was the key decision-making forum during the pandemic - for example in taking decisions about the imposition and relaxation of the coronavirus regulations, as part of the 21-day review process. I describe this further, including my reflections on how Cabinet operated, from paragraph 108 below.
35. However, Ministers also have important decision-making responsibilities for matters within their portfolio, via the Ministerial Advice process, and we continued to exercise these during the pandemic.
36. A particular feature of the Ministerial Advice process, in my case, was that I would be involved in joint decision-making with other Ministers, where the portfolio minister

would be asked to agree to the policy or intervention, and I would be asked to agree to release the funding where this had not previously been agreed or provided for.

37. As an example, which also serves to illustrate the work of the Star Chamber, I exhibit at M2BRE/010-INQ000145366 a Ministerial Advice document relating to the Economic Resilience Fund (“ERF”). The Economic Resilience Fund was the Welsh Government’s business support scheme, intended to complement other support measures for the Welsh economy, businesses, and charities.

38. The Economic Resilience Fund had been considered by the Star Chamber on 27 March 2020, 31 March 2020, and 2 April 2020 when it provided views on the emerging proposals. I exhibit the minutes of the meetings at M2BRE/011-INQ000321163, MBRE/012-INQ000320779, and M2BRE/013-INQ000320780. The Star Chamber then considered the draft Ministerial Advice itself on 6 April 2020 and raised several comments and issues, which are set out in the minutes exhibited at M2B/RE/014-INQ000320793. The Ministerial Advice was submitted later that day to the Minister for Economy, Transport and North Wales and to me, to make two key decisions:

- i. The Minister for Economy, Transport and North Wales was asked to agree to the detailed arrangements for the administration of the Economic Resilience Fund;
- ii. I was asked to agree to make available up to £400m revenue from the centrally held Covid-19 response reserve in 2020-21 for the Economic Resilience Fund, with £200 million released immediately as a first tranche.

39. I understand the Economic Resilience Fund is described in detail in the statements of Andrew Slade in response to M2B-WG/BRD-01, and of Ken Skates in response to M2B-KS-01, so I do not describe matters relating to the Economic Resilience Fund further in my statement except to note that the Minister for Economy, Transport and North Wales and I made further joint decisions including the release of a further £100 million tranche (referred to in Ministerial Advice MA/KS/1337/20, exhibited at M2BRE/015-INQ000145346).

40. Core decisions were not made outside formal government processes. All the decisions that I made were made through the established formal processes and were logged in the normal way through minutes of meetings and through the Ministerial Advice process, as I describe above. Decisions were not taken or recorded using informal messaging platforms. I would use WhatsApp or texts in my Trefnydd role during plenary to let Ministers who were not in the Chamber know when they had five minutes

before the start of their statement/debate, so they should return to the Chamber urgently. I would also use WhatsApp/texts to send messages of a more personal nature, such as supportive messages to let colleagues know that they had done a good job in a press conference, for example.

41. It is my view that the structures, bodies, and processes that were in place, including the established Ministerial Advice process, Cabinet meetings, the Star Chamber, Core Group, and meetings with local authority Leaders, had enabled core decisions in relation to Wales's emergency response to COVID-19 to be taken effectively and efficiently, and in the spirit of partnership.

C. Funding

42. The Inquiry is correct in its understanding that the Welsh Government had the following four principal sources of funding available to it during the pandemic, namely:

- i. Funds granted by the UK Government under what is termed as the annual "Block Grant";
- ii. Funds raised in Wales by means of taxation and other charges;
- iii. Borrowing; and
- iv. European Union structural funds.

43. However, in addition to the annual block grant, the Welsh Government also receives "Barnett consequential funding", which can be both positive and negative, in relation to in-year changes to spending by UK Government departments. This would become extremely important during the pandemic.

44. When the UK Government allocates funding just for England, to be spent on a policy area where the devolved administrations are responsible such as health, education, and local government for example, the Barnett formula is applied to ensure that a share of additional funding is provided fairly to the Devolved Governments. It is then for the Devolved Governments to decide how the funding is spent in line with their own priorities. It does not have to spend the money on the area from which the consequential arises.

45. Transparency and clarity are extremely important when in-year funding is announced by the UK Government because the Devolved Governments need to know what, if any,

additional funding can be expected in order to plan effectively and take decisions. We need to know whether the funding is genuinely “new” money being allocated by HM Treasury to a UK Government department for which we could expect a Barnett consequential, or whether it is being found from existing departmental resources or from wider government re-prioritisation or underspends; in the latter case, we would not receive a Barnett consequential unless the money was being returned to the centre from a non-devolved area such as defence to be re-allocated to a devolved area such as health.

46. Information-sharing by the UK Government on consequential funding is mixed and often very poor, even in a normal year. Sometimes, there is timely sharing of information at official level which provides clarity as to whether or not funding is new, but often the UK Government is unable to provide that information in a timely manner. The Devolved Governments only get formal notification of positive and negative consequential funding at Supplementary Estimates, in January or (usually) February, which comes very late in the financial year. This can be particularly challenging in two situations; where consequentials are negative, i.e. there are underspends in UK Government departments resulting in money being clawed back from Wales late in the year; or where the consequentials are positive and larger than can be accommodated in the Wales Reserve which only allows £350m to be carried across financial years (which is a tiny amount against a budget of more than £20bn).
47. The system does not lend itself to optimum budget management because it can drive decisions which unnecessarily miss opportunities in-year, or which cause difficult decisions to be taken early in the financial year which may not need to have been taken after all once the final picture is known. I write about the challenges of the Fiscal Framework below, and I also cover the engagement and correspondence between the Welsh Government and UK Government on pandemic related matters in greater detail.
48. The pandemic and the funding made available for our response made 2020-21 an extraordinary year and the consolidated accounts for that year (exhibited at M2BRE/016-INQ000066166) bear out my belief that the Fiscal Framework was not flexible enough and allowed the then Chief Secretary to the Treasury to exercise too much discretion. Significant funding was provided to the Welsh Government by the UK Government very late in the 2020-21 financial year. To make the most effective use of this funding and secure best value for the taxpayer, we made decisions to maximise

expenditure wherever possible, including bringing forward progress on our capital plans.

49. As a devolved government, we operated within the overall Welsh Government budgetary control set by HM Treasury and should have been allowed a reasonable level of flexibility in respect of the individual revenue and capital controls. Our decisions to maximise capital expenditure were made having regard for the rules within HM Treasury's Consolidated Budgeting Guidance (exhibited at M2BRE/017-INQ000187590) that revenue budgets can be switched to capital – a practice we have utilised in the past to manage the financial position.
50. Following a protracted exchange with the then Chief Secretary to the Treasury and HM Treasury officials, we were denied the flexibility to switch revenue to capital. This is despite being given to understand that the revenue and capital imbalance could be managed after the year-end via an outturn adjustment. As a result, funding was reclaimed by HM Treasury due to a completely arbitrary application of the Consolidated Budgeting Guidance which did not fully recognise the arrangements agreed with devolved governments in their respective financial frameworks.
51. The situation should be seen in the wider UK context – a context which in my view goes some way to explaining Treasury's approach. The total underspend in 2020-21 by all UK government departments was £25bn – the UK Department for Health and Social Care alone underspent by over 9%, returning £18.6bn to the Treasury. Overall, UK departments returned almost 6% of their funding to the Treasury that year. In Wales, the figure returned represented only 1% of our available resources. A Barnett share of the funding returned to Treasury by UK departments would have been well in excess of £1bn, rather than the much lower £155m (which would have been nothing had the revenue to capital switch been agreed).
52. The Welsh Government has a long record of being amongst the best UK departments and devolved governments in terms of utilising our budget. This remained the case in 2020-21. Our better management of public money (in terms of our delivery of our public-sector delivered Test, Trace, Protect scheme, for example) meant that we were able to do more in Wales to support people and businesses through the pandemic – such as providing businesses here with a more generous package of support than was available in England, and providing free school meals to families throughout the school breaks, to name just two examples.

53. However, on the matter of the £155m reclaimed by HM Treasury, I believe that Wales was treated unfairly. There is a general approach from HM Treasury which treats devolved governments as 'just another spending department.' However, we are not like Whitehall departments. We have responsibilities to our own Parliaments (such as through our Budget Protocol with the Senedd's Finance Committee, exhibited at M2BRE/018-INQ000187591), and are quite rightly subject to scrutiny by Senedd Members, the media, and the public in a way that individual Whitehall departments are not. Two years on from the end of the 2020-21 financial year, this issue is still generating a lot of attention – the vast majority of it, misinformed. This was a highly avoidable situation and reflects poorly on the financial arrangements underpinning devolution.

D. Initial understanding and responses to Covid-19 in Wales in the period January to March 2020

Background to the Initial Response

54. In terms of ascertaining the state of Wales's preparedness to deal with a pandemic from a financial point of view, the Welsh Government's ability to be financially agile and respond to unforeseen whole-system emergencies such as a pandemic is limited by the Fiscal Framework (exhibited at M2BRE/018a-INQ000116461), which was agreed with the UK Government in 2016. Whilst the Framework was an important step forward at the time, it has not changed or kept pace with the wider fiscal and economic context..

55. Under the Framework, Wales's borrowing powers are capped at £150m per year, and £1 billion aggregate. Borrowing can only be used for capital spend or to manage tax volatility. The Framework also put in place provision for a Wales Reserve, which the Welsh Government can deposit money into and carry across financial years. The Wales Reserve is capped at £350m, and there are annual drawdown limits of £125m revenue and £50m capital. In the context of the overall size of the Welsh Budget, these sums are miniscule and not appropriate for our needs. At the very least, these figures should rise in line with inflation.

56. In addition, there should be greater flexibility when our budget is increased or decreased by the UK Government late in the financial year. When the UK Government

makes adjustments to our budget late in the financial year (at UK Supplementary Estimates), the Welsh Government should have the automatic ability to carry additional funding – or manage reduced funding – in the next financial year without having to negotiate the matter each time with the Chief Secretary to the Treasury.

57. Elsewhere in this statement I describe how, alongside my counterparts in Scotland and Northern Ireland, I sought flexibilities from HM Treasury to help manage the financial response to the pandemic.

58. The UK Government, through HM Treasury, decides the overall level of public expenditure in the UK every year. A portion of the total funds is allocated to Wales, and this portion is known as the 'block grant.' This is the basis of the Welsh Government's budget. The amount of the block grant is determined as part of the UK Government's Spending Review, in accordance with the Statement of Funding Policy, which sets out how the Welsh Government will receive its funding – including through Barnett consequentials. Under normal circumstances, when the UK Government makes an announcement on action it is taking in England in an area where we have devolved responsibility, Welsh Government officials will seek confirmation from HM Treasury as to whether this is 'new' money which will result in a Barnett consequential, or whether the announcement is being funded via existing resources. This can sometimes take some time.

59. Adjustments to the block grant are determined using the Barnett formula. The money available to Wales covers day to day revenue spending and capital expenditure. Our budget, and the framework, do not allow us to either 'save' or borrow significant amounts of money to respond to unforeseen events.

60. In addition to the Wales Reserve described above, the Finance Minister might decide, as part of the budget-setting process, to hold an unallocated amount of money in the budget to respond to unforeseen events in-year. This typically is not more than £100m, and is often less, depending on the circumstances. An example of how this might be used is to support the response to flooding incidents. Again, this is a very small amount of money in the greater scheme of things and particularly in the context of the pandemic when Wales received over £5bn in Barnett consequential funding to respond to COVID-19.

61. In early 2020, my Ministerial diary shows me working on a range of Welsh Government priorities, including: being scrutinised on our Draft Budget for 2020-21 and producing the Final Budget, seeking to influence and then responding to the UK Government's Spring Budget of 2020; producing and being scrutinised on our Second Supplementary Budget for 2019-20 ; and progressing work on our commitment to local government finance reform including making council tax fairer. This was all as well as moving forward with work on a wide range of important areas such as procurement policy including via the Mutual Investment Model, and policy discussions on regional investment and freeports. This was also in addition to my regular Trefnydd duties.

62. However, my Ministerial diary and the correspondence with the UK Government outlined later in this statement also show the response to COVID-19 becoming increasingly predominant during the early part of the year. Earlier in this statement I describe how some work, such as efforts to seek the devolution of powers to introduce a Vacant Land Tax, for example, was de-prioritised because responding to the pandemic took priority over everything else.

Initial understanding and Response: January to March 2020

63. I cannot recall the precise moment when I first heard of COVID-19. The earliest record that I have seen is a written statement from the Minister for Health and Social Services exhibited at M2BRE/019-INQ000320707 which outlines the Welsh Government was closely monitoring the emergency of a novel coronavirus in Wuhan in China. I have also seen an email dated 28 January 2020 from the Minister for Health and Social Services (exhibited at M2BRE/020-INQ000320709) which provides an update of the evolving position of what was then described as a public health incident. I received a further update on 30 January 2020 (exhibited at M2BRE/021-INQ000298961) and then further updates throughout February and March 2020. These updates provided details about the numbers of confirmed cases of COVID-19 worldwide and Ministers also received this information, along with information on the Reasonable Worst-Case Scenario, at Cabinet meetings (for example on 4 March 2020, minutes exhibited at M2BRE/022-INQ000048789).

64. Some aspects of the international response were also being monitored and discussed at Cabinet meetings. For example, on 25 February 2020, the Minister for Health and Social Services reported that several countries, including Italy, had updated their travel

advice to reflect the increase in cases and that the worldwide response was still in the containment phase (minutes exhibited at M2BRE/023- INQ000129852).

65. It was in March 2020 that discussions began to take place at Cabinet meetings around the potential need to introduce more restricted measures on movement. On 10 March 2020, although I was not present at the meeting I note the First Minister provided feedback from the COBR meeting which had taken place on the previous day and stated that it was not yet appropriate to introduce such measures. The First Minister expressed his reservations that the premature use of restrictions on movement could lead to the population becoming less receptive to messages around lockdowns at later stages when the virus was more virulent (minutes exhibited at M2BRE/024- INQ000129909). As of 16 March 2020, it was reported to Cabinet that the UK Government had still not agreed to advise against mass gatherings, and that seven-day self-isolation proposals were being considered (minutes exhibited at M2BRE/025- INQ000048797). By 23 March 2020, officials had started working on plans for a lockdown in Wales to enable the Welsh Government to mirror any decision by UK Ministers or to move separately (minutes exhibited at M2BRE/005-INQ000048923). On the 24 March 2020, the First Minister informed Cabinet that the UK had decided to restrict the movement of people (minutes exhibited at M2BRE/026-INQ000048924).

Funding and Decision Making in March 2020

66. At the start of the pandemic, the UK Government was making rapid announcements about funding in areas where the Devolved Governments had responsibility without being able to identify whether the funding was new or being found from existing resources. This was extremely unhelpful as the Welsh Government was under the same pressure to make rapid announcements, and waiting for the UK Government to confirm the details of each announcement was not appropriate, so I had to make the decision to go 'at risk' on announcing funding for interventions. I describe this in some detail in the paragraphs which follow, as it demonstrates the pace at which the Welsh Government had to make what were very significant decisions, initially without certainty about how they would be funded.
67. The Chancellor of the Exchequer set out the UK Government's Budget on 11 March 2020. I had written to the Chancellor prior to the Budget (letter dated 6 March,

exhibited at M2BRE/027-INQ000321258) to set out the Welsh Government's priorities for Wales, covering:

- Fiscal and Economic Policy
- Addressing Regional Inequality
- Responding to the Climate Change Emergency
- Paying for Social Care
- EU Transition
- Current Spending Pressures

68. I issued a Written Statement on the day of the UK Budget, setting out the Welsh Government's response, in which I confirmed that we were working closely with the UK Government and the other devolved governments to prepare for and respond to Coronavirus. I welcomed the Chancellor's commitment that the NHS would get all it needed, and the other measures he had announced to support businesses and individuals. However, I also noted that further clarity was needed about how those measures would be funded, and that the Welsh Government was in ongoing discussions with the UK Government to ensure Wales received the funding it needed to deal with the impact, especially in the context of the pressures our demographic makeup (of a generally older, poorer, and less healthy population) could present. I exhibit my statement at M2BRE/028-INQ000321259.

69. On 13 March 2020, I wrote to the Chief Secretary to the Treasury. In my letter, I stressed the importance of a UK-wide fiscal response to the pandemic, and I was clear that whilst I recognised the circumstances in which the temporary COVID-19 measures were developed, it was essential that the Welsh Government was able to provide the same degree of certainty, stability and security for businesses and individuals in Wales. I also set out my assumptions about the Barnett consequential which the Welsh Government would receive, which totalled an additional £225 million. I exhibit my letter at M2BRE/029-INQ000320760.

70. On 16 March, I updated Cabinet on the UK Budget and its implications for Wales (minutes exhibited at M2BRE/025-INQ000048797). I noted that, apart from an extra £40m to the National Institute for Health and Research and the UK Government's Department for Health and Social Care, the temporary measures to deal with

coronavirus such as the business rates relief support and the £5bn fund for public services, did not appear in the Budget.

71. I further informed Cabinet that I had written to the Chief Secretary to the Treasury (as exhibited above at M2BRE/029-INQ000320760 seeking urgent clarity on the funding that would be made available to enable the Welsh Government to take decisions about the package of support Welsh Ministers could put in place to support individuals and businesses. I informed my colleagues that in my letter I had repeated the comments I had made at the Finance Ministers' Quadrilateral the previous week: the Welsh Government should get the funding necessary to deal with the impact based on need; our initial assessment at that point was that applying the same temporary business measures as in England would cost considerably more in Wales. However, I was also clear that Welsh Ministers could not allow uncertainty about exactly how much additional funding was available to slow down our response to coronavirus and noted that there may be a need to re-prioritise funding within existing plans to afford to do all of the things necessary to mitigate and respond to the impact.

72. In discussion, my Cabinet colleagues expressed concern that if the UK Government only provided a Barnett consequential for the COVID-19 measures, the Welsh Government would need to find an additional £85 million to reflect the business support being made available in England. Nonetheless, Cabinet also agreed that I should make an announcement on emergency support for businesses as soon as possible. I exhibit the Cabinet minutes at M2BRE/025-INQ000048797.

73. On 17 March, I announced a package of support for businesses, including business rates relief. I said that £100 million would be available for a new grant scheme for small businesses, with further details to follow. I exhibit the announcement at M2BRE/030-INQ000321151.

74. That day, the Chancellor also announced what he described as "unprecedented support for business and workers to protect against the economic emergency caused by the coronavirus." This included unlimited loans and guarantees to support businesses, £20 billion of business rates support and grant funding, The Chancellor's announcement also said that over £3.5 billion in additional funding would be provided to the devolved governments for support to businesses. I exhibit the announcement at M2BRE/031-INQ000321260.

75. On 18 March 2020, I and the other devolved Finance Ministers had a call with the Chief Secretary to the Treasury, in which he provided more detail about the financial package announced by the Chancellor. I said that more action was required to tackle the crisis, and that engagement from the UK Government was chaotic and needed to be stepped up. In response, the Chief Secretary to the Treasury praised the positive joint working between the governments on the Coronavirus Bill and acknowledged that whilst coordination was very challenging given the context, he wanted to do better. I exhibit the note of the meeting at M2BRE/032-INQ000336307.
76. On 20 March, I confirmed (via MA/RE/1001/20, exhibited at M2BRE/033-INQ000116595) that the relevant consequential from the 11 March and 17 March announcements (totalling £1,370m) would be allocated for rates relief and business support, and agreed to the establishment of a Retail, Leisure and Hospitality Rates Relief scheme for Wales in 2020-21, similar to the UK Government's proposals for England.
77. On 23 March, I presented to Cabinet a paper setting out an overview of the financial consequentials arising from the Covid-19 measures in England. In that paper, which I exhibit at M2BRE/034-INQ000048810, I noted that the value of the consequentials announced up to that point totalled £1.658 billion, most of which related to extended business rate relief and business support grants, and that we had already committed £1.4 billion, the vast majority on business support. I also updated colleagues on our proposed approach to the allocation of reserves and I asked colleagues to provide me with their most up to date estimates of the cost of response measures which could not be accommodated within their 2020/21 budgets. Ministers noted the update; I have exhibited the minutes at paragraph 54 above.
78. The First Minister then wrote to Cabinet colleagues (on 27 March, letter exhibited at M2BRE/035-INQ000048964), thanking them for the work they had undertaken to date, and confirming that the Star Chamber group would continue to operate, to consider any major COVID-19 spending proposals as part of the formal clearance process. The letter also described how this coronavirus response fund would be allocated across four main building blocks or pillars: an economic crisis fund, health and social care, public transport, and the voluntary sector and communities.
79. On 30 March, I presented to Cabinet a paper updating Ministers on the outcomes of the Star Chamber. I exhibit the paper at M2BRE/036-INQ000048965. I noted that

around £257 million had been released from within existing plans and that together with other funding streams, more than £1 billion could be redeployed to support the Welsh Government's efforts, although Ministers were asked to continue exploring any opportunities to release further resources.

80. The paper also provided more details about the four key policy areas across which the covid response fund would be deployed:

- £400 million revenue for a new Economic Resilience Fund to 'fill the gaps' left by UK Government interventions and to enable viable, rooted Welsh businesses to survive the crisis,
- A £600 million 'pot' for reinforcing essential public services, initial tranches of which had been allocated to pay for final year student health professionals and retired medical staff to be recruited to help respond to COVID-19, and for food parcels for those being 'shielded',
- £85 million of revenue funding to address the 'fall-out' for public transport, £40 million of which had already been earmarked for a short-term intervention to prevent the rail franchise from going into liquidation,
- £65 million for a communities and third sector fund, of which £24 million had already been allocated to a package of third sector measures to be implemented by the Wales Council for Voluntary Action (WCVA) and the County Voluntary Councils.

81. The First Minister put on record his thanks to Ministers for releasing resources to deal with the consequences of the COVID-19 pandemic. I exhibit the minutes at M2BRE/037-INQ000048931.

82. To maintain oversight of the funding position and to provide regular updates to Cabinet colleagues, I and my officials developed a Finance Dashboard, which showed the resources the Welsh Government had available to respond to the COVID-19 pandemic and the aggregate and detailed allocations made to date. It also covered potential financial pressures which, if approved by the Star Chamber and signed off by Ministers, would become firm commitments.

83. The dashboard was produced for the first time for a meeting of the Star Chamber on 8 April 2020 (minutes exhibited at M2BRE/038-INQ000321170), and as an example, I exhibit at M2BRE/039-INQ000320790 and M2BRE/040-INQ000320791, a Cabinet Briefing Note dated 9 April 2020 about the purpose of the dashboard, and a copy of

the dashboard itself, also dated 9 April 2020. In the early stages of the pandemic the dashboard was updated daily and circulated to Ministers on a weekly basis, and although it was less frequently updated, it continued to be used throughout most of the specified period. The final dashboard was produced on 15 February 2022.

84. In the week between Cabinet's meetings on 23 and 30 March, the Chief Secretary to the Treasury had written to me (dated 27 March 2020, and exhibited at M2BRE/041-INQ000320847) to set out further details relating to the Coronavirus Self-Employment Income Support Scheme ("SEISS") and the Coronavirus Job Retention Scheme ("CJRS"). I responded to this letter on the 5 April 2020 and sought further clarification on the way in which the Coronavirus Job Retention Scheme would apply to bodies that receive public funding. I exhibit the letter at M2BRE/042-INQ000320848.

85. At Cabinet on 4 May, I provided a further update on the financial aspects of our response to COVID-19 and sought colleagues' agreement to a Supplementary Budget at the end of the month to regularise spending plans for 2020-21. I exhibit the paper at M2BRE/043-INQ000048976.

86. I drew attention to a number of financial risks, including uncertainty about consequentials if further spending in England was funded from existing budgets and not from new allocations from the Treasury. This, and the fact that the Chief Secretary to the Treasury had not provided any assurances that budgets for Health or Local Government would be protected, meant that there was a real risk of the Welsh Government over-committing to its COVID-19 response and recovery measures at that stage (i.e., early in the financial year 2020-21), with limited opportunity to free up resources from elsewhere later. I exhibit the minutes at M2BRE/044-INQ000048790.

87. Following Cabinet's agreement to the preparation of a Supplementary Budget, I presented a draft to Cabinet on 18 May 2020, which was approved. I exhibit the paper produced in advance of Cabinet whereby I invited Cabinet to agree the contents and approve the arrangements of the Supplementary Budget at M2BRE/045-INQ000048977, and the minutes at M2BRE/046-INQ000048800.

88. At the Cabinet meeting on 29 June 2020, I tabled a paper (exhibited at M2BRE/047-INQ000129929) on our approach to the draft 2021/22 budget. I noted that our

emergency response had required a different approach to ensure that funding was made available quickly and at the right level to support the response; but the focus was by that point shifting to recovery and there was a need to reset the approach to allocating funding.

89. I proposed three broad themes: the need to integrate in-year spending decisions into longer-term budget planning; the uncertainty about the UK Government's Comprehensive Spending Review and the financial support the UK Government was likely to announce to support the 'post-lockdown' economic recovery; and the use of capital, in the medium to longer-term, to stimulate growth and protect jobs. Cabinet then discussed the need to pause any non-essential new allocations from the COVID-19 reserve until Ministers were able to consider all priorities alongside the proposals for recovery and to ensure the short term and long-term impacts of interventions were balanced in the context of those who may have experienced a disproportionate impact of the pandemic. I exhibit the minutes at M2BRE/048-INQ000129928).

Financial impact on local authorities

90. The emergence of COVID-19 had a significant impact on the finances of local authorities, and in response the Welsh Government established a Local Authority Covid Hardship Fund. The decision to establish the grant fund was made by the Minister for Housing and Local Government and myself on 20 March 2020, via MA/JJ/1027/20, exhibited at M2BRE/049-INQ000227906. As well as agreeing to the release of an initial £30 million to support the new responsibilities and new tasks faced by local authorities, we also agreed that additional funding for local authorities should be directed primarily through the fund, to avoid the administrative cost and burden which would have been associated with multiple funding streams across the different areas local government was required to support. Where local authorities required financial assistance in relation to a particular service area (such as housing the homeless), this was achieved through the Hardship Fund, but the decisions were made by the portfolio Ministers with responsibility for the service in question.

91. I understand that the Inquiry has received detailed evidence in respect of the financial impact on local authorities and the Hardship Fund in Reg Kilpatrick's statement in response to M2B-LGD-01, and also in Andrew Goodall's statement M2B-WT-01 and the statement of Julie James, who was the Minister for Housing and Local Government until May 2021. I do not therefore repeat that detail here, except to note that in total,

the funding provided by the Welsh Government to local authorities through the Hardship Fund for 2020-21 and 2021-22 was over £1.038 billion.

Views on the Initial Response

92. In terms of our initial response, from a finance perspective I believe that the rapid setting up of the financial mechanisms to deal with the response and ensure that we were able to urgently assess the case for, and then deploy, funding was very successful. Looking back, I am aware that the Star Chamber process may have seemed opaque to officials and Ministers who were not deeply engaged with its work. I am aware that there was sometimes some anxiety amongst colleagues that their requests for funding from the Covid Response Reserve were being discussed in their absence. To address this, I ensured that Ministers were able to attend the Star Chamber meeting at their request if there were particular pieces of Ministerial Advice that they felt warranted their presence at the meeting.

93. I was also aware that the Star Chamber often wanted to ask further questions in response to Ministerial Advice, in order to test the proposals to ensure that they were affordable, delivered value for money and addressed need. Sometimes funding requests were based on the best possible assumptions at the time in terms of expected levels of take-up or need, for example, or expected cost, and we wanted to ensure that these assumptions were as robust as they could be. We also knew that the situation could change rapidly, and that actual need could be more or less than expected. What I did not want, however, was for the Star Chamber to cause unnecessary delays in decision-making due to our requests for further information or assurance, especially given the urgent nature of many of the requests. To address this, I quickly moved to earmarking (rather than allocating) money in some cases, allowing the intervention to go ahead on the understanding that officials would provide me with (for example) monthly updates on spend to ensure that it was in line with our assumptions and remained affordable.

The Barnett Guarantee

94. The lack of funding certainty under the Barnett arrangements along with a lack of budgetary flexibility under HMT arrangements, made it more difficult for us to plan our coronavirus interventions. As mentioned earlier, the Welsh Government's borrowing powers are very limited. The Fiscal Framework only allows the Welsh Government to borrow up to £1bn overall (with a £150m annual limit) for capital investment, and up to £500m for managing the volatility of tax receipts. We cannot borrow for general revenue purposes, even in response to a whole-system emergency. Alongside my Scottish and Northern Ireland counterparts, I therefore pressed the UK Government for urgent funding certainty and clarity – or at the very least for more borrowing powers to help manage the response.

95. I exhibit at M2BRE/050-INQ000066172 a letter I sent to the Chancellor of the Exchequer on 3 July 2020, which set out in some detail the challenges we faced in Wales and how we believed they should be addressed. Importantly, my letter made a series of requests for greater financial flexibility, which I considered to be essential to enable the Welsh Government to manage the crisis as effectively as possible. My proposals, which are set out in full in my letter, included:

- i. Full access to the resources in the reserve that year if required, and the ability to carry forward more resource and capital in the Reserve at the end of the financial year;
- ii. The ability to carry forward, at the end of the year, more than the overall £350m limit on the Reserve;
- iii. The ability to switch funding from capital to revenue budgets, and the option to deploy revenue borrowing;
- iv. An increase in the annual capital borrowing limit and the aggregate ceiling to enable us to further support our capital programmes, if necessary.

96. As a result of the discussions that I and my Devolved Government counterparts had with the then Chief Secretary to the Treasury through the Finance Ministers quadrilateral meetings, the UK Government agreed to a 'Barnett guarantee' (also referred to as the 'coronavirus guarantee') which was announced by the UK Government on 23 July 2020. This was a new innovation, and in a statement which I issued in response (exhibited at M2BRE/051-INQ000066175), I welcomed the certainty provided by the UK Government's announcement, although I also expressed disappointment that the UK Government did not agree to provide us with the greater budget flexibilities we had requested.

97. Nonetheless, the guarantee provided the Devolved Governments with increased funding certainty, enabling us to decide how and when to provide support without waiting to receive Barnett consequentials in the traditional way. It allowed us to spend additional funding without having to wait for it to be spent in England first.
98. This was a positive development and an example of the UK Government taking a pragmatic approach, although it came a few months into the pandemic response and should have happened sooner. It showed the value of the engagement via the Finance Ministers quadrilateral, and the strength of the case put forward by myself and my Scottish and Northern Ireland counterparts.
99. The Barnett guarantee set the level of additional funding that the UK Government would provide to each of the Devolved Governments to address the pressures of the pandemic in 2020-21.
100. The UK Government initially announced an overall guarantee for the three Devolved Governments of an additional £12.7 billion on 24 July. The guarantee was further uplifted three times, on 9 October 2020 to £14 billion; on 5 November 2020 to £16 billion; and on 24 December to £16.8 billion. As a result, the total additional funding made available to Wales during the 2020-21 financial year was £5.2 billion – around a quarter of our normal annual budget.
101. Once the Barnett guarantee was in place in July it was generally effective in providing Wales with a level of certainty to respond to the pandemic insofar as devolved responsibilities were concerned. It was certainly better than waiting for information as to how individual announcements or initiatives were being funded (and whether or not they would attract consequentials) which would have slowed down our response or limited our choices. However, the uplifts to the original guarantee came without notice, which inhibited planning.

102. Where the process was not effective was when our response to the pandemic relied on the UK Government to use its levers: fiscal, economic and monetary policy are the responsibility of the UK Government, as are main levers of trade and industry, with a small number of exceptions. Similarly, employment is generally a reserved matter, with a small number of exceptions. There are also other sector-specific reservations on matters such as telecommunications, postal services, electricity, coal and oil and gas. As such, HM Treasury and the Department for Work and Pensions hold the major levers in terms of macro-economic policy, taxation, and welfare and benefits.. Furlough was a major UK Government intervention in this space, and it is not something that the Welsh Government could afford to do unilaterally. The implications of this were made very clear during the discussions which led to the firebreak in October 2020, which I describe below.

E. Decisions in relation to NPIs

103. The Inquiry has asked me about my role in relation to core decision making, with particular reference to the imposition and relaxation of non-pharmaceutical interventions.

104. The role of Cabinet Ministers is twofold. First, they are stewards of their own portfolio responsibilities and take decisions accordingly. I have outlined my own responsibilities above. Second, they have a wider responsibility to consider evidence and engage in discussion when the Welsh Government takes decisions collectively as a Cabinet for the good of the people of Wales.

105. Therefore, in response to the pandemic, my role in relation to core-decision making was to manage the Welsh Government's financial resources, ensuring value for money and affordability of our response. It was also to participate in the wider discussions and decision-making when Cabinet needed to take decisions collectively in relation to the pandemic response.

106. As I have noted above, decisions made about the restrictions during the 21-day review process were considered and agreed by Cabinet (although the First Minister would then be asked to approve formally the changes to the regulations which arose from those decisions).

107. My experience of that process was that the First Minister always ensured that all the voices around the Cabinet table could be heard. My recollection is that he would introduce the proposals under consideration but apart from that did not speak first: rather he would seek the views of Cabinet colleagues, and he would try to establish where the 'weight of opinion' lay and to agree a consensus position on what we should do. My view is that in not setting out his own opinion until other colleagues had the chance to speak, the First Minister was ensuring a genuinely open discussion, and one where the direction of the discussion was not influenced by his own view early on. On the great majority of occasions, although discussions could on occasion be long and difficult, consensus was achieved. I can recollect only one occasion when Cabinet could not come to a shared view: that was in relation to the restrictions over Christmas 2020, and the First Minister concluded that he would need to act as 'first amongst equals.'

108. As well as being Government Ministers, we are also Members of the Senedd (or Assembly Members, prior to 2021). Providing an excellent service to our constituents is something that we work very hard at and take very seriously. In addition to my Ministerial duties, I spent a great deal of time during the pandemic responding to correspondence from my constituents, and my office would provide practical help where we could; from help accessing food parcels, to providing advice on the availability of business grants. Constituents would also get in touch every day to tell me their views on Welsh Government decisions (both for and against), and – crucially – to share their own stories about how the pandemic was affecting them. Sometimes people do not expect their representatives to read all the correspondence they receive themselves, but to delegate that task to staff. However, I make a point of reading everything that constituents take the time to send me, and this was especially helpful during the pandemic as those personal stories and reflections helped keep me informed and grounded in terms of understanding people in the community's very real hopes and fears. Caring and childcare challenges came through strongly as issues in my constituency correspondence, often with grandparents being willing to help, but unable to because of the rules. Loneliness and isolation was another constant theme, with people telling me about the impact that not spending time with loved ones was having on their mental health and wellbeing.

109. I mention this because, whilst our constituents should personally see neither a positive or negative impact of having a Minister as their representative (because as

Ministers we are working for everyone in all parts of Wales equally), I was nonetheless able to draw upon this understanding of the fears and concerns of my constituents when Cabinet was discussing what were often very difficult decisions – about which restrictions should be lifted as the public health position improved during summer 2020, and subsequently about how to respond to the later peaks in the pandemic, such as those in autumn and winter 2020, and the Omicron variant at Christmas 2021, for example. I expect that my Ministerial colleague would have done the same.

Easing of restrictions in Wales following the first national lockdown

110. Turning to the easements in summer 2020, I understand that the Inquiry has received a chronology of all the core decisions made in relation to non-pharmaceutical interventions. My role in all these decisions was as I have described above (as a government minister and member of the Cabinet). I did not provide specific advice; my role was to consider, along with my Cabinet colleagues, the evidence and options presented to us, along with the expert views of the CMO(W) and the Technical Advisory Cell, and to seek to reach a consensus about the decisions that should be made. Those decisions, and the rationale for them, are fully described in the Cabinet papers, Cabinet minutes, and the Ministerial Advice documents, all of which I understand have been disclosed to the inquiry. I have not therefore described each individual decision in detail, but I set out below some more information about Cabinet's approach to decision making, and I have also provided more detailed views about one of the easements which I particularly recollect. I can also confirm that the decisions taken in summer 2020 were not informed or constrained by any funding issues.

111. Cabinet approached the 21-day review decisions in a structured way, based upon a series of frameworks and control plans, which I understand are described at paragraphs 174 and 218 - 219 in Andrew Goodall's statement M2B-WG-01. The Welsh Government's approach to the gradual easing of restrictions during the summer of 2020 was set out in the first two of these documents.

112. On 24 April 2020, the Welsh Government published 'Leading Wales out of the Coronavirus pandemic; a framework for recovery' exhibited at M2BRE/052-INQ000182406. The framework described the Welsh Government's intended approach to leading Wales out of the pandemic, in a way that sought to keep everyone safe and in a manner that would revitalise the economy. The framework included

seven principles against which the options for easing restrictions would be assessed. These principles were:

- To what extent would easing a restriction have a negative effect on containing the virus?
- Was the measure at the low end of risk of further infection?
- How could it be monitored and enforced?
- Was it capable of being rapidly reversed if it had unintended consequences?
- Was it a measure of relatively high positive economic benefit?
- Did it have a high impact on social and psychological well-being?
- Did the measure have a high positive equality impact?

113. The framework also identified the four harms associated with COVID-19:

- The direct harm to individuals from COVID-19
- The harm caused if services including the NHS became overwhelmed due to any sudden large spike in demand from patients with COVID-19
- Harms from non-COVID illness (for example because of necessary changes in NHS service delivery to pause non-essential activity)
- Socioeconomic and other societal harms such as the economic impact on certain socioeconomic groups of not being able to work, the impacts on businesses, and the psychological harms to the public of the restrictions.

114. The second document was 'Unlocking our society and economy; continuing the conversation', which was published on 15 May 2020. I exhibit it at M2BRE/053-INQ000227929. It described our preparations for the lifting of restrictions and provided more detail about the way in which possible easements would be assessed. I understand that more detailed information about 'Unlocking our society and economy' is provided in Andrew Goodall's statement M2B-WG-01, at paragraphs 482-485, so I do not repeat it here. In addition, we were guided by the overarching purpose of coronavirus restrictions: that they were for the purpose of preventing, protecting against, controlling, or providing a public health response to the incidence, spread of infection or contamination. There had to be a threat to public health and any restrictions which were introduced or maintained had to be proportionate in what they were intending to achieve.

115. As a Cabinet we were acutely aware of the need to fully understand and consider the impact of all NPIs, particularly at people who were at risk, in vulnerable

groups, and those with protected characteristics. The decision to enable the formation of an extended household, consisting of two households joining together exclusively to be treated as a single household for the purposes of social distancing provides one example of how we considered this. Cabinet also discussed, for example, the disproportionate impact early withdrawal of the UK Coronavirus Job Retention Scheme may have on Black and Minority Ethnic workers at its meeting on 18 May 2020 (minutes exhibited at M2BRE/046-INQ000048800). At that meeting it was agreed that it would be important to highlight this at the UK Finance Ministers' quadrilateral on the following day. It was further agreed at that meeting that the Government would need to support the most vulnerable in society and the list of general principles for new allocations should be expanded to include tackling inequalities.

116. At that point, although members of two households had been able to meet outside since 1 June 2020, indoor gatherings and physical interactions in Wales prior to the forming of extended households from 6 July 2020 were still limited to within a single household of people who all lived together, with some limited exceptions, such as where an additional person was a carer or someone who was receiving care. (There was also an exception for gatherings indoors where a 'reasonable excuse' to do so applied; however, this still required social distancing to be maintained.)
117. Cabinet was advised there were significant social and wellbeing benefits from the change we were considering in respect of extended households, given the wealth of evidence on the negative wellbeing and mental health impacts of isolation and loneliness associated with lockdown.
118. Cabinet was also aware that extended households had been used in various forms in other countries, including New Zealand, and we specifically asked for advice to reference the action taken there. The Ministerial Advice (exhibited at M2BRE/054-INQ000104020) was submitted to the First Minister on 26 June 2020 (and copied to all Ministers and Deputy Ministers). The Ministerial Advice sought a decision in principle to permit two households to form an extended household from 6 July, including information about the New Zealand Government's 'Alert Level 3 – Restrict', defined as where community transmission might be happening and new clusters may emerge but could be controlled through testing and contact tracing, provided for 'bubbling'. Their guidance said that people "must stay within their immediate household bubble but can expand this to reconnect with close family or bring in caregivers or support isolated people. This extended bubble should remain exclusive."

119. Cabinet was advised that researchers had recently published a paper outlining the approach taken in New Zealand, reflecting on its effectiveness. Its key findings suggested the bubble concept was effective in its messaging. As transmission slowed, limited merging of existing bubbles was permitted. A buddying scheme was introduced for those who were particularly isolated and households with complex care needs, but take up was low. Importantly, compliance was high, even as bubbles were allowed to expand, with most people only expanding their bubble by merging with one other exclusive bubble. The authors of the paper were clear that a focus on those most in need of support was important in introducing 'social bubbles'. They provided policy recommendations, including: phasing bubbles, with initial priority for those with the most acute care needs (allowing impact on transmission to be monitored); flexibility, recognising a bubble might break down; and clear, compassionate messaging, including detailed advice, on the spirit of the policy, ground rules, exclusivity and adaptability as bubbles were allowed to expand.

120. The advice received by Cabinet from the Chief Medical Officer for Wales was that the formation of extended households would "particularly benefit those who live alone, who are isolated or who have care or child care needs." He noted the practical difficulties that many people would face as schools and workplaces returned in a phased way over the next few weeks. His opinion was that the proposal for extended households was an "acceptable means of allowing the reconnection of families and supporting childcare needs." He recommended this is supported with clear guidance to the public on the need for record keeping and maintaining exclusivity with one other household.

121. The Technical Advisory Cell and Technical Advisory Group considered the impact of the introduction of extended households, drawing on international evidence and modelling work. A review of the available evidence for TAC concluded that "a social network approach would appear to have some merit to help ease out of lockdown, with significant potential benefit for health and wellbeing across the population and critically, those in greatest need of support."

122. Cabinet was also advised that introducing easements in this area could strengthen compliance in other areas. While the PHW survey on health and wellbeing (15-21 June) suggests 64% of respondents thought that social distancing restrictions for close family and friends not living together should be relaxed within three weeks

(with 28% saying they should already be allowed). However, 54% of people also said that they had come into close contact with someone outside of their household in the last week.

123. Cabinet agreed the proposal (minutes exhibited at M2BRE/048-INQ000129928) and the First Minister signed off the necessary regulatory changes via MA/FM/2107/20, exhibited at M2BRE/055-INQ000222605.

September to December 2020: local lockdowns and the Firebreak

124. The summer of 2020 had provided some respite from COVID-19 and had enabled many of the restrictions to be lifted over the summer months, although it had been anticipated that there would be a second wave in the autumn, and as cases did begin to rise again in the Autumn, it became clear that new restrictions might be required. The Chief Medical Officer for Wales had expressed concerns at Cabinet on 8 September about the rising infection rate (minutes exhibited at M2BRE/056-INQ000048867). Local restrictions had already been introduced in the Caerphilly County Borough area by that point, and similar 'local health protection areas' were created across many other parts of Wales over the weeks that followed; by 1 October, there were 17 local health protection areas, covering 15 of the 22 local authorities in Wales (Caerphilly, Rhondda Cynon Taf, Blaenau Gwent, Bridgend, Merthyr Tydfil, Cardiff, Swansea, Vale of Glamorgan, Torfaen, Neath Port Talbot, Conwy, Denbighshire, Flintshire, and Wrexham), along with electoral wards in the Welsh towns of Bangor and Llanelli.

125. I have been asked by the Inquiry to comment upon what consideration was given to the impact of local restrictions on different sectors of the populations, in particular at-risk and vulnerable groups and those with protected characteristics, and to comment upon how effective local restrictions were.

126. On the first point, as I have noted above, Ministers were acutely aware of the need to fully understand and consider the impact of all NPIs - particularly on at-risk people, people in vulnerable groups, and people with protected characteristics, and the decision to introduce local restrictions was no exception. For example, the implementing regulations made it an offence to leave or remain away from the local health protection area without a reasonable excuse, a non-exhaustive list of which was specified. Reasonable excuses to travel outside the area included receiving medical attention, providing and receiving relevant personal care (where the person receiving

the care was a vulnerable person), and accessing public services. More detail can be found at MA/FM/2952/20, which I exhibit at M2BRE/057-INQ000116696.

127. On the latter point, the assessment of the effectiveness of the local restrictions was in my view primarily a matter for the Technical Advisory Group/Technical Advisory Cell as this was (and remains) their area of expertise, and I recall Cabinet being presented in October 2020 with TAG/TAC advice about the firebreak, which also commented upon the effectiveness of the local restrictions in place at that time, whilst recommending the introduction of a Wales-wide firebreak. I exhibit the paper at M2BRE/058-INQ000048877. I have no reason to question their assessment, or any subsequent assessment TAG/TAC would have made of this or any other of the Welsh Government's non-pharmaceutical interventions. However, I also reflect that after the introduction of the firebreak (which I describe below), we did not introduce any further local restrictions during the pandemic.

128. The Inquiry is interested in the extent to which the availability of funding from the UK Government affected key decisions made by Welsh Ministers, and the advice I provided to Cabinet regarding affordability of various options. I cover matters relating to my advice to Cabinet colleagues throughout my statement; the matter of the availability of funding from the UK Government was a significant factor in our decision-making relating to the Firebreak, and later in relation to the response to the Omicron variant in December 2021, as I describe below.

129. In the light of the significant increase in the transmission of the virus, Cabinet considered at its meeting on 15 October 2020 the question of whether to introduce a firebreak (also referred to as a 'circuit breaker'). The First Minister had raised with Cabinet colleagues the potential for a firebreak at our Ministerial call two days earlier (note exhibited at M2BRE/059-INQ000198496), in which he also reported the outcome of a COBR meeting which had taken place on 12 October, at which England's Chief Scientific Adviser (CSA) had stated that the English tier three measures would not be enough to bring the R number below 1, but a circuit breaker would do so.

130. Cabinet considered a suite of papers relating to a possible firebreak, one of which was an options and analysis paper, which I exhibit at M2BRE/060-INQ000048876. In a section on funding support, the paper noted that:

"The scope to support businesses and employees in the event of national restrictions being reintroduced is largely dependent on the financial support

from the UK Govt; based on availability of funding and scale of impact, it will not be possible for Welsh Government to offer the scale of financial support HMT are able to provide to those businesses and their employees impacted by national restrictions.”

131. The paper also noted the enhanced Job Support Scheme (JSS) which had been announced by the Chancellor on 9 October, which from 1 November would provide 67% coverage of wage costs for businesses which are required by law to close, up to a limit per employee of £2,100 per month. The cost to HMT of providing this support in Wales had been estimated at £100 million per week. Access to the enhanced Job Support Scheme was therefore the only way sufficient funding could be provided to businesses to enable them to survive a significant period of closure, and in order for businesses to access the JSS, the Welsh Government would need to take action via regulations to force them to close.

132. The paper further noted that HMT officials had indicated that, provided the Welsh Government legally required businesses in Wales to close, those businesses would be eligible for the enhanced Job Support Scheme without further conditions or constraints; however, the Welsh Government would also need to have a financial package in place to complement the UK Government funding.

133. In discussion, Cabinet noted that advice from the Chief Medical Officer for Wales, the Chief Scientific Adviser for Health, and the Technical Advisory Cell all reflected the advice of the UK Chief Scientific Advisor, that that the UK Government's proposals for a three-tier system would not stop the rapid spread of the virus and a Circuit Breaker system was the preferred option. Cabinet noted the scientific advice that any lockdown needed to be at least two weeks but preferably three, although Cabinet also recognised that the longer the restrictions remained in place, the greater the economic, financial, and social impact. In relation to the options for business support, Cabinet agreed that proposals would be presented to the Star Chamber and once firmed up, funding would be released from the Covid-19 reserve. I exhibit the Cabinet minutes at M2BRE/061-INQ000048796.

134. That day, the First Minister wrote to the Chancellor of the Exchequer to seek an extension to the Job Support Scheme for the firebreak that we had agreed in principle to introduce. I exhibit the First Minister's letter at M2B/RE/062-INQ000216554, and the Chancellor's response of 19 October, in which he advised that the Job Support

Scheme could not be brought forward to 23 October 2020, at M2BRE/063-INQ000216555.

135. The Star Chamber considered proposals for a funding package for businesses at its meeting on 16 October. I exhibit the proposals at M2BRE/064-INQ000321152 for a £300 million package, of which £133 million was a request for new money from the Covid Response Reserve for which I would need to give approval. The note of the meeting is exhibited at M2BRE/065-INQ000321155.

136. The following day (17 October), I, along with the Minister for Economy, Transport and North Wales (METNW) and the Deputy Minister for Economy and Transport, were asked to approve the finalised proposals via Ministerial Advice, which I exhibit at M2BRE/066-INQ000145350. The METNW and Deputy Minister for Economy and Transport approved the proposals for the operation of the fund, following which I agreed the financial package of support, consisting of an additional £134.5m from the centrally held Covid-19 response reserve, the deployment of a balance of £20 million from the original £500m Economic Resilience Fund package, as well as the purposing of the £160 million already allocated for phase 3 of the Economic Resilience Fund. As noted above, I understand the Economic Resilience Fund is described in detail in the statements of Andrew Slade in response to M2B-WG/BRD-01, and of Ken Skates in response to M2B-KS-01, which sets out how this decision fitted within the wider development of the ERF phases during the specified period.

137. Cabinet returned to the question of a firebreak at its meeting on the morning of 19 October 2020, and agreed to the introduction of a two-week firebreak, beginning at 18.00 on 23 October, and ending on 9 November 2020, during which time everyone in Wales would be required to stay at home. I exhibit the minutes at M2BRE/067-INQ000130007.

138. My overall reflection on the UK Government's refusal to use its levers to enable the Welsh Government to follow the expert advice and protect the people of Wales in the way it saw fit, is that it did not show proper respect for devolution. I am regularly frustrated by the fact that the UK Government – and particularly HM Treasury – appears to treat the Welsh Government as 'just another Whitehall department.' It fails to recognise that we are an elected government, scrutinised by the Senedd, and answerable to the people of Wales. There is a 'zero sum' mind set which thinks that if HM Treasury furnishes the Welsh Government with the tools it needs to best deliver

for people in Wales and best manage its budget (through budget flexibilities, for example), then the UK Government is somehow losing out. I would prefer a relationship which treats devolution with respect, and where the starting point is about both Governments thinking about what is best for the people of Wales.

Post-firebreak national restrictions, and Christmas 2020

139. As I have noted above, I understand that the Inquiry has received a detailed chronology of non-pharmaceutical interventions, so I do not repeat this detail here, but I describe below some of the key decisions taken during this period. In contrast to the firebreak these decisions were not affected by any funding decisions made by the UK Government.

140. At its meetings on 29 October 2020 and 1 November 2020, Cabinet discussed and agreed a new set of restrictions to come into effect at the end of the two-week firebreak. The discussion was complicated somewhat by the UK Government's announcement on 30 October 2020 that it would place England in a lockdown to last from 5 November 2020 until 2 December 2020 at the earliest. Cabinet agreed that Wales should exit the firebreak on 9 November 2020 as previously agreed but would lift restrictions in a gradual way. I exhibit the minutes at M2BRE/068-INQ000048929, and at M2BRE/069-INQ000048786. The detail of the new national restrictions was set out by the First Minister in a Written Statement which I exhibit at M2BRE/070-INQ000023267. These restrictions remained in place following the next review, as set out in the First Minister's Written Statement of 20 November, exhibited at M2BRE/071-INQ000023268.

141. On 24 November 2020, a UK-wide approach to the relaxation of restrictions over the festive period to allow households to come together had been jointly announced by the governments of the UK's four nations; the First Minister confirmed this via a Written Statement the following day, exhibited at M2BRE/072-INQ000198604. At Cabinet meetings on 26, 27, and 29 November 2020, Cabinet considered whether to implement further pre-Christmas restrictions, to help guarantee that families could meet for up to five days over the Christmas period as per the

announcement, and what those restrictions would be. Reflecting the conclusions reached by Cabinet, Ministerial Advice document MA/FM/4107/20 was submitted to the First Minister on 2 December 2020, copied to all Ministers, to formally agree to retain the restrictions then in place, and the introduction of new restrictions relating to the hospitality sector, and to travel. The First Minister also formally agreed to the proposals for the Christmas period. I exhibit the MA at M2BRE/073-INQ000145509. The advice also noted that the restrictions would need to be reviewed again by 17 December.

142. At Cabinet on 10 December, Ministers noted the increase in infection rates and agreed that if there was no improvement in the situation, Wales would enter Alert Level Four restrictions from 28 December 2020 (minutes exhibited at M2BRE/074-INQ000048794). At Cabinet on 19 December 2020, the First Minister informed us that earlier that day he had met with the Chancellor of the Duchy of Lancaster and the First Ministers of Scotland and Northern Ireland, along with the Chief Medical Officer and Chief Scientific Adviser for England, to discuss the latest information about a new strain of coronavirus. The First Minister informed us that as a result, the Prime Minister would be announcing, later that afternoon, significant new measures to control COVID-19 in London, Kent, Essex and the East of England, and changes to arrangements over the Christmas period for the rest of England. Cabinet therefore agreed to bring forward Alert Level 4 restrictions for the whole of Wales from midnight that night (rather than 28 December 2020), in line with the action being taken in London and the southeast of England. Minutes are exhibited at M2BRE/075-INQ000048803.

143. My role in the decision-making process in this period, and over the course of 2021 as the restrictions were gradually eased, was as I have described in relation to the easements in Summer 2020. The key difference – which did not directly relate to our decision-making but was a matter of which I was very aware – was that that in the October to December period there seemed to be real fatigue amongst the public, who had been living with restrictions of various sorts for a long time, and there was a sense that people couldn't really see an end to the pandemic, or feel confident that things would get better or return to 'normal'.

Christmas 2021 and Omicron variant

144. As I have noted above, I was appointed as Minister for Finance and Local Government just before Cabinet agreed that Wales would complete its phased move from Alert Level 4 to Alert Level 3. At our first Cabinet meeting after the May 2021 election, the Chief Medical Officer for Wales advised us that in general terms the overall number of confirmed cases was gradually decreasing and the situation was relatively benign, with test positivity continuing to fall. There were 32 people with confirmed COVID-19 in hospital, with three occupying critical care beds, and the roll-out of the vaccination programme was continuing at pace. Cabinet agreed that Wales would move to Alert Level 2 from 17 May 2021, and that the First Minister could signal that, subject to conditions remaining favourable, Wales would move to Alert Level 1 on 7 June 2021. I exhibit the minutes at M2BRE/076-INQ000057741.

145. Restrictions continued to be gradually lifted in the weeks and months that followed, although the emergence of the Delta variant meant that restrictions were lifted more slowly than had been anticipated: for example, at its meeting on 16 June 2021 (minutes exhibited at M2BRE/077-INQ000057745), Cabinet, having previously agreed to Alert Level 1 in two stages, given the level of uncertainty with the Delta variant, agreed that, based upon advice from Chief Medical Officer for Wales, that the full move to Alert Level 1 should be postponed from 21 June until at least the next review, which was due on 15 July 2021.

146. Restrictions continued to be lifted in a careful and cautious way; Wales moved to Alert Level 0 from 7 August 2021, and remained at Alert Level 0 throughout September and October. However, although the Alert Level remained at zero, in response to rising case rates, Cabinet made a series of decisions agreeing to introduce and subsequently extend the requirement for Covid Passes, as set out in the NPI chronology.

147. By the end of October, cases of coronavirus were rising sharply and had reached their highest point since the start of the pandemic, at more than 700 cases per 100,000 people. In a Written Statement published on 29 October 2021 (exhibited at M2BRE/078-INQ000023302), the First Minister confirmed that Wales would remain at alert level zero, but that the use of the Covid Pass would be extended. The First Minister also said that if case rates continued to rise over the following three-week cycle, Ministers would have to consider raising the alert level at the next review and re-introducing restrictions. In the event, the alert level was not raised at the next review, the First Minister noting in a Written Statement on 18 November (exhibited at

M2BRE/079-INQ000023303) that cases had fallen since the last review of the regulations, although they remained high at just under 500 cases per 100,000; and that vaccination was helping to weaken the link between infections, serious illness and hospitalisations, but had not broken the link. The First Minister made clear that if high rates of community infection and transmission continued, pandemic pressures on the NHS would increase, with more people needing hospital care.

148. However, this was the point at which the Omicron variant emerged, and the Welsh Government's decision-making was again constrained by funding decisions of the UK Government.

149. Cabinet first received an update on the emerging threat associated with the Omicron variant at its meeting on 29 November 2021 (minutes exhibited at M2BRE/080-INQ000130006). The Chief Medical Officer for Wales reported that the evidence suggested that Omicron had increased transmissibility as compared to Delta, but it was not known at that stage whether it was more harmful. The Chief Scientific Adviser for Health noted that the evidence suggested that Omicron had the potential to escape the vaccines. Cabinet also noted that community transmission in the UK appeared to have already commenced.

150. The First Minister advised Ministers that he, along with the First Minister of Scotland, had written to the Prime Minister seeking an urgent COBR meeting, and calling for tighter travel restrictions. In addition, the letter (which I exhibit at M2BRE/081-INQ000256922) sought confirmation from the Prime Minister that:

"...devolved financial business support schemes will be funded by the Treasury in the event more interventionist measures are required to respond to the public health situation... In particular, it is important for us to agree that if the conditions in a devolved nation were to require more significant interventions than in England, the agreed package of financial support would be available to that nation. We do not want to be in a position again where our public health interventions are negatively impacted by a lack of financial support, but can be switched on as required for England."

151. Cabinet agreed to reconvene on Thursday (2 December 2021) to consider developments in advance of the next formal review; this was the first of a series of meetings which took place in the week that followed, with further meetings on 6, 8 and

9 December 2021; the minutes of these meetings are exhibited at M2BRE/082-INQ000022559. Cabinet considered a briefing paper setting out options for strengthening the current response, whilst recognising the stable public health situation and the easing of Covid-related NHS pressures. I exhibit the paper at M2BRE/083-INQ000057943. The paper also set out the factors that might trigger a 'Covid Urgent' scenario/situation, as well as what 'Covid Urgent' would look like, what its impacts would be, and how long it would need to be in place. In terms of what 'Covid Urgent' might look like, the briefing paper suggested that under a worst-case scenario, *"the only interventions likely to be effective in this scenario of high exponential growth [were] from the alert level four toolbox."*

152. Of particular significance to my portfolio, was the introduction of alert level four restrictions under a 'Covid Urgent' scenario which would mean the closure of businesses, the economic impact of which could only be mitigated by UK and Welsh Government support, which would in turn have significant financial implications. In that context, the paper noted the UK Job Retention Scheme (known as furlough) and the Self-Employment Income Support Scheme had ended in September 2021, with no indication at that point that the UK Government intended to reintroduce the schemes in the event of a sharp deterioration in the public health context in England.

153. Moreover, the First Minister had the previous day received a response from the Prime Minister to the joint letter of 29 November 2021, which did not address the points which the First Ministers had raised (including financial support) but instead promised a fuller response from the Secretary of State for Health. I exhibit the Prime Minister's response at M2BRE/084-INQ000228015.

154. At its 2 December 2021 meeting, Cabinet agreed that in planning for 'Covid Urgent', Alert Level 4 restrictions would be the most appropriate response, subject to further advice on the potential triggers.

155. On 6 December 2021, Cabinet considered a paper (CAB(21-22)61, exhibited at M2BRE/085-INQ000057950) relating to the 21-day review of the coronavirus regulations which was due on 9 December. CAB(21-22)61 set out a series of recommendations for Ministers to consider, covering firstly the existing Delta epidemic and secondly the risks from the Omicron variant as then understood. In respect of Delta, the paper suggested that at that point, it was not considered proportionate to introduce more stringent restrictions, given the harms which would be caused to

business and the risk of losing public support which may be needed if more stringent protections were subsequently required. Cabinet agreed this recommendation, subject to any strengthening Ministers considered necessary to slow the spread of Omicron.

156. In respect of Omicron, the paper went on to describe a forward look Worst Case Scenario under 'Covid Urgent', noting the continued uncertainties about the new variant, which made it necessary to plan for a worst-case scenario where Omicron evaded vaccines and outcompeted Delta, leading to rises in case-to-hospitalisation and case-to-fatality rates, ultimately resulting in much higher pressures on the NHS. The paper noted that further work would be needed to set out indicators and timing which would signal a need to act in response to the worst-case scenario, and reiterated that under that worst case scenario, level four measures would be necessary to bring the epidemic back under control. The paper recognised the financial implications of a move to level four restrictions, noting that:

"Unless financial support is made available by the UK Government the harms from moving to alert level four measures will be much greater than in previous waves. This could lead to many more permanent business closures and job losses. Financial support can be made available by the Welsh Government, but it cannot plug the gap from UK-wide schemes like furlough. It is anticipated that should the worst-case scenario unfold that this will happen across the UK and require a similar response. Our expectation is this should lead to UK financial support being reinstated."

157. The financial implications were included in part two of a summary of Alert Level 4 paper which I exhibit at M2BRE/086-INQ000057958. The paper summarised the financial support provided to businesses to date and indicated that if the support previously provided to closed businesses was replicated for a period of 2-3 weeks, a budget of circa £150 million would be required. It also noted the absence of the UK Government furlough and SEISS schemes, which the Welsh Government had neither the data, capacity, finance, or systems to replicate at scale.

158. In relation to Omicron, Cabinet noted that unless financial support was made available by the UK Government, the economic harms caused by a move to Alert Level 4 would be much greater than in previous waves. Nonetheless, Cabinet agreed in principle that if there was a risk the NHS could become overwhelmed by Covid cases, Alert Level 4 should be the basis for the Welsh Government's response. Cabinet also

agreed, given the uncertainties about Omicron, to move to a weekly decision-making cycle.

159. The First Ministers of Wales and Scotland received on 7 December 2021 a response from the Secretary of State for Health to their joint letter of 29 November 2021. The letter set out the UK Government financial support still available to businesses in Wales, Scotland and Northern Ireland but did not make the further financial commitments which the First Ministers had requested. I exhibit the letter at M2BRE/087-INQ000256925.

160. At its meeting on 8 December 2021, the First Minister informed Cabinet that in response to the spread of the Omicron variant, the UK Government was expected to announce later that day the introduction of the remaining elements of its COVID Plan B. This would require people to work from home, where possible, and the introduction of a COVID passport for entry into certain venues in England. Ministers agreed that they would need further discussion about the implications of the UK Government plans when the information was available.

161. At Cabinet on 9 December 2021, the First Minister informed colleagues that he, along with the First Ministers of Scotland and Northern Ireland, had attended a meeting with the Secretary of State for Levelling Up, Housing and Communities and Minister for Intergovernmental Relations the previous afternoon. At that meeting the UK Government had confirmed that it would be introducing the remaining measures of its COVID control Plan B for England. The First Minister said that he was continuing to press the UK Government for a meeting of COBR to agree a four-nation approach to tackling Omicron, and that HM Treasury would need to be involved, to ensure additional financial support was made available in the event of further restrictions.

162. I wrote to the Chief Secretary to the Treasury on 15 December 2021. I noted the joint letter to the Prime Minister from the First Ministers of Wales and Scotland and said that recent developments made it even more important to have clarity about what further support from the UK Government would be available to the devolved governments should the need for further restrictions arise. I again emphasised the importance of the Coronavirus Job Retention Scheme again being available where the devolved governments needed to implement measures impacting the ability of businesses to trade. I exhibit my letter at M2B/RE/088-INQ000321139.

163. A COBR meeting took place on 15 December 2021, at which the question of further financial support was raised. At that meeting, the First Minister made clear that his concerns were not about the levels of funding provided, but about the fact that funding could only flow to the devolved governments as a consequence of decisions taken by the UK Government about spending in England. I exhibit the Welsh Government note of the meeting at M2BRE/089-INQ000216608. The following day, the First Minister wrote again to the Prime Minister. He re-emphasised his view that Wales had benefitted directly from the major funding measures deployed by HM Treasury to support businesses and the wider economy, but that the Welsh Government was inhibited from considering a full range of mitigation measures because it could only access Treasury funds when the UK Government introduced such measures in England. I exhibit his letter at M2BRE/090-INQ000228013.

164. At meetings on 16 December 2021, Cabinet considered a series of further papers in relation to the coronavirus restrictions. The First Minister reported the difficult discussion with the Chief Secretary to the Treasury at COBR which had taken place the previous day, and Cabinet considered the recommendations in the paper, which provided recommendations and options for immediate action, and for actions post-Christmas, in that context.

165. The papers included an assessment of the financial implications of implementing Alert Levels 2, 3 and 4, which I exhibit at M2BRE/091-INQ000057974. The paper noted that the Welsh Government's business support schemes had to date been based upon supporting businesses to enable them to cover certain operating costs (excluding staffing), but not lost turnover, given they had to close, or had been severely impacted by the restrictions. By covering certain operating costs, the expectation had been that businesses would remain solvent, safeguarding jobs, alongside using the UK Government's Job Retention Schemes.

166. The paper concluded that the Welsh Government had sufficient funding capacity to cover operating costs emergency funding only under all Alert Levels, for the remainder of the financial year, provided the average grant amounts were around the £10,000 a month maximum range and covered a period no longer than two months. However, it reiterated that the Welsh Government did not have the data, capacity, finance, or systems to support individual support schemes like the Job Retention Scheme and Self-Employed Income Support Scheme at scale. Moreover, operation of

such schemes would require access to tax records which HMRC was not legally able to share.

167. Cabinet expressed concern that the UK Government appeared to be ignoring the scientific advice on the spread of Omicron; and that without specific additional support from HM Treasury, the Welsh Government was in a very difficult situation when trying to strike a balance between threats to public health and the socio-economic harms associated with greater restrictions.

168. Cabinet reconvened at 16.15 on 16 December 2021, when the First Minister informed colleagues that (as noted above) he had written to the Prime Minister to urge him again to reintroduce the furlough scheme, along with allied measures, for the whole of the UK; or to provide the Devolved Governments with access to Treasury funds to enable them to introduce their own measures. Cabinet returned to the outstanding issues from its discussion earlier that day and:

- confirmed there should be strong guidance about keeping safe over Christmas,
- agreed that there should be regulations requiring people to work from home or remotely, wherever possible,
- agreed that after Christmas, there should be further legal restrictions to include the reintroduction of two metre social distancing, along with one-way systems in offices, retail, and other businesses,
- agreed that given the additional risk of infection in confined spaces, nightclubs should close from Boxing Day,
- agreed that given the economic impact on businesses, a financial support package of between £50 million and £60 million would be available.

169. Cabinet also agreed that it would meet again on 20 December 2021 to consider any outstanding issues and the remaining elements of Alert Level 2; the First Minister issued a written statement on 17 December 2021 announcing the new restrictions which had been agreed. The statement confirmed that financial support would be made available, but also noted that the Welsh Government's ability to provide and sustain longer-term economic support was severely constrained by the position of the UK Treasury and its failure to open vital support schemes, such as furlough. I exhibit the statement at M2BRE/092-INQ000023305.

170. At its meeting on 20 December 2021, Cabinet considered a series of papers relating to the review of the coronavirus restrictions due on 21 December. The First Minister noted there had been an inconclusive COBR meeting the previous day: there had been an offer of further resources for the Devolved Governments, but it was not clear whether this was additional funding or the bringing forward of funding already announced.

171. The papers to Cabinet included a 'Cabinet Discussion Paper – Events' which I exhibit at M2BRE/093-INQ000057983. Cabinet considered the two options for restrictions in relation to major events presented in the paper (having ruled out a third option, which was to do nothing on the basis that sufficient mitigations were already in place). The two options were:

- to apply Alert Level 2 in full and require all sporting events, whether indoor, outdoor, professional or community events, to take place behind closed doors. to be supported by a £3 million fund to recompense for the loss of spectators.
- to make an exception to Alert Level 2 in terms of event numbers and social distancing and allow the events to proceed based on their full COVID-19 risk assessments, but with additional measures in place.

172. Following a wide-ranging discussion, Cabinet concluded that measures to slow down transmission rates were required, and on that basis, it was agreed that all indoor and outdoor events should be closed to spectators from Boxing Day. An announcement confirming this decision was issued that day, which I exhibit at M2BRE/094-INQ000321123. Cabinet also had an initial discussion on potential changes to hospitality post-Christmas; Cabinet asked officials to provide further advice on the introduction of restrictions and agreed they would meet again to consider that advice, and the affordability of the options. I exhibit the minutes at M2BRE/095-INQ000057982, which also includes the minute of the 21 December 2021 meeting described below.

173. Also on 20 December 2021, I received a response from the Chief Secretary to the Treasury to my 15 December letter. The response outlined the support to businesses which was still available, and informed me that, having listened to the concerns that I had raised, the Treasury would immediately double the additional funding available to the Welsh Government from £135 million to £270 million. I exhibit the letter at M2BRE/096-INQ000321085. I was very disappointed that the Chief Secretary to the Treasury did not respond to – or even engage with - my request (which

echoed the clear requests which had been made by the First Minister alongside the First Minister of Scotland) that the Coronavirus Job Retention Scheme should be made available in cases where the devolved governments needed to implement measures to protect public health which impacted the ability of businesses to trade.

174. Cabinet reconvened on 21 December 2021 to consider a paper setting out several issues under Alert Level 2 that needed to be resolved, which I exhibit at M2BRE/097-INQ000057994. The paper noted that whilst uncertainties about Omicron remained, the advice from Technical Advisory Cell and the Chief Medical Officer for Wales for the 16 December review was to introduce as stringent measures as early as possible; however, it also noted that:

“...without wage support schemes in place from the UK Government like the Job Retention Scheme (JRS) and the Self-Employment Income Support Scheme (SEISS) the harms from restrictions cannot be mitigated in the same way as previous waves, ruling out the most stringent measures at this stage (particularly given uncertainties and unknowns highlighted by TAG).

175. The paper went on to say:

“Discussions at Cabinet on 16 and 20 December identified alert level two as the most realistic basis for a suite of protections that could be introduced, whilst being able to bring in a financial package of support that could mitigate some of the economic harms relative to the public health risk...Options for adopting higher alert levels would be more viable if the UK Government were to reinstate wage support schemes, like the JRS and SEISS.”

176. In introducing the paper, the First Minister noted that since the previous meeting, the UK Government had announced a £1 billion support package for businesses in England, and that Wales had already been offered additional support from HM Treasury, which would allow Welsh Ministers to introduce a more generous support package. Cabinet noted that £120m would now be available for nightclubs, events, retail, hospitality, leisure, and tourism businesses affected by the move to Alert Level 2, and that there would be additional funds to support sports venues, arts and cultural organisations. Cabinet agreed:

- to reinstate the requirement for 2 metre physical distancing as a specific step in the regulations that must be taken before other measures,

- that licensed premises would need to take additional measures to protect customers and staff, including table service and collecting contact details,
- that the rule of six would apply in regulated premises such as hospitality, cinemas and theatre,
- that face coverings would be required in hospitality settings,
- that the maximum number of people who could gather at an indoor event would be 30, and 50 outdoors.

177. These changes were announced in a Written Statement issued on 22 December 2021, which I exhibit at M2BRE/098-INQ000023307.

178. On 12 January 2022, the Finance Ministers for the devolved governments called for Covid funding certainty and flexibility; it noted the £20 a week uplift to Universal Credit was withdrawn despite opposition from the Devolved Governments (announcement exhibited at M2BRE/099-INQ000321085). A Finance Quadrilateral had taken place earlier that day; the Welsh Government note of that meeting records that the Finance Ministers requested that HM Treasury keep under consideration the targeted use of the Coronavirus Job Retention Scheme, and the Self-Employed Income Support Scheme. I again made the point that it should not be the case that UK-wide mechanisms only become available when the UK Government determined that England required them. I also stressed the importance of ensuring that funding received upfront by the Welsh Government funding would not need to be clawed back the following financial year, given the difficult choices governments would then face. We would not want to take an overly cautious approach by not spending funding in full, but equally we would not wish to be in a position where we would have to cut services the following year. I exhibit the note of the quadrilateral meeting at M2BRE/100-INQ000321261.

179. On 13 January 2022, Cabinet considered the latest 21-day review of the coronavirus restrictions. The minutes are exhibited at M2BRE/101-INQ000057924. Cabinet noted an improving picture of reductions in case numbers, hospital admissions and infection rates. Cabinet agreed to a staged approach to the lifting of restrictions, subject to the public health conditions remaining favourable, beginning with:

- From Friday 21 January 2022, removal of the limit on the number of people who could meet outdoors and the respective social distancing requirements, and easing of restrictions on outdoor hospitality;
- From Friday 28 January 2022, a return to Alert Level Zero baseline measures, which included the removal of the legal work from home requirements and their replacement with guidance; further easing of the restrictions on licensed premises, and the reopening of nightclubs (subject to Covid pass entry requirements).

180. Cabinet also agreed to return to the three-week review cycle from 10 February 2022. From this point, the restrictions were gradually lifted via the 21-day review process, until the final restrictions were removed in May 2022.

General Views on the use of NPIs, use of Public Health Act, and 'Divergence'

181. In relation to NPIs, and specifically those which were introduced by the coronavirus regulations, the Inquiry has asked me for my views about the legislative powers we used. The first lockdown was introduced using powers under the Public Health Act, rather than through powers in the Civil Contingencies Act. This meant that each of the four nations were required to make their own coronavirus regulations. I was not involved in any decisions about the legislative means by which any restrictions would be introduced, but I believe that the decision to use public health powers was taken entirely by the UK Government, and I have no insight into the extent to which the UK Government anticipated the possibility that this would lead to different decisions about restrictions being taken in different parts of the UK.

182. However, once that decision was taken, it was the responsibility of Welsh Ministers to exercise those powers in the interests of the citizens of Wales, and I believe that we did so throughout the pandemic and that my description earlier in my statement of our approach to some of these decisions supports my belief. Overall, I consider that the core decisions taken by the Welsh Government in relation to NPIs were reasonable in light of the information available at the time. These were difficult decisions which I believe we took carefully, always mindful of the balance of harms and of the impacts on specific groups, as I believe is demonstrated by my account of several key decision-making points during the pandemic as set out above.

183. The decision – which as I understand it was taken by the UK Government – to use Public Health Act powers meant that the four governments of the UK had to make their own decisions about the imposition and relaxation of the coronavirus restrictions. The decision-making powers rested with Welsh Ministers, and we should remember in that context that as Welsh Ministers we are accountable to the Senedd for the exercise of our devolved powers, and that we were scrutinised by the Senedd on our use of the Public Health Act powers during the pandemic. Whilst there were at times differences in decision-making between the four nations, I believe it is a mischaracterisation to describe this as a divergence from “the UK Government / 4 nations approach”, not least because it seemed to me that the devolved governments remained closely aligned in their decision-making. Indeed, taking the firebreak as an example, it could be argued that it was the UK Government which was diverging from the scientific recommendations.

184. Our position on four nations decision making was set out very clearly in our early publications: in ‘Leading Wales out of the pandemic: A framework for recovery’, which was published on 24 April 2020. Within that framework we noted that all parts of the UK had entered the first national lockdown together and the Welsh Government’s preference was for all four nations to retain a common approach to the lifting of restrictions. However, the framework was clear that the Welsh Government would take decisions in the best interests of the people of Wales. As I mentioned earlier in this statement, on 16 May 2020, we published ‘*Unlocking our society and economy: continuing the conversation*’, in which we again emphasised our strong support for a four-nation approach to easing lockdown measures, given that all four nations of the UK were facing the same set of challenges. However, we also stressed again the importance of respect for the responsibilities of each Government to determine the speed at which it began to lift restrictions.

185. Decisions about the restrictions were always made based on the available scientific evidence and advice which prioritised the need to contain the spread of the virus. Actions which could possibly slow or reduce the spread of the virus needed to be taken even if it led to different decisions being taken in Wales. I believe such differences during the pandemic were reasonable given the evidence and advice the Welsh Government had available to it. I also do not believe that the differences in decisions between the different parts of the UK created any significant additional burdens for those implementing and enforcing NPIs in Wales, such as local authorities. Our close engagement with our partners helped in this regard. Given that we had

entered the first lockdown on a UK-wide basis, the early differences in decisions did inevitably cause some confusion amongst the public, but I believe that was more to do with the UK Government's failure to explain that the announcements it made, particularly in the early days of the pandemic, applied only in England.

Understanding of the Impact on Vulnerable Groups

186. Cabinet had discussed from the outset the need to ensure that vulnerable people were properly considered in our decision-making. For example, on 16 March 2020 (minutes exhibited at M2BRE/025-INQ000048797), Cabinet discussed the dangers posed to older people by Covid-19 and how the process of 'cocooning' them might lead to further isolation and loneliness. The need for clear advice from health professionals to inform policy on school closures was also considered, including the need to consider the impact on vulnerable students. On 23 March 2020, Cabinet was informed about a letter that would be sent to 150,000 vulnerable people in respect of self-isolating and which would set out medical advice and the support that would be available to them (minutes exhibited at M2BRE/005-INQ000048923). On 30 March 2020, Cabinet received an update confirming the 'shielded' group of people had been issued and that discussions on supply arrangements for shielded and vulnerable people were ongoing.

187. It also became clear early in the pandemic that the virus was having a differential impact on Black, Asian and Minority Ethnic people. To address this, I was aware that the First Minister had established the Black, Asian and Minority Ethnic Covid-19 Advisory Group.

188. I recall that the Technical Advisory Cell was established in March 2020 and subsequently would provide scientific and technical advice for our consideration which would refer to matters such as the impact on vulnerable groups. I have also seen papers from early March 2020 which referred to the need to identify, define and protect vulnerable groups (Exhibited at M2BRE/102-INQ000048807).

189. More generally, the Welsh Government Cabinet was acutely aware of the impacts on vulnerable groups, both from COVID-19 itself, and from the coronavirus restrictions. The frameworks published in April and May 2020, to which I have referred earlier in my statement, set out the principles against which we would assess whether

the conditions were right to enable restrictions to be eased safely; one of these principles was whether the measure had a high positive equality impact. Assessments of the impact of changes to the restrictions featured prominently in our 21-day review discussions, although I acknowledge the need to make decisions at pace for the protection of public health meant that it was not always possible to undertake full impact assessments as we would have done under normal circumstances. Nonetheless, from June 2020 we did publish impact assessments for substantive changes to the coronavirus restrictions; these are listed in the NPI chronology.

190. I have described earlier in my statement how impacts on vulnerable groups were considered as part of the decision to permit extended households. As further examples, I exhibit at M2BRE/103-INQ000227547 the published impact assessment for the 18 June 2020 review of the regulations. The proposed changes to the restrictions at that review point included the reopening of non-essential retail, childcare facilities and schools, and the impact assessment covers the potential impacts on reopening of each of these changes on a range of protected characteristics or groups, including age, disability, gender, race, religion, pregnancy/maternity, and sexual orientation. I also exhibit at M2BRE/104-INQ000048895 and M2BRE/105-INQ000048891 a Cabinet paper and Annex relating to the post-firebreak national restrictions.

Coordination and communication between the Welsh Government, the UK Government and the other Devolved Governments

191. The Welsh Government communicated with the UK Government on finance issues through bilateral meetings between myself and the Chief Secretary to the Treasury. There were also Finance Ministers Quadrilateral meetings which involved myself, the CST, and the Finance Ministers of Scotland and Northern Ireland; as well as Devolved Government trilateral ministerial meetings. Ministerial correspondence also passed between Welsh Government and HM Treasury. There was constant communication at official level. These mechanisms remained substantively the same over the period.

Finance Ministers Quadrilateral Meetings

192. The Covid-19 pandemic intensified inter-governmental engagement on finance matters. The Finance Ministers Quadrilateral meetings provided the formal structure/mechanism to enable effective communication between the Welsh Government and UK Government (and Scottish Government and Northern Ireland Executive) at Ministerial level regarding the funding of the pandemic response in Wales.

193. Meetings of the Finance Ministers' Quadrilateral were held more frequently at the start of the pandemic, with six meetings held during the first half of the year in 2020. These meetings focused on a range of issues, from certainty on the funding and flexibilities available to the devolved governments to respond to - and mitigate the impact of - the pandemic, to specific UK-wide interventions such as the Coronavirus Job Retention Scheme, as well as consideration of economic recovery, and issues relating to PPE. In the later part of the year, three Quadrilateral meetings were held which focussed on issues such as the UK Spending Review and in-year Covid costs, and non-Covid-related matters of shared interest such as net zero. I exhibit at M2BRE/008-INQ000066169 a chronology of the Quadrilateral Meetings during the specified period, which sets out the dates of meetings and the issues discussed.

194. On 21 March 2022 the Ministers met for the first time as the Finance Interministerial Standing Committee (the Standing Committee). The Standing Committee formalised the former Finance Ministers' Quadrilateral under the Intergovernmental Relations Review, which I understand is described in Andrew Goodall's statement in response to M2B-WG-01. It represented a step forward in the structures/mechanisms for engagement. The establishment of the Standing Committee was the culmination of considerable efforts to strengthen and formalise fiscal intergovernmental relations. At the meeting, along with my fellow Ministers, I approved the Standing Committee's Terms of Reference (which I exhibit at M2BRE/106-INQ000321262) and agreed to an operating protocol which placed meetings on a more equal footing with a rotating Chair and secretariat. The latest meeting of the Standing Committee was on 20 September 2023. Communiqués of these meetings are publicly available³. Officials provided a joint secretariat function. It is hoped that this new approach will continue to develop, to enable greater engagement

³ [Communiqués from the Finance: Interministerial Standing Committee - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/communique)

and information sharing in a spirit of mutual respect. For information, the Standing Committee's Terms of Reference are currently under review.

Correspondence with the UK Government and Chief Secretary to the Treasury

195. Between meetings, correspondence passed between myself and the Chief Secretary to the Treasury on fiscal matters; I would also write jointly to the Chief Secretary to the Treasury with my Scottish and Northern Ireland counterparts. I also wrote directly to the Chancellor of the Exchequer, both individually and jointly with my counterparts in the Devolved Governments. In addition to the correspondence to which I have referred above:

- i. On 19 January 2021, the Minister for the Economy and I sent a letter to the Chancellor of the Exchequer to stress the importance of providing certainty to businesses and individuals about the support they would be provided (exhibited at M2BRE/107-INQ000321044). This letter referred to the extension of the Coronavirus Job Retention Scheme as a welcome development and made a request to make permanent the £20 uplift to Universal Credit.
- ii. On 5 April 2021, I wrote to the Chief Secretary to the Treasury and asked for clarification on whether the Coronavirus Job Retention Scheme would apply to bodies that received public funding in Wales (exhibited at M2BRE/042-INQ000320848).
- iii. Ministers for Finance of the three devolved governments wrote to the Chief Secretary to the Treasury on 14 January 2021 asking for the flexibility to carry forward Covid funding from 2020-21 into 2021-22 (exhibited at M2BRE/108-INQ000321040).
- iv. 25 Oct 2021 – a three nations draft letter to Chancellor asking for clarity on the budget and for the HM Treasury to respect the principles of the devolution settlement by working with the grain of the devolved government's policies (exhibited at M2BRE/109-INQ000321083).

196. At official level, Welsh Government officials were in constant contact with UK Government officials in HM Treasury. I understand that the engagement at official level is covered in Andrew Goodall's statement in response to WG-M2B-WT-01 including a chronology of contacts between Welsh Government and HMT officials during the specified period.

Informal Communication

197. There was no informal structure/mechanism for communication between the Welsh Government and the UK Government regarding the funding of the pandemic response in Wales.
198. I had no informal contact with UK Government Ministers. All contact was organised through Private Offices and minuted accordingly. Similarly, I had no informal contact on coronavirus related matters with Ministers in Scotland or Northern Ireland.

Reflections on Communication and Coordination

199. The formal mechanisms for communication outlined above were generally effective, although there are areas where I would have welcomed increased engagement. In 2020, for example, a specific request for a Quadrilateral meeting to discuss the financial implications of EU exit was declined by the UK Government. I also reflected during a Cabinet discussion on Intergovernmental Relations on 21 September 2020 concerns about a lack of progress in regularising and improving the operation of the Finance Ministers' quadrilateral, although these arrangements were subsequently put on a more satisfactory footing through the Finance Interministerial Standing Committee, as I describe above. I also noted during a Cabinet discussion about the Budget on 28 September 2020 that at a recent quadrilateral the Chief Secretary to the Treasury had accepted the need for more meaningful engagement between the UK treasury and the DAs ahead of the spending review. I exhibit the minutes at M2BRE/110-INQ000129855, and M2BRE/111-INQ000048928.
200. My engagement with the UK Government focused upon financial matters; I am not able to comment upon questions about coordination and communication amongst the Welsh Government, the UK Government and the other devolved governments on the use and timing of NPIs in Wales, or about whether we were adequately involved in core decision-making by the UK Government throughout the pandemic, as I was not part of these interactions – they would have been primarily led by the First Minister. I

understand that the First Minister has provided a detailed statement in respect of intergovernmental interactions in his statements to Module 2 of the Inquiry.

Coordination and Communication between the Welsh Government and Local Authorities in Wales

201. From a local government perspective, by the time I took over the Local Government portfolio in May 2021, the structures and rhythm of engagement was well established. I have also described this earlier in the statement.

202. On being appointed Minister for Finance and Local Government, I continued the practice established by my predecessor Julie James of holding regular meetings with local authority leaders, local authority Chief Executives, Police and Crime Commissioners and Chief Constables. The purpose of these meetings was to discuss issues relating to the 21-day review processes and to hear their views about the proposed changes to the coronavirus restrictions. At these meetings we would discuss issues of particular relevance to local government and its responsibilities, for example in relation to hospitality venues, enforcement matters, social care, the impact of Covid passes, and schools; and also more general issues such as communications and vaccine effectiveness. I would ensure that these views were then fed back into the 21-day review process. I also ensure that we used these meetings to provide our partners in local government with briefings from the Chief Medical Officer and Chief Scientific Adviser for Health and their teams, so that local government had the latest picture in terms of modelling and so forth. I would also ensure that the relevant portfolio Minister or their officials were able to attend these meetings as appropriate to respond to detailed questions, and to hear directly any views or concerns.

203. I exhibit at M2BRE/112-INQ000101234 a list of the meetings, which has been taken from my Ministerial diary. These meetings were not routinely minuted, but where actions were agreed these were recorded, and I exhibit those below. I also list meetings with the Executive Board of the Welsh Local Government Association, which consists of local authority leaders:

- 13 July 2021: M2BRE/113-INQ000321263
- 29 July 2021: M2BRE/114-INQ000321136
- 17 September 2021: M2BRE/115-INQ000321075

- 24 September 2021 (Welsh Local Government Association Executive Board meeting – local authority leaders): M2BRE/116-INQ000321264
- 8 October 2021: M2BRE/117-INQ000321156
- 10 December 2021: M2BRE/118-INQ000321125
- 7 January 2022: M2BRE/119-INQ000321130
- 28 January 2022 (Welsh Local Government Association Executive Board meeting – local authority leaders): M2BRE/120-INQ000321265.

204. Prior to May 2021, I would learn of, or discuss key issues facing local government through the Ministerial Advice process and at Star Chamber meetings. For example, at a Star Chamber meeting on the 14 April 2020, the group considered a proposal for additional funding for local government specifically to respond to the loss of income they had experienced over the previous two months (a note of the meeting exhibited at M2BRE/121-INQ000320788). Due to recent clarifications around access to the Coronavirus Job Retention Scheme by publicly funded bodies, the group did not feel immediate action was required. It agreed to review the matter in 2-3 months' time to allow local authorities the opportunity to access the Coronavirus Job Retention Scheme and pursue other options.

205. In August 2020, I received advice about the financial impact the pandemic was having on local authorities because of an increase in applications to the Council Tax Reduction Scheme for support with council tax payments, caused by the impact on households of reduced income and increased unemployment levels, and a reduction in rates of council tax collection. In response to the advice (dated 4 August and exhibited at M2BRE/122-INQ000227908) I agreed to provide local authorities with an initial contribution of £2.85m for the first quarter of the 2020-21 financial year.

206. I attended the Finance Sub-Group of the Partnership Council for Wales in my role as Minister for Finance and Trefnydd, and I took over the chair when I became Minister for Finance and Local Government in May 2021. Membership of the Finance Sub-Group of the Partnership Council included representatives from the Welsh Local Government Association, the Police and Crime Commissioners, Welsh Government officials and Ministers.

207. The Partnership Council has a remit which includes public service reform and collaboration, driving the pace of improvement of public services in Wales, and taking action to improve the effectiveness and efficiency of public services. The Finance Sub-

Group provides the formal mechanism for the Welsh Government to discuss local government finance matters with nominated local government representatives. It serves an advisory and consultative role rather than a decision-making one. It generally meets quarterly.

208. In my role as Minister for Finance and Trefnydd, and then as Minister for Local Government, I provided an update on budgetary and finance issues at each of the meetings, which was followed by discussion and questions. These updates tended to be overarching and strategic – either setting out our approach to, or response to, UK Government fiscal events, or setting out our approach to strategic issues and challenges. For example, at the August 2020 meeting, I set out the approach the Welsh Government intended to take in emerging from the COVID-19 pandemic – first to stabilise our economy and public services, before then putting in an intense effort to reconstruct our economy and society. I exhibit the minutes of that meeting Finance Sub-Group at M2BRE/123-INQ000227467. Discussion and questions on budgetary issues often included exploring ways in which local government and the Welsh Government could work together to influence the UK Government in areas of shared concern, or exploring flexibility that the Welsh Government could offer to local authorities. I exhibit a chronology of the meetings of the Finance Sub-Group during the specified period at M2BRE/124-INQ000066181; I understand that several sets of the minutes of Finance Sub-Group have been exhibited to Reg Kilpatrick's statement in response to WG-M2B-LGD-01

209. It is important to understand that the Finance Sub-Group deals with more than simply budgetary discussions. It is a place to discuss the mechanics of local government finance more generally. One of the most important regular items on the agenda is the report from the Distribution Sub-Group (DSG). The Distribution Sub-Group is a subgroup of officials which works to the Finance Sub-Group of the Partnership Council for Wales. Its primary purpose is to ensure the local government settlement formula is maintained and developed to remain up-to-date, relevant and reflective of relative need to spend.

210. As Minister for Finance and Local Government, I also led discussions on a range of other workstreams of interest to local government, and for which their advice

and input would be vital – including local government finance reform (an ambitious agenda of reform of council tax and non-domestic rates).

211. Overall, the Finance Sub-Group meetings did not constitute a core part of the response to the pandemic. The Finance Sub-Group's focus is local government finance matters, and there were other forums which were better placed to inform the response to the pandemic – particularly in relation to NPIs.

212. Overall, I consider that there was exceptionally good coordination and communication between the Welsh Government and local authorities in Wales regarding the Welsh Government's core decision-making and response to the pandemic. In fact, I believe that this is one of the aspects of the response which sets Wales apart from the UK Government.

213. The regular meetings with local government Leaders were invaluable in terms of helping us understand the situation 'on the ground' and in shaping our response to the pandemic. The presence of Andrew Morgan, Leader of the Welsh Local Government Association, at the meetings of the Core Group was also important in ensuring that all partners on that group could hear directly from him.

214. Local authorities were also key delivery partners in our Test, Trace, Protect scheme (rather than using private companies, as they did across the border), and did excellent work in administering our business support grants.

215. The Welsh Government treated local authorities as trusted partners and established a relationship based on respect and openness. There was constant two-way dialogue, and relationships between Leaders and local government Cabinet Members and Welsh Ministers were very strong. Following the pandemic, both the Welsh Government and local government have continued to invest in those relationships, and Wales is all the stronger for it.

H. Covid Public Health Communications

216. I recollect that when the first lockdown was introduced across the four nations, the core message – also across the four nations – was 'stay home, save lives, protect the NHS'. In May 2020 the UK Government changed its core message to 'Stay Alert', but at that point the devolved governments retained the 'stay at home' message.

During a Ministerial call on 10 May 2020, the First Minister reported on the outcome of a COBR meeting which had taken place earlier that day, at which the UK Government had told us of its intention to move from the 'Stay Home' message to a 'Stay Alert' message; it was noted that this could present challenges in terms of mixed messages within Wales. I exhibit the note of this call at M2BRE/125-INQ000320849.

217. I also recollect instances in the early days of the pandemic where the UK Government held press conferences in respect of matters which were devolved but did not make that clear to the audience. Our own press conferences were therefore of critical importance in communicating to the people of Wales about how the Welsh Government was responding to the pandemic, and the changes in the restrictions made through the 21-day review process. The First Minister led many of these press conferences, but I and other Ministers would also do so; for example, in the early months of the pandemic in 2020 I led the press conferences on 6 May, 27 May, 25 June, 14 July and 28 July. As an example, I exhibit at M2BRE/126-INQ000320914 the read-out of my press conference on 28 July.

218. The Welsh Government also adopted the 'Diogelu Cymru - Keep Wales Safe' brand as a means of trying to overcome the challenges associated with communicating the different rules which applied in Wales. I understand that detailed evidence about our approach to communications is provided in the statements of Andrew Goodall (M2B-WG-01) and Toby Mason (M2B-CD-01), including how our communications activity was tested and evaluated.

219. My overall view of the Welsh Government's communications during the pandemic is that we worked very hard to communicate important public health messages in a clear way. We tried to be as open and accessible as possible to the Welsh media, with regular press conferences and sharing of information to the media. The First Minister's press conferences relating to the 21-day reviews received very high viewing figures, and I know that they were highly anticipated. The First Minister's personal style of being serious, clear, and calm was often remarked upon, as was his strong and evident grasp of the facts and detail, and his willingness to properly answer the question he was being asked. I believe that the First Minister's personal communication style was a real asset during the pandemic.

220. The Office for National Statistics, and others, published regular statistics which allowed us to understand how well the messages were being heard and understood. I

am of the view that the profile of the Welsh Government and Senedd more widely increased greatly during the pandemic. People across Wales gained a better understanding of devolution and the role and responsibilities of the Welsh Government. (As an aside, this has endured, and I have noticed that my constituency casework and engagement with my constituency office is much higher than it was pre-pandemic.) That said, however, the habit of UK Government Ministers, and in particular the then Prime Minister, of failing to be clear when what they were saying applied to England only was problematic and had the capacity to confuse people at a time when they needed clarity and certainty.

I. Breaches of rules and standards by Ministers, officials, and advisers

221. I was only aware of the allegations of breaches of social restriction and lockdown rules by Ministers, officials, and advisors through what I read in the media. I am not aware of any other alleged breaches.

222. I was always hyper-aware of the need to set an example and be seen to abide by the rules that we were asking others to follow. In my view, the public sometimes expects their elected representatives to display higher standards than they might expect from 'ordinary' members of the public. When some NPI measures were no longer mandatory but a matter of personal choice, I always erred on the cautious side. For example, I would wear a mask in public spaces when it was no longer mandatory to do so - even in cases where I deemed there to be no real risk. I did this because I knew that people would notice and take a view on the choices I made.

223. The Office for National Statistics undertook regular surveys and research exploring the attitudes and behaviours of the public in relation to coronavirus and compliance with Government guidance, so I would suggest that they would be best placed to give an informed, evidence-based view as to what impact, if any, alleged breaches of social restriction and lockdown rules by Ministers, officials, and advisors – and the associated public debate at the time – had on public confidence and the maintenance and observance of those rules by the general public. I know that the Office for National Statistics received views from people who said that they were

“demotivated from following the guidance by seeing others, including their peers and public figures, not complying with the guidance.” That does not seem far-fetched to me.

224. The actions/behaviour of Ministers, officials, and advisers in the UK Government is a matter for them, and as far as I am concerned it had no impact on the actions/behaviour of Welsh Government Ministers, officials, and advisers. Whenever any politician behaves improperly in any way, however, it has an impact on the public's perception of all politicians. People can assume that we are all as bad as the worst. The media only tends to report on negative stories in relation to politicians' behaviour, so people never see the hard work and sacrifice that people in elected office make every day when discharging their responsibilities.

Ancillary matters within the Rule 9 Request

225. I had no concerns regarding the performance of the First Minister, any Welsh Minister, senior civil servant, or special advisor or individual in charge of a significant aspect of Wales's response to the pandemic. Quite the contrary. I had full confidence in the First Minister and his team. The First Minister sets the tone for the Welsh Government, and his approach was careful, considered, and compassionate. As a government, we were clear from the outset that we would be led by the science and by expert advice, even if that meant that we had to take unpopular decisions. I was satisfied with the evidence, modelling, and advice that we were being presented with and upon which we needed to make decisions. It was important to us that we were open and transparent with the public. From the outset we worked in social partnership. I was proud to work with my colleagues who are good people, committed to public service.

226. I am not aware of any criticism of my performance by core decision makers, including the First Minister, Welsh Ministers, and senior advisors, with regard to the part I played in the response to Covid-19.

227. I did not consider resigning from my role during the pandemic. That is not to say that the job was not extremely difficult and highly stressful. Only a handful of people will ever really know what it was like to be a Welsh Minister during the pandemic –

where your decisions have a direct impact on the number of lives saved, the ability of public services to cope, the wellbeing of children and vulnerable people, and the viability of businesses, jobs and livelihoods – but I was always aware of what a privilege it was to do what was a very challenging job, and I was confident that I could make a solid contribution.

Evidence to Senedd Committees

228. I have listed the occasions on which I have given evidence on Covid-related matters to committees of the Senedd in the table below and exhibited the transcripts.

06/04/20	Finance Committee	M2BRE/127-INQ000321266
21/05/20	Finance Committee	M2BRE/128-INQ000321267
02/11/20	Finance Committee	M2BRE/129-INQ000321268
30/11/20	Finance Committee	M2BRE/130-INQ000321269
21/01/21	Climate Change, Environment and Rural Affairs Committee	M2BRE/131-INQ000321270
16/12/20	Finance Committee	M2BRE/132-INQ000321271
08/01/21	Finance Committee	M2BRE/133-INQ000321272
20/01/21	Finance Committee	M2BRE/134-INQ000321273
24/02/21	Finance Committee	M2BRE/135-INQ000321274
22/09/21	Local Government and Housing Committee	M2BRE/136-INQ000321275
12/01/22	Local Government and Housing Committee	M2BRE/137-INQ000321276
21/01/22	Finance Committee	M2BRE/138-INQ000321277
02/03/22	Finance Committee	M2BRE/139-INQ000321278

K. Final Reflections

229. It should be recognised that the Welsh Government and UK Government took fundamentally different approaches in a number of areas when it came to procurement of key resources in order to tackle the pandemic, with PPE and the Test, Trace, Protect systems being stand-out examples. This had a significant impact on the funding available to tackle the pandemic in Wales.

230. Cardiff University's Wales Governance Centre estimated that the cost of PPE and the devolved element of the test and trace system in Wales cost £533 million. This was approximately half the level of consequential funding stemming from English

spending on test and trace and PPE at £1,084 million. It says these costs were £158 per person lower in Wales than in England.

231. In Wales we 'only' spent £300m on PPE in 2020-21, and we gave out significantly more in mutual aid than we received in mutual aid. However, we received £874m from the UK Government as our population (Barnett) share of England's spending, suggesting that the UK Government spent more than double what it needed to on PPE in England. A report by Audit Wales (Procuring and Supplying PPE for the COVID-19 Pandemic, published in April 2021) recognised that arrangements in Wales were made to manage risks, which helped avoid some problems reported in England. It noted that, in Wales, a "range of bodies were involved in sourcing PPE globally and in responding to, and working with, local manufacturers," and concluded that "in contrast to the position described by the NAO [National Audit Office] in England, we saw no evidence of a priority being given to potential suppliers depending on who referred them." Our approach in Wales was open and fair, which meant that public money delivered better value for money.

232. Our approach to Test Trace and Protect was also fundamentally different. Our model in Wales was public sector delivered, and it was delivered through our partners in the NHS and local government. It did not rely on expensive public sector contracts.

233. The UK Government's mismanagement of its PPE and Test Trace Protect procurement meant that Wales had significant funding available to bolster our response to the pandemic in other areas. Guto Ifan, a research associate at Cardiff University's Wales Governance Centre put it this way,

"This difference represented a huge bonus for the Welsh Government budget, and it enabled higher support for businesses and local authorities during the pandemic."

234. As far as I am concerned, the management of public finances during the pandemic is one of the big stories of the pandemic, and an area where lessons should be learned. The mismanagement of public money by the UK Government in the areas of PPE and Test Trace and Protect was nothing short of scandalous – and Wales's fair, transparent, partnership approach shows that a different model is possible when a government is driven by different values.

Statement of Truth

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

Personal Data

Signed: _____

01 November 2023

Dated: _____