

Witness Name: Andrew Slade

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Exhibits: 121

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UK COVID-19 PUBLIC INQUIRY
WITNESS STATEMENT OF ANDREW SLADE

I provide this statement in response to a request under Rule 9 of the Inquiry Rules 2006 dated 14 February 2023 and referenced M2B-WG-BRD-01.

I, Andrew Slade, will say as follows: -

Preface

1. The Covid-19 pandemic was unprecedented for all of us, with impacts on lives, livelihoods, and our very way of living. On behalf of my team and myself, I would like to extend our deepest sympathies to all those who were affected, and particularly to those who lost loved ones or have suffered lasting health impacts.
2. Decisions taken during the pandemic by public authorities to safeguard the population had direct and immediate implications for businesses, communities and individuals. As members of the Welsh Government and the civil service, we were motivated by the wish to protect and support the people of Wales, and I would like to put on record my thanks to colleagues and all our partners for their commitment and dedication during this extraordinary period. In the context of this specific statement, I wish to offer particular thanks to staff in our economy-facing directorates, who, together with our local authorities, the Development Bank for Wales, and many other partners across Wales and beyond, worked to try to ensure that as many businesses as possible could be supported through the pandemic.

Introduction

3. I was appointed to the role of Welsh Government Director General Economy, Treasury and Constitution, in April 2022. Prior to that I led, as Director General, the Economy, Skills and Natural Resources Group. Responsibility for our economy-facing teams, and notably in the context of this statement our Business and Regions Directorate has rested with me throughout these periods.

4. I joined the Welsh Government in 2012, initially working on EU programmes, and then as Director, Agriculture, Food and Marine. Having subsequently held the positions of Lead Director for Environment and Rural Affairs and Welsh Government's Head of Policy Profession, in January 2018 I became Director General, Economy Skills and Natural Resources. I led the Economy, Skills and Natural Resources Group until April 2022, when I became Director General, Economy, Treasury and Constitution, also within Welsh Government.
5. Before coming to Wales, I worked for the UK Department for Environment, Food and Rural Affairs (Defra), where I led the establishment of their new national rural development services.
6. Between 2006 and 2011, I worked in south-west England in roles including Deputy Regional Director at the Government Office responsible for sustainable development and Whitehall lead-engagement with Somerset, Dorset, Bournemouth and Poole, and then later as Executive Director of Programmes and Partnerships at the SW Regional Development Agency. My earlier career was with the UK Government in London, where I held several posts, including Principal Private Secretary to the Secretary of State for Environment, Food and Rural Affairs.
7. I understand that the period of particular relevance is that between 21 January 2020, which is the date on which the WHO published its "Novel Coronavirus (2019-nCoV) Situation Report – 1", and 30 May 2022 which is when the remaining Covid-19 restrictions were lifted in Wales.
8. In preparing this statement, I have relied upon advice and information from the officials listed during the specific period in the table below:

Lead	Title (at Present)	Role and COVID activity
Sioned Evans	Director of Business & Regions (throughout the specified period)	Senior Responsible Owner (SRO) for the Economic Resilience Fund (ERF), the financial support provided to business during COVID. Director for Business Regions and responsible for Economic Policy, and Regional Economic Development in Wales.
Duncan Hamer	Director of Operations, Business & Regions (from March 2022)	Chief Operating Officer for Business and Regions until March 2022. Lead on the delivery of and design of Business Support including ERF and Non-Domestic Rates schemes. Also

		Lead on regional functions and wider support functions within Business and Regions.
Emma Watkins	Deputy Director, Budget & Government Business Welsh Treasury	Deputy Director Economic Policy until May 2021. Lead for all aspects of Economic policy, including leading the policy development related to ERF. Lead on engagement with business representative organisations and the UK Government; played a key role in workplace guidance and retail sector engagement.
Claire McDonald	Deputy Director Economic Policy (from December 2021) (Formerly Head of Economic Policy)	Took over Deputy Director role from Emma Watkins, was responsible for B and R input in guidance, lead with engagement with the UK Government and lead of all matters relating to the operation retail during COVID and engagement with retail sector.
Dickie Davis	Deputy Director, Special Projects and Construction	Deputy Director, Thematic Division throughout the specified period. Lead on the Critical Equipment Requirement Engineering Team (CERET) and liaison with Life Science Hub team within Welsh Government

The Welsh Government – Economy Ministers

9. From November 2019 until the Senedd Election in May 2021 Ken Skates MS was the Minister for Economy, Transport and North Wales. Lee Waters MS was the Deputy Minister for Economy and Transport for that period. Following the Senedd Election in May 2021, Vaughan Gething MS was appointed Minister for the Economy.
10. I understand that details of the organisational structure of the Welsh Government including Ministerial portfolios and senior official responsibilities, between 2019 and 2022, are set out in organograms which were exhibited in Andrew Goodall's statement in respect of M2B-WG01. These describe at all material points between 2019 and 2022, the portfolio responsibilities of the First Minister, the Welsh Ministers, and Welsh Deputy Ministers.

Business and Regions Directorate

11. The Business and Regions (B and R) Directorate leads the Welsh Government's approach to the economy and has an extensive remit: economic strategy and policy; economic development and economic development advice; stakeholder and social partner engagement on economy and business issues; sponsorship of the Development

Definitions and Technical terminology

To guide the reader the following definitions and considerations apply throughout the document.

ERF – “Economic Resilience fund” nomenclature applied to both the overarching umbrella of all Welsh Government Business Support provided by all delivery bodies including Local Authorities and the specific elements delivered directly by the Welsh Government and is used interchangeably through the document as a result.

Section 151 Officer – Is an officer appointed under section 151 of the Local Government Act 1972 which requires every local authority to appoint a suitably qualified officer responsible for the proper administration of its affairs. For the areas within the document designated as “local authority delivered” the 151 operated as the Accounting Officer for spend and activity.

NDR - Non-Domestic rates is a tax on Non-Domestic properties. Also referred to as Business Rates, the NDR register, and database was used by local authorities to deploy rapid support to rate paying businesses known to the authority prior to the pandemic – this element of support was under the accountability of the 151 officer

Bank of Wales; sector engagement and taking forward our regional model of economic development and direct support (for example Business Wales) and finance to businesses and, entrepreneurs (with the exception of the Trade, Inward Investment, Tourism, Creative and Food sectors which are supported by other teams within my Group or across the wider Welsh Government). B&R Directorate also engages with the UK Government on policy matters and bespoke economic development projects such as regional growth deals.

12. Using the COVID -19 regular twice weekly Directors and senior officials meeting within ESNR and through broader coordination and management, the economic interdependencies between sectors and places during the pandemic were addressed and intelligence shared to ensure alignment and complementarity in our approach to supporting the economy in Wales. The Cultural Recovery Fund (CRF), run largely by Culture, Sport and Tourism Directorate, for example, mirrored the Economic Resilience Fund (ERF) and used the same data and management systems to fully align we also ensured shared staff on oversight of the both the ERF and CRF to enable best practice. My statement in response to M2B-CSTD-01 provides additional information on the CRF.
13. I exhibit a chart representing the resource structure in March 2020 which is exhibited at **ASBRD/01-INQ000198602**.

14. Prior to the pandemic, the Welsh Government's strategy for the economy was set out in its Economic Action Plan, published in December 2017. The Plan described the Welsh Government's vision for inclusive growth, built on strong foundations, supercharged industries of the future and productive regions. The Plan sought to drive twin goals of growing the economy and reducing inequality. I exhibit the Economic Action Plan at **ASBRD/02-INQ000187570**. The principles of the EAP as set out in the detailed sections below continued to provide the parameters for delivery of support through the pandemic, for examples the core principles of good stewardship and responsible management laid out in the Economic Contract were a guiding principle for engagement with business throughout.
15. The B and R Directorate, at this time, was led by a Director and consisted of the following Divisions
- a. Economic Policy, including economists and analytical functions.
 - b. Operations, Innovation, Development Bank Sponsorship and Business Wales
 - c. Entrepreneurship and Social Enterprise policy
 - d. Foundational Economy
 - e. Industrial Transformation
 - f. Regional Development teams led by Chief Operating Officers in South East, North and Mid/West Wales.
 - g. Financial support, due diligence, and appraisal functions
16. B&R Directorate was part of Economy, Skills and Natural Resources Group during the pandemic, and now sits within the Economy Treasury and Constitution Group.
17. Given the breadth of policy and delivery functions within the ESNR group and in line with my role as Additional Accounting Officer, responsibilities were passed to Directors under delegation arrangements to manage affairs within their respective Directorates. There were established group committees which were used to manage our collective corporate responsibilities. The ESNR Covid-19 Coordination function was stood up formally during week commencing 16 March 2020, when an initial dashboard was developed to keep track of Covid19 related issues and risks emerging from across the ESNR Group. This built on existing structures in place to prepare for a possible no-deal Brexit and evolved into daily stocktake meetings. The function fed in to the central Covid-19 project team. Each Director led and managed the Covid-19 response in their respective areas, feeding into central/cross cutting work and escalating issues as required.

B and R Directorate's role during the pandemic

18. During the pandemic period in question, B and R Directorate's main areas of activity were as follows:

- a. Delivering on an unprecedented scale, in terms of pace, reach and size (£2.6bn total spent on business support during the pandemic) the Welsh Government's Economic Resilience Fund (ERF). This was built on existing digital systems and tried-and-tested approaches to provide a bespoke funding mechanism giving direct support to businesses, social enterprises and third sector organisations through the Welsh Government and local authority delivered grants. The ERF also included the Development Bank of Wales Covid-19 Wales Business Loan Scheme (CWBLs). *(The Development Bank of Wales is a limited company with independent Board and CEO but whose shares are wholly owned by Welsh Ministers, that provides financial support for Welsh businesses. The latter includes loans to start up, strengthen and grow businesses, and equity investments for established companies)*
- b. Providing economic analysis and policy advice on the impacts of restrictions put in place in response to the Covid 19 pandemic; advice and evidence to underpin the various interventions in particular as mentioned at (d); that advice was also used as mentioned below for the closing and re-opening of workplaces and businesses, and in relation to delivering the ERF. This work helped ensure the economic interventions Welsh Government undertook were in line with the Economic Action Plan and later the 'Economic Mission'.
- c. Intergovernmental relations – the B&R Directorate led on engagement with the UK Government with an economic and/or business interest, mainly BEIS and (alongside our own Welsh Treasury) HM Treasury, other devolved Governments and the UK-wide Economic and Business Response Ministerial Implementation Group, which was led by the UK Government, and supported by an official level Group.
- d. Workplace guidance – involvement in the development and introduction of workplace guidance, the extent of which changed over time. This was initially led at UK level by BEIS, but the scale of the task, as well as Ministers' preference for Welsh-specific guidance to reflect some policy divergence nuances, meant that Welsh Government took greater ownership of the guidance, and a small team was created within my wider group to support this activity. B&R directorate led on engagement business representative organisations and trade unions with a responsibility for particular sectors such as retail and manufacturing. The

directorate led on the engagement with those sectors to support the closing and safe re-opening of workplaces throughout the waves of the pandemic.

- e. Critical Equipment Requirement Engineering Team (CERET) – a specialist group set up to support the NHS in sourcing new suppliers of PPE where existing provision was insufficient.
- f. The B&R Directorate also continued to deliver its core business including support services to business and development of an Economic Mission, funding Business Wales, development of an innovation strategy and support, and the Development Bank of Wales, as well as regional engagement and delivery.

19. I describe each of these in more detail below, but critical to the delivery of all B and R Directorate activity was the Directorate's regular engagement with social partners and stakeholders, primarily Welsh business representative organisations and trades unions, including the CBI, the Federation of Small Business (FSB), Chambers of Commerce, the Welsh Retail Consortium (WRC), and Trade Union Congress (TUC). At certain times during the pandemic, engagement took place with the Welsh Local Government Association and other representative bodies such as the banking and insurance sectors, as well as regional representatives. B&R Directorate officials also engaged internally across the Welsh Government on economic and business-related issues, alongside regular engagement with local authorities in relation to both policy development and operational delivery. Again, I describe this activity in more detail below.

The Economic Resilience Fund (ERF) - introduction

20. The Economic Resilience Fund (ERF) was the Welsh Government's new, bespoke funding mechanism for providing direct support to businesses, social enterprises and third sector organisations affected by the various restrictions imposed to address the spread of coronavirus. During the pandemic, more than quarter of a million grants, including Non-Domestic Rates (NDR) support, worth over £2.6bn were delivered to protect businesses and their employees, through eight rounds of Economic Resilience Fund delivery. Each round was underpinned by economic analysis, with regular audit and challenge regarding the impacts of the Fund, to ensure it was supporting those most in need at a point in time, e.g., the retail, hospitality and tourism sectors. ERF also operated alongside and in full alignment with specialist sector funds such as the Cultural Recovery Fund delivered by other directorates in the Welsh Government but utilising key principles and systems of ERF.

21. The Welsh Government delivered elements of ERF were delivered through a unique online and digital application process and were designed to top up the rapidly deployed NDR based elements of ERF support, with built in Artificial Intelligence (AI) checks to help manage fraud and duplication. These top up bespoke elements of ERF grants were provided based upon on actual costs and real impact, and were subject to post completion monitoring, with the ability to claw back funding if necessary.
22. Each phase of delivery used several approaches to deliver a combination of pace, risk management and top up for the hardest hit businesses. The elements were designed to work as a package and included typically:
- Local authorities delivered business support grants on a basis of assumed impact. Predominately NDR based support grants, these were targeted at eligible businesses, know to Local Authorities as NDR-registered, and who were either closed or severely impacted by regulation so unable to trade. Payment was thus triggered by the loss of income resulting from closure and to support immediate cash flow and bills relating to the business. The level of payment was designed to match the typical lower end of costs the business would experience to enable cover of urgent bills and mitigate the risk of overpayment.
 - Welsh Government also delivered an application-based business discretionary support grant, aimed at supplementing the broader local authority business support grants. This mechanism was based on real costs and included conditions related to impact, and jobs safeguarded, and provided targeted and conditioned support relative to the business as a top up grant to meet relevant costs.
 - There was also delivery of bespoke support for areas that were not covered by the two grants mentioned, including start-ups, residential outdoor centres, sole traders, and hospitality sectors – this funding was both discretionary and grant based, with conditionality. The purpose of this support instrument was to fill gaps in the mainstream NDR and ERF funding support vehicles, not only in terms of Welsh Government support but also the UK Coronavirus Government Job Retention Scheme (CJRS – ‘furlough’).
23. Close working between Welsh Government business delivery and economic policy leads across government during March 2020 enabled the ERF to be devised at pace and agreed by Cabinet very early on in the pandemic response, as I describe below. The alignment and integration of policy and delivery activity was a core underpinning way of working to deliver the ERF and other business support throughout the period. This work

drew on experiences gained in preparing the Welsh economy for leaving the EU and in response to closures or for example the impact of floods where economic policy and business delivery teams worked closely together.

Economic Resilience Fund – establishment and evolution of the Fund

24. I describe below in more detail how the ERF was established, and how it developed during the pandemic. Given that Module 2B is examining core decision making and recognising the intention of the Inquiry to return to business and economic support in a future module, I have focused upon the key decisions and developments as the ERF was established in March 2020 and as it evolved through subsequent phases.
25. Drawing on their experience and expertise in supporting and engaging with Welsh businesses, officials in business and economy related roles within ESNR moved at pace to respond to mounting concerns on the rapid spread of Covid-19 and its potential impact on the economy. By early 2020, it was becoming clear that as initial restrictions were being put in place across Europe, particularly in relation to travel, certain parts of the economy were exposed. This started with insurance companies who were grappling with the impacts of the early restrictions, such as those on travel, but rapidly spread to other parts of the economy which were either affected by people using their services less (e.g. hospitality) or who gradually started to restrict their activities and restrict staff attending workplaces.
26. The potential extent of the international and domestic (UK) restrictions was unknown, meaning that the scale of the impacts was hard to predict. It was however clear that some level of action would need to be taken to provide support to businesses and organisations impacted by these early measures. The situation escalated rapidly into early March and the UK Government started to draw up their own support measures and engagement with other Devolved Governments also indicated that they acknowledged the need to take action to support businesses likely to be impacted. Internal discussions similarly began within the Welsh Government.
27. Following these initial discussions, on 17 March 2020, Emma Watkins, Deputy Director leading on economic policy emailed me and a number of other senior officials to inform us that the Minister for Economy, Transport and North Wales had considered potential ideas about how to manage the economy in the short and long term. Emma Watkins proposed the establishment of a group consisting of officials from ESNR, Welsh

Treasury, and other parts of the Welsh Government, to develop these ideas into a plan. I exhibit the email at **ASBRD/03-INQ000320761**.

28. The position accelerated in the following days, and I brought together a group of senior officials from ESNR, Welsh Treasury and the Welsh European Funding Office (WEFO) to explore what sort of interventions could be needed, the feasibility and deliverability of these options, particularly in terms of the funding implications – alongside likely UK Government action. This was supplemented by engagement with business leaders and key figures in the Welsh Government's business support eco system, including the Chair and CEO of the Development Bank of Wales and members of the Economy Minister's Ministerial Policy Board. Much of this was led by the Minister for the Economy, Transport and North Wales - supported by officials from the Business and Regions Directorate - who placed strong importance on gaining external advice to shape the economic policy interventions.
29. Additional engagement took place with the UK Government and Devolved Government Ministers and officials, particularly with BEIS and the Economy Minister's counterparts in Scotland and Northern Ireland. This drew on embryonic Ministerial liaison structures that had arisen primarily as a result of the need to address the UK's exit from the EU, and these were supplemented at official level.
30. External engagement with representative organisations was fundamental in shaping the development of economic measures to support businesses. It was also critical in building a picture of the emerging support measures being developed elsewhere in the UK and particularly in relation to UK Government economic interventions. This proved vital in ensuring that any support developed by the Welsh Government did not duplicate that provided by the UK Government, but rather sought to complement it and fill any gaps in provision. This remained an important principle throughout the development and delivery of Welsh Government support to businesses and organisations.
31. Throughout this time – from March 17 to the creation of the ERF – the economy department was receiving multiple representations from businesses expressing concern at the mounting crisis and seeking advice and increasingly funding to deal with the consequences. These representations came through well-established Welsh Government channels including Business Wales, Development Bank of Wales as well as to account managers within ESNR who had longstanding relationships with businesses, and directly to the Economic Policy and Industrial Transformation divisions,

through organisations such as the CBI, FSB and Industry Wales. (Industry Wales is an arm's length body of the Welsh Government managing specialist aerospace, automotive and electronics, software and technology forum with the aim of helping to grow Welsh technology and manufacturing businesses, globally.

32. All of this added to the growing need to develop a specific Covid-related intervention for businesses, organisations and employees who were becoming increasingly affected.
33. Development of the options moved rapidly particularly on 17 March and the day or so afterwards as UK Government interventions were being announced. The UK Government announced a package of measures to support the economy, including government-backed and guaranteed loans (CBILs launched on 23 March 2020) to support businesses; increased cash grants for the retail, hospitality and leisure sectors; an extension to the business rates holiday for those businesses; and increased cash grants for the smallest businesses. This added to the queries Welsh Government officials were receiving from businesses in Wales about the availability of funding as it was unclear which interventions would apply to businesses across the whole of the UK and where additional funding may follow to the Welsh Government under the funding arrangements. As the initial UK Government offer crystallised, the Welsh Government was able to focus on gaps in provision specific for the Welsh economy.
34. On 20 March, the UK Government announced the creation of the Coronavirus Job Retention Scheme (CJRS). Welsh Government officials had to quickly work through the implications of that announcement, engaging with HM Treasury to understand the offer and eligibility for businesses and organisations in Wales. The CJRS was a significant and substantial intervention from the UK Government which provided support and assurance for employees in impacted businesses. It also sharpened the focus for a Welsh Government intervention and was instrumental in shaping where our funding and support should be directed, based upon the principle of not duplicating UK Government support and also reflecting the fact that without the access to HMRC data on individual pay which the UK Government could use, employee support would be a very challenging role for the Welsh Government to deliver.
35. Discussions between the Minister for Economy, Transport and North Wales, Andrew Johnson (Special Adviser) and officials proceeded at pace over the following days and, following discussions with the Permanent Secretary, I established a focussed team to take forward this work. The team was led by Sioned Evans, Business and Regions

Director and included the key delivery and policy leads - Duncan Hamer, B&R Chief Operating Officer, and Emma Watkins, Deputy Director, Economic Policy. The scale and importance of the challenge necessitated a cross Welsh Government team, and this wider group also comprised officials from the Welsh Treasury, the Corporate Governance Unit and experienced officials with expertise in economic advice and development. Special Advisers also formed part of this wider team, along with communications and engagement specialists.

36. The team were tasked with devising a bespoke support mechanism that could be used to support businesses and organisations as they went into what the Economy Minister termed "hibernation". By modelling typical business costs for businesses of different sizes alongside the varied impact of policy positions, Cabinet paper entitled '*Urgent Financial Support to Business: Covid-19 Business Resilience Fund*', was produced at pace. This described the unprecedented challenges facing businesses and sought agreement to several proposals, including the creation of a Covid-19 Economic Resilience Fund (the title evolved, initially from a Crisis Fund to a Resilience Fund, at the request of the Economy Minister). The paper, which I exhibit at **ASBRD/04-INQ000048815** also set out a series of criteria for the provision of support, emphasising that given scale of the macroeconomic shock, interventions built around the reserved matters of tax, welfare and monetary policy needed to comprise most of the response (and operate at UK level). It also set out that the Welsh Government should focus support on individuals and businesses that might fall through the gaps of other interventions, taking into account the CJRS. This paper was one of a number prepared by officials across the Welsh Government describing the likely budget impacts of the emerging pandemic across a range of policy areas, which were tabled for discussion at Cabinet on 23 March 2020.
37. At Cabinet on 23 March, the First Minister informed colleagues that given the size and complexity of the set of papers before it, a small group would be established to consider each paper, to maximise the available resources within each department so that funding could be redirected to support the public services, to provide challenge and respond to the needs of the economy. The group would become the Star Chamber, which I understand is described in detail in Andrew Goodall's statement in response to M2B-WT-01, relating to finance and the Welsh Treasury. I exhibit the minutes of the 23 March Cabinet meeting at **ASBRD/05-INQ000048923**.

38. On 24 March, Sioned Evans, Director Business and Regions, circulated for discussion the first draft overview for the creation of a fund to provide financial support to business; a proposal for the operation of the fund needed to be provided to Ministers on 27 March. The circulation group on this email was to become the ERF Oversight team in due course and provided a cross Government approach able to operate at speed. I exhibit the paper at **ASBRD/06-INQ000350590**, and Sioned Evans's covering email at **ASBRD/07-INQ000320767**.
39. The proposal was discussed at a meeting on 25 March, following which a detailed policy proposal for the Fund was developed and circulated to the Minister for Economy, Transport and North Wales and to Gareth Williams and Andrew Johnson, who were Welsh Government Special Advisers. I exhibit the papers and the covering email at **ASBRD/08-INQ000000000**, **ASBRD/08a-INQ000320770** and **ASBRD/09-INQ000320769**. In addition, I established a shadow "red team" to review the policy and delivery proposals and test the rationale and approach in real time, to ensure rigour.
40. Some further amendments were made to the papers, which I exhibit at **ASBRD/10-NQ000320771** and that were used to form the final submission to the Star Chamber on the 27 March 2020.
41. At its meeting on 27 March, the Star Chamber approved the proposal for an Economic Crisis Fund (later known as the Economic Resilience Fund) and agreed in principle that £200 million central revenue funding could be made available initially, with potential to increase by a further £200 million, augmented by a £100 million capital loan fund to be administered by the Development Bank of Wales I exhibit a note of the meeting at **ASBRD/11-INQ000320772**. The Star Chamber noted that the decision would need to be made formally via a Ministerial Advice document, to which I refer below at paragraph 48.
42. As part of the ERF, in response to business demand for support in the early days and weeks of the pandemic, at a time when providers of the Coronavirus Business Interruptions Loans (CBILS) were preparing rollout of that facility, the Covid-19 Wales Business Loan Scheme (CWBLs) was introduced. Officials were concerned at the time it would take for the CBILS offer to gain real traction. The concern was that many businesses could be lost. Moreover, where businesses did not have established relationships with those lenders administering the CBILS, there was genuine concern these businesses would fail to be prioritised – again risking further business losses.

43. On 31 March 2020, the First Minister announced the £100m CWBLS as a rapid response during the early days of the pandemic, to support existing businesses affected during the first lockdown. I exhibit the announcement at **ASBRD/12-INQ000321159** The Scheme was specifically targeted at Small and Medium size enterprises and was available for a limited period (closing at the end of July 2020). It was intended to provide support to businesses experiencing cash flow difficulties because of the pandemic and to work alongside the UK wide CBILS Coronavirus Business Interruption Loan Scheme, and other Welsh Government and UK Government support offers. Loan terms were for six years with an interest and capital repayment holiday for the first 12 months. State Aid cover under the Temporary Framework allowed for discounted interest rates to apply. The CWBLS offer maintained unique-to-Wales eligibility, for example a requirement to provide personal guarantees. This requirement deterred fraudulent applications. The CWBLS offer was not designed to compete with or replace the need for the UK Government's CBILS or BBLs products which provided over £2.3bn of finance to businesses in Wales. CWBLS was ceased with the launch of Bounce Back Loans in April as the new fund filled the eligibility gap in CBILS in the earlier weeks of the pandemic.
44. The Development Bank for Wales received their first application within the hour, and the first funds were sent four days later. Under unprecedented demand, CWBLS closed to applications in less than a week. Ultimately, over 1,300 businesses benefitted from over £92m of funding safeguarding over 16,000 jobs., providing more vital options for Welsh businesses.
45. Feedback received from banks and businesses was that the CWBLS scheme in Wales played an important role in the early weeks of the crisis, providing finance solutions to businesses ahead of the UK Government backed Coronavirus Business Interruption Loan Scheme (CBILS) gaining traction and launch of the Bounce Back Loan Scheme.
46. For example, Economic Intelligence Wales (a unique research collaboration between the Development Bank, Cardiff Business School, Bangor Business School, the Enterprise Research Centre and the Office for National Statistics, produced a report in December 2020 titled "Covid-19 Welsh Government financial interventions: An analysis of Welsh beneficiaries". The EIW report (December 2020), which I exhibit at **ASBRD/13-INQ000321158** reported that:

- CWBLS helped to safeguard around 2.5% of SME manufacturing jobs in Wales and assisted between 0.5% and 1.0% of Welsh SMEs in manufacturing. Similarly in construction, and in the wholesale etc. sectors, close to 2.5% of SME employment was safeguarded.
- The industry distribution of the CWBLS funding was markedly different from other ERF interventions.
- The average size of firm benefitting from CWBLS was different from other ERF interventions. This is most noticeably evidenced in the average size of loans, compared to the average size of grant offered during the Phase 1 and Phase 2 Covid-19 ERF interventions. For example, the average size of loan was typically more than four times greater than the grant assistance offered per SME firm, with this reflecting the very different purposes underlying the loan finance.
- Around 11% of firms supported were in manufacturing, and with construction, wholesale and retail, professional services and accommodation and food services together making up over 60% of the number of firms supported under CWBLS.
- The report provided detailed information on the distribution of loans by Local Authority area, on sector or industry as well demographic information.

47. Following the Star Chamber's agreement in principle on 27 March (as noted at paragraph 37 above), the launch of the £500 million Economic Resilience Fund (ERF) was announced on 30 March 2020. I exhibit the announcement at **ASBRD/14-INQ000321159**.
48. The ERF was discussed again at the Star Chamber meetings on 31 March, and on 2 April, when it was asked to consider a document which described the core question set and design requirement for the front-end digital eligibility check systems which would be needed for applications to the new fund.
49. I exhibit the note of the meetings at **ASBRD/15-INQ000320779** and **ASBRD/16-INQ000320780**.
50. On 3 April, Ministerial Advice MA/KS/1150/20 was submitted to the Minister for Economy, Transport and North Wales and the Deputy Minister for Economy and Transport for policy approval; and to the Minister for Finance and the Counsel General

and Minister for European Transition in advance of formal consideration at the Star Chamber on 6 April. I exhibit the 'pre-Star Chamber' MA at **ASBRD/17-INQ000321124**.

51. The Minister for Economy, Transport and North Wales gave policy approval on 6 April, exhibited at **ASBRD/18-INQ000320783**. Following consideration of the proposal, the Star Chamber requested amendments to the MA, and a revised Ministerial Advice was submitted to the Minister for Economy, Transport and North Wales.
52. I exhibit the revised MA/KS/1150/20 at **ASBRD/19-INQ000145366**. The MA also described the complimentary support being provided for businesses in Wales, which included:
- UK Government scheme: the Coronavirus Job Retention Scheme (CJRS),
 - Development Bank of Wales: the Coronavirus Business Interruption Loan Scheme
 - Local authority and Welsh Government- delivered grants to self-employed individuals or partnerships.
53. The MA set out the key aim for what was termed the 'Covid-19 Economic Resilience Fund': to offer direct funding support to businesses, as the best and most cost-effective way of maintaining employment levels and adding to efforts to stabilise the economy. It was intended that the fund should be flexible, providing cross-sector support, including to social enterprises and charities. It was also designed to fit with wider Welsh Government policy ambitions, including those set out in the Economic Action Plan. The principle of inclusive growth, enshrined within the Economic Contract was a key underpinning for the ERF ensuring that despite the unfolding crisis, interventions remained rooted in the values of Welsh Ministers.
54. The MA proposed to make available £100m of Financial Transaction loan¹ finance through the Development Bank of Wales (DBW), and an initial allocation of £200 million non-repayable revenue support. Based on the business demography data and an estimation of likely applicant and eligibility, the non-repayable revenue support would

¹ [***Financial Transactions Capital** (FTC) is funding allocated to the Executive by the United Kingdom (UK) Government. The Executive has discretion over FTC allocation to projects. However, FTC can be deployed only as a loan to or equity investment in a capital project delivered by a private sector entity ('private sector' is defined here using the Office of National Statistics classification and includes charities and universities).]

initially be divided as follows, with the ability to switch if required and the modelling needed amendment:

- £80 million for micro businesses employing between one and nine people;
- £80 million for Small and Medium Enterprises (SMEs) employing between 10 and 249 people;
- £40 million for large businesses employing 250 people or more.

55. Recognising this was an unprecedented response and situation, the MA also acknowledged the high risk of the demand for funding outstripping the supply as well as the risks of fraud and ineligible applications and the need to continuously improve and review the approach. It recommended that reviews would be undertaken after one week and one month using a hot and cold review process. (I exhibit a summary of the review outcomes at **ASBRD/20-INQ000321154**. This meant that sample checks were done at the point of approval (hot review) and also a week after approval (cold review) to check for any unplanned issues or improvements that could be made and also to ensure that assessment across the team were being conducted consistently. This was particularly important as the ERF team would be operating remotely. Using this evidence and based on demand, an additional £200 million revenue funding support would be made available in due course, pending further development of UK-level packages to support businesses.
56. The MA set out the due diligence which would be undertaken and highlighted the increased risk of error and/or fraud, as well as the likelihood that some businesses who receive support would nonetheless fail.
57. The Minister approved the revised MA on 7 April 2020. The Star Chamber made further comments and requests for information about the Fund, but the Minister for Finance confirmed that she was content to approve the MA at that point, subject to an assurance that officials would reflect upon the additional points raised as the fund was operationalised, I exhibit at **ASBRD/21-INQ000320782** a set of email exchanges relating to the information set out above.
58. Complementing the ERF grant based support, and as a first step quickly deployed, the Development Bank of Wales loan scheme was launched by the First Minister on 30 March 2020 as part of the £500 million package of support, as noted above in paragraph 47. On 8 April 2020, the Welsh Government confirmed that the scheme was fully subscribed, having received over 1,500 applications. I exhibit this announcement at

ASBRD/23-INQ000321166. The UK Government followed this scheme with the Coronavirus loans scheme and bounce back loans scheme meaning that the CWBLS (Coronavirus Wales Business Loan Scheme) had met its objective and could cease.

59. On 9 April, officials hosted a virtual stakeholder engagement session with businesses, to provide more information about the ERF and in particular the eligibility criteria. I exhibit the invitation at **ASBRD/24- INQ000321167**, and I exhibit at **ASBRD/25- INQ000321192** a document which lists the attendees and includes a transcript of the questions asked via Skype messaging.
60. On 10 April 2020, the METNW announced further information about the eligibility criteria for the ERF and confirmed that the application process would open on 17 April 2020, via the Business Wales website with the pre-eligibility checker live in advance from the 10 April. I exhibit the Minister's announcement here **ASBRD/26-INQ000321161**. On 17 April 2020, a further announcement confirmed that the applications process had opened; I exhibit the announcement here **ASBRD/27-INQ000320799**.
61. The application window opened at 19.00 on 16 April; by 23.00 applications totalling £14.9 million had already been submitted. I exhibit the summary at **ASBRD/28-INQ000320802**.
62. The volume of applications being made to the ERF was monitored and reported upon on an hourly basis the following day (17 April 2020), and by 16.00 applications totalling £124 million of the £160 million allocated for micro businesses and SMEs had already been submitted. I exhibit the summary at **ASBRD/29-INQ000320804**.
63. In response to the demand for support, on 17 April 2020 officials sought agreement from the METNW and the Minister for Finance via MA/KS/1337/20 to the release of a further £100 million within the already approved £400 million non-repayable grant money for the ERF. The MA noted that as of 18.00 that day, 4,161 micro businesses had applied for £40.5m and 1,644 SMEs had applied for £94.5m. Applications were well distributed across sectors, with a particularly strong response from construction, whilst lower levels of average funding requests (an average application of £58,000 rather than anticipated £80,000) from SMEs than anticipated had enabled the support of a greater number of SMEs. I exhibit the MA at **ASBRD/30-INQ000145346**. Ministers agreed to the proposal set out in the MA on 8 April 2020. Enquiries and application began to slow from mid-April and using the expected business demographic as a guide, it was estimated that the

eligible business segments had had sufficient time to apply under ERF1 and receive support for this phase covering to the end of April. ERF 1 was therefore paused for applications on 27 April to allow time to evaluate and plan for next rounds.

64. Following the pause of the ERF1, work commenced to consider options for the next phase: ERF 2. At a meeting of the Ministerial Advisory Board on 28 April 2020, a paper was tabled which described the existing support available from both the UK and the Welsh Governments, and the gaps in provision, and sought views from Board members about the future focus of the ERF. I exhibit the paper at **ASBRD/31-INQ000321193**.
65. B&R Directorate officials also consulted internally, seeking comments on 5 May 2020 on a paper entitled 'Covid-19 Economic Resilience Fund – Next Steps (May 2020)', which I exhibit at **ASBRD/32-INQ000321194**, **ASBRD/33-INQ000321121** and **ASBRD/34-INQ000321143**. Updated versions of the papers were then discussed with Special Advisers and were subsequently discussed with METNW and DMET at a meeting on 18 May. I exhibit at **ASBRD/35-INQ000320858** an email and papers sent to Ministers following that meeting, which summarised the agreed approach to the next phase of ERF (2), which would be open to micro, SMEs and large businesses on primarily the same criteria as phase 1, **but only to new applicants**. Other technical changes were also agreed, which are set out in the exhibited papers.
66. The METNW made several comments in response to the paper; I exhibit these, and the responses from officials, at **ASBRD/36-INQ000320861**.
67. On 3 June, a Ministerial Advice document (MA/KS/1666/20) was submitted to the METNW to seek his formal agreement to phase 2 of the ERF. I exhibit the MA at **ASBRD/37- INQ000349522**. The MA described the outcomes of phase 1 of the ERF and the economic context and set out in detail the proposals for phase 2. The key messages included the strong case for operating the second phase in broadly the same format as the first phase, with the aim of protecting the employees of as many viable businesses, social enterprises, and charities as possible to support eventual restart and recovery phases; and that the underlying objective for the ERF remained – that “a good business in 2019 will be a good business in 2021”. METNW agreed the proposal on 3 June; I exhibit his response at **ASBRD/38-INQ000320884**.
68. Phase 2 of the ERF was announced by the METNW (exhibit **ASBRD/38a-INQ0000000**) and was opened for applications on 29 June 2020. By 16.00 on 2 July 2020, more than

5,000 applications had been received; I exhibit the summary at **ASBRD/39- INQ000320897**.

69. Phase 2 closed to new applications on 13 July 2020 to align with a reopening of sectors including hospitality and non-essential retail. This enabled businesses to trade normally, removing the need for pan-Wales support such as ERF during this phase. At this stage, further planning and policy work was undertaken to explore the economic position as well as scheme design and the hot and cold review processes (para 39 refers) An evaluation of phases 1 and 2 is exhibited at **ASBRD/40-INQ000321158**.
70. With the anticipation of the economy emerging from restrictions, on 30 July 2020, a draft paper was produced by the ERF team setting out options for phase 3 of the ERF. The stated aim was to provide Ministers, a paper setting out options and priorities by 7 September. The paper noted that at that stage the anticipated total spend on the first two phases of NDR, ERF and the DBW loan scheme was £1,126bn made up with ERF of £320m supplemented with NDR grants of £806.1m. It also noted that a £40m skills package had been agreed for delivery from the ERF budget. This left an anticipated £140m for future phases, and the paper set out possible options, along with an agreed action to undertake a gap and economic analysis to support the options appraisal before options were selected. I exhibit the draft paper at **ASBRD/41- INQ000350607**.
71. This was developed into a final paper and a slide pack which were discussed by ESNR Directors on 10 September and presented to the METNW on 14 September. I exhibit the documents at **ASBRD/42-INQ000321128** and **ASBRD/43- INQ000321116**.
72. Ministerial Advice document MA/KS/3126/20 dated 25 September 2020, was submitted to METNW that day, seeking his agreement to the detailed implementation arrangements for phase 3 of the ERF. The MA sought agreement for £140m to be allocated in support of business development and recovery and to help businesses subject to local lockdown restrictions. Notional allocations for ongoing review were set as follows:
- Up to £80m for Business Development Grants, including a grant premium for businesses creating jobs for people under-25 and an indicative allocation of £20m for tourism and hospitality businesses;
 - Up to £60m for a Rapid Reaction (Local Lockdown) Fund

73. I exhibit the MA at **ASBRD/44-INQ000145349**, which also reflected feedback from the Star Chamber meeting on 27 September, and which the Minister agreed on 28 September and announced that day. I exhibit his announcement at **ASBRD/45-INQ000321142**.
74. However, the situation rapidly evolved from September into October 2020; local restrictions began to be introduced across several local authority areas, through the establishment by regulations of Local Health Protection Areas. From October discussions were taking place about whether some form of circuit breaker (fire break) would be needed. The Economic Policy team undertook a range of economic analysis and modelling in preparation for this possibility. The October analysis also considered expanded deployment of ERF 3, with a response to local restrictions and their impacts on the Welsh economy. The ERF team also explored creating a fund to support business development in the post pandemic phase. This required detailed design with social partners (CBI, FSB, Chambers Wales, and TUC Wales) and resulted in the deployment of two new funds. This took place alongside engagement and partnership working with stakeholders including such as local authorities regarding the potential of the circuit breaker with the purpose of ascertaining views and gathering intelligence in order to advise Ministers. This information was provided to the Covid coordination team and influenced the wider Cabinet paper presented on wider implications. I exhibit at **ASBRD/46-INQ000321165** a document produced by Emma Watkins on 12 October.
75. Planning and deployment of ERF 3 was impacted by the Cabinet meeting on 15 October; based on evidence presented, Cabinet agreed in principle to the introduction of a circuit breaker (more commonly known and referred to subsequently as a firebreak). I exhibit the minutes at **ASBRD/47-INQ000048796**.
76. In anticipation of this decision, officials had developed a proposal for an ERF firebreak response, which was then presented to the Star Chamber on 16 October. I exhibit the presentation at **ASBRD/48-INQ000320991**.
77. I exhibit the notes of the Star Chamber discussion at **ASBRD/49-INQ000321155**.
78. The METNW, Deputy Minister for Economy and Transport, and Minister for Finance and Trefnydd were asked to approve the finalised proposals via Ministerial Advice MA/KS/3420/20 dated 17 October 2020, which I exhibit at **ASBRD/50-INQ000145350**. Both the Economy Ministers were asked to approve the economic case and delivery

approach, with the Finance Minister asked to release funding from the Covid-19 reserve. The METNW and Deputy Minister for Economy and Transport approved the proposals for the operation of the fund on 18 October. On 19 October the Minister for Finance and Trefnydd agreed to create the financial package of support, through the allocation of the additional £134.5m from the centrally held Covid-19 revenue response reserve to the Economy and Transport MEG, the deployment of the balance of £20m from the original £500m ERF package, and the re-purposing of the £160m ERF phase 3 as set out in the MA.

79. As mentioned in paragraph 64, following the Cabinet decision which confirmed the introduction of the firebreak a number of engagement sessions and virtual meetings were undertaken via teams with the Tourism Sector Forum, the retail sector, the Social Partnership Council including trade union side, local authority leaders and senior officers, the Institute of Directors, the FSB, the Chambers of Commerce, and the CBI to confirm the financial response to the Circuit breaker (Firebreak). As engagements were a blend of formal, one to one and informal sessions, representing the fluidity of the situation I understand that we do not have the detailed dates when each of those engagement events took place. However, I exhibit at **ASBRD/51-INQ000321253** the presentation used at these events.
80. The firebreak phase of the ERF opened for applications on 28 October 2020. I exhibit the announcement at **ASBRD/52-INQ000321195**.
81. The announcement set out the details of the latest phase of the ERF. The first part was a £100 million Business Development Grant fund: micro businesses, SMEs and larger firms were able to apply for funding from this £100 million to provide their business with post -pandemic resilience. £20 million of this was ring-fenced for tourism and hospitality businesses.
82. The second part was a Lockdown Business Fund, which was administered by local authorities, and comprising three elements:
 - a) Payments of up to £5,000 for retail, hospitality and leisure businesses that were required to close, and which occupied a property with a rateable value of between £12,001 and £51,000. Businesses were automatically eligible for this funding but needed to register and update their details via Business Wales or their local authority to receive it.

- b) Payments of £1,000 for businesses that were eligible for Small Business Rates Relief (SBRR) and occupied a property with a rateable value of £12,000 or less. Businesses needed to register and update their information and bank details via Business Wales or their local authority to access funding.
- c) Eligible businesses that did not qualify for business rates linked grants were able to apply for awards of up to £2,000 from a £25 million discretionary fund via their local authority.

83. On 29 October 2020, the METNW received advice from officials recommending that, based upon the number and analysis of bids for Business Development Grants received, the assessment of risk based on the current applications should be updated; and the value of applications accepted should be increased from the £120 million initially planned to £135-£138 million, and/or close at 1500 hours the following day, thus giving two full days open for applications (whichever ceiling was met first). The Minister agreed this recommendation and wrote to Members of the Senedd on 29 October to advise that the Business Development Grant element of the ERF, aligned to the worsening situation with the pandemic, would be paused from 1800 hours that day. I exhibit the letter at **ASBRD/53-INQ000321153**, and the advice from officials at **ASBRD/54-INQ000320992**.

84. With the pause of the Business Development grants to focus on emergency support and in recognition of the expressed demand, on 2 November, an advice note was provided to METNW setting out three possible options for the next steps in relation to phase 3 of ERF, and recommending that options ii and iii were viable options:

- I. Immediately provide more budget to the ERF Business Development and re-open to meet any demand;
- II. Provide a route for business to register interest for a future round, which in turn would provide additional evidence and content to build a case for a fourth phase of ERF.
- III. Continue with firebreak support as currently covered under MA and develop evidence base as the process rolls out, with no further action at that point.

85. Work continued to develop options, and a suite of papers were submitted to METNW on 12 November, consisting of: a paper updating on phase 3 and setting out the policy context for phase 4; an economic analysis; and a slide presentation with support options and scenario analysis. I exhibit the papers at **ASBRD/55-INQ000320993**.

86. These papers were discussed at a meeting of Ministers and officials on 16 November. I exhibit at **ASBRD/56INQ000320997** an email summarising attendance and the agreed actions.
87. On 19 November, the METNW received an update on the ERF Lockdown Business Fund, and was asked to agree that, given the progress being made in delivering the Fund, as well as the high demand for ERF Business Development Grants, the closure of the Lockdown Business Fund should be postponed from 15.00 hours on 20 November, until 11.00 hours on 30 November. The Minister agreed this recommendation; I exhibit the email exchange at **ASBRD/57-INQ000321002**.
88. On 29 November, a further Christmas period and New Year paper (ERF4) was presented to the First Minister for clearance, and the final version of a business support package was set out in a paper for Cabinet discussion that afternoon. The proposed package was aimed primarily at the hospitality, tourism and related supply chain sectors - those hardest hit by business to consumer restrictions - and followed similar principles in development, design and delivery to previous ERF phases. This built on best practice, with delivery by local authorities and by the Welsh Government. I exhibit the paper at **ASBRD/58-SCAR-000843249**. The proposal was approved by Cabinet that day and announced by the First Minister on 30 November. I exhibit the Cabinet minutes at **ASBRD/59-INQ000048930**, and the First Minister's announcement at **ASBRD/60-INQ000350590**.
89. The package announced included a £160 million NDR Restrictions Business Fund. The fund provided grants for non-essential retail, hospitality, leisure and tourism (NERHLT) businesses affected by national restrictions, as follows:
- a. Businesses in receipt of Small Business Rate Relief (SBRR) and with a rateable value of £12,000 or less were eligible for £6,000. Supply chain businesses qualifying for SBRR were also eligible if they had greater than 40% reduction in turnover during the restriction period;
 - b. Businesses with a rateable value of between £12,001 and £51,000 were eligible for £10,000 if impacted by the restrictions, along with supply chain businesses who met the 40% reduction in turnover threshold;
 - c. Businesses with a rateable value of between £51,001 and £500,000 were eligible for £5,000 if impacted by the restrictions, along with supply chain businesses who met the 40% reduction in turnover threshold;

- d. To support businesses who were not registered on the NDR register and with a turnover below £50k, grants of £2,000 grants were made available through a further phase of the Local Discretionary Fund of £30 million.
90. The package announced on 30 November also included a £180m ERF Sector Specific Fund (SSF1/ ERF4) not in receipt of the Cultural Recovery Fund (CRF*). This was targeted at hospitality, tourism and leisure businesses or supply chain companies who were materially impacted, with a greater than 60% impact of turnover because of the restrictions. For eligible businesses the package of support provided the following grant awards:
- a. For a single employee business, a minimum grant of £2,500 was made available;
 - b. SMEs (up to 249 employees) were able to apply for £1,500 per employee up to a maximum of 10 employees, representing £15,000 or for those employing more than 10, £1,500 per employee or self-declared operating costs for the restricted period (whichever was the lower amount);
 - c. Large businesses (250+ employees) were able to claim £500 per employee for Welsh headquartered large business applicants to a maximum of £150,000.
91. In parallel, a bespoke Cultural Recovery Fund was delivered by the Culture, Sport and Tourism Directorate. This was based on the same modelling and using the same CRM system; a company with mixed sector or overlap was eligible only for one of the schemes. I describe this fund in my statement in response to M2B-CSTD-01.
92. On 4 December 2020, the METNW, the Minister for Finance and Trefnydd and the Minister for Housing and Local Government (covering in order Economy, Finance and Local Government considerations) were asked (via MA/KS/4122/20) to approve the detailed implementation arrangements for the package agreed by Cabinet on 29 November. The MA also sought Ministers' agreement to finalise detailed planning measures to support the economy beyond the restrictions in place at that point, noting that approval of these would require the submission of further MAs. As with previous MAs regarding business support, the MA also set out detailed information in relation to due diligence measures. I exhibit the MA at **ASBRD/61-INQ000145352**. The eligibility checker for the funds went live on the Business Wales website on 11 December 2020.
93. On 17 December, further advice was submitted to the METNW, the Minister for Finance and Trefnydd and the Minister for Housing and Local Government (via MA/KS/4297/20), seeking agreement that the Restrictions Business Fund previously agreed at Cabinet on

29 November (and set out in MA/KS/4122/20) would be extended to provide support to non-essential retail businesses who would be required to close under the Alert Level 4 restrictions which would take effect immediately after the festive period and would require the closure of non-retail businesses. The proposal was for an additional £110 million to be added to (ERF5) the £160 million previously allocated for the Restrictions Business Fund. The MA noted that the Sector Specific Fund would not be extended, on the basis that the newly affected businesses would not meet the reduced turnover eligibility requirement. I exhibit the MA at **ASBRD/62-INQ000145367**.

94. The ERF Sector Specific Support package opened for applications on 13 January 2021. I exhibit the announcement at **ASBRD/63-INQ000321168**.
95. A second phase of the ERF Sector Specific Fund (SSF 2 / ERF5) provided an additional £30m support to SME and large businesses to cover the period from 25 January 2021 to 31 March 2021.
96. On 22 January 2021, the METNW, the Minister for Finance and Trefnydd and the Minister for Housing and Local Government were asked (via MA/KS/0133/21) to enhance ERF 5 with the non-domestic rates-based Restrictions Business Grant for non-essential retail, hospitality, leisure, and tourism sectors, to provide a single top-up payment between 25 January (when the previously agreed support package ended) and 31 March 2021. Ministers were also asked to agree an additional £20 million to the Local Discretionary Fund for grants of £2,000 to 10-15,000 businesses who do not pay non-domestic rates.
97. Ministers were invited to consider two possible options for the Restrictions Business Grant: option one would provide support just below estimated costs for a typical business and would require an additional £100 million plus £42 million from previous ERF underspends; option two would provide support just above estimated costs, at around £160 million plus £42 million from previous ERF underspends. I exhibit the MA at **ASBRD/64-INQ000145369**. In response, Ministers agreed option two; I exhibit the email confirmation at **ASBRD/65-INQ000321045** Further details of this additional £200 million support were announced on 29 January, exhibited at **ASBRD/66-INQ000350726**.
98. A written statement was issued on 29 January 2021 announcing the extension of the Restrictions Business Fund non-domestic rates (NDR) linked grants and discretionary based grants for NERHLT sectors to provide payments to businesses affected by national restrictions if they were extended following the 21-day review on 12 March

2021. As with the original scheme, grants were available to businesses impacted by restrictions, based upon their rateable value, with supply chain businesses also eligible if they met the 40% turnover reduction threshold. The Discretionary Fund (for businesses with a turnover below £50,000 and who did not pay business rates) remained open until 30 March 2021.

99. On 1 March 2021, the Minister for Finance and Trefnydd and the Minister for Economy, Transport and North Wales received advice for ERF 5 (MA/KS/0591/21) recommending that, in the scenario of Alert Level 3 or 4 restrictions being extended beyond the end of March, there should be a further extension to the business support package originally agreed in December 2020 and subsequently extended as set out above. Triggered by the 11 March Covid regulations and 21-day restrictions review checkpoint, the MA sought approval to an extension and enhancement of the NDR-linked grants to provide operating support to businesses, covering costs of closure falling to the end of March 2021. Four options were set out in the MA:
- a. option one was a 'like for like' re-run of the existing offer;
 - b. option two would increase the grant amount for the smallest cohort of businesses with rateable values of less than £12,000 per annum, from £3,000 to £3,500;
 - c. option three would increase the grant amount for the smallest cohort from £3,000 to £4,000;
 - d. option four would increase the grant amount for the smallest cohort from £3,000 to £4,000 but would also increase to £7,000 the grant for business properties with rateable values between £50,000 and £500,000.
100. I exhibit the MA at **ASBRD/67-INQ000145374**. In response, the Minister for Economy agreed to the further extension of the business support package, and indicated his preference for the third option which would increase the grant amount for the smallest businesses from £3,000 to £4,000. This was also agreed by the Minister for Finance and Trefnydd. I exhibit the emailed confirmation at **ASBRD/68-INQ000321052**.
101. On 11 May 2021, the First Minister and the Ministers for Finance and Trefnydd, Economy, Transport & North Wales, and Housing & Local Government were asked to agree (via MA/FM/1647/21) recommendations for the deployment of up to a further £196m in financial support proposals for ERF 6. The key element of the recommended package was an emergency business support grant, consisting of a £40m ERF fund and a £20-£25 million local discretionary fund. The MA document also recommended that further policy development work be undertaken, to develop a package of business

development support for potential launch in July or August 2021 (ERF 7). I exhibit the MA at **ASBRD/69-INQ000116692**.

102. Ministers agreed the proposal subject to some changes to the fixed grant awards amount (set out in paragraph 53 of the MA). I exhibit at **ASBRD/70-INQ000321055** an email confirming approval and the revised amounts.
103. Phase 6 of the ERF was announced on 11 May 2021, and applications opened on 24 May. The Welsh Government delivered the scheme for businesses with an annual turnover above £85,000, for which applications closed on 16 June 2021. Local authorities delivered the scheme to businesses with an annual turnover below £85,000, and this element of the scheme closed on 30 June 2020.
104. On 11 June 2021, the Minister for Economy was asked (via MA/VG/1973/21) to agree a £2.5 million top-up to phase 6, to support businesses affected by the pause in the planned transition to Alert Level 1 restrictions agreed by Cabinet on 7 June in response to the impact of the Delta variant on transmission rates (minutes exhibited at **ASBRD/71- INQ000129952**.) I exhibit the MA at **ASBRD/72-INQ000145411**. The Minister announced the top up on 14 June; I exhibit the announcement at **ASBRD/73-INQ000321145**.
105. On 15 June, Duncan Hamer circulated a slide pack (ERF7) to colleagues exploring the case for a further package of support. I exhibit the slides at **ASBRD/74-INQ000321230**.
106. Following this initial assessment, further engagement with stakeholders, policy colleagues and economists was undertaken to finesse options for the now more focused restrictions that existed.
107. On 25 June, following policy development building on the 15 June slide deck, the Minister for Economy agreed (via MA/VG/2024/21) to continue emergency support until 31 August 2021(ERF7) for businesses that remain closed or severely impacted by restrictions. This was in response to the emergence of the Covid-19 Delta variant and the Welsh Government's decision to pause the full move to Alert Level 1. The MA set out clear advice asking that the Minister agree a recommendation to give a clear signal that this would be the final package of emergency support for those that were able to trade, unless Wales re-introduced closures or further very significant trading restrictions. I exhibit the MA at **ASBRD/75-INQ000145412** with further messaging carried across the

covid pages of business.wales and advisory services both within the Welsh Government and local authorities.

108. On 16 July 2021 a draft MA document was submitted to the Minister for Economy (MA/VG/2489/21), setting out proposals for a £80m Business Development and Recovery Fund to utilize the balance of ERF 7. The fund would aim to provide targeted investment directly aligned to the priorities in the Welsh Government's Programme for Government to support a greener, fairer and sustainable economy, focused on place, skills and the citizen. I exhibit the MA at **ASBRD/76-INQ000321146**.
109. Following the deployment of the Business Development work with Local Authorities in the summer of 2021 no further phases were deployed until the emergence of the Omicron variant later in 2021. In response to Omicron, on 16 December 2021, the Welsh Government indicated that £60 million would be available to support businesses affected by the new restrictions and that it was keeping further restrictions under review, given the rapid spread of the Covid-19 Omicron variant (Phase 8).
110. On 22 December 2021, advice was submitted to the Minister for Economy and the Minister for Finance and Local Government (via MA/VG/4479/21 – ERF8, exhibited at **ASBRD/77- INQ000145566**) seeking approval for an emergency support package of £133 million in NDR-linked grants of £2,000-£6,000 for retail, hospitality leisure and tourism businesses; alongside a bespoke £25m Economic Resilience Fund (ERF) package for hospitality and leisure businesses and their supply chains, providing grants of between £2,500 and £25,000.
111. The First Minister confirmed in a statement to the Senedd on 22 December 2021 that the £60 million fund announced the previous week had been doubled to £120 million in response to the broadened restrictions and emerging sectoral intelligence on impact of those restrictions and thus the likely level of applications. In a Written Statement issued on 23 December the Minister for Economy set out details of the support package, which would consist of:
 - a. Non-Domestic Rates (NDR) linked grants of up to £6,000, for which eligible businesses could register via local authority websites from 10 January 2022.
 - b. A discretionary fund delivered by local authorities to support sole traders, freelancers and businesses who did not pay business rates, with grants of £500 - £2000.

- c. A reopening of the Welsh Government's Economic Resilience Fund (ERF), providing grants of up to £25,000 for severely impacted hospitality and leisure businesses and their supply chains. Applications would open in week commencing 17 January 2022.

112. I exhibit the written statement at **ASBRD/78-INQ000321196**.

113. On 6 January 2022, the Minister for Economy and the Deputy Minister for Arts and Sport met with officials to discuss the business support package and requested further advice on options. This advice was provided on 7 January, and in response the Minister for Economy indicated a preference for the turnover eligibility threshold to be reduced from 60% to 50%. I exhibit at **ASBRD/79-INQ000321103** an email exchange setting out the options and the Minister's decision.

114. On 13 January 2022, in response to further advice, the Minister for Economy confirmed the final position in relation to turnover threshold and agreed that the sole trader grant could be increased to £1,000 increasing from the original level of £500. I exhibit the email containing the advice and the Minister's response at **ASBRD/80-INQ000321106**.

115. On 7 February 2022, Duncan Hamer provided an update to the First Minister on progress against the emergency funding package, which I exhibit at **ASBRD/81-INQ000321107**. The update noted that based upon the level of expenditure at that time (which was below forecasts), it was not expected that the offer would be taken up by all eligible businesses.

116. On 10 February 2022, Duncan Hamer provided advice to the Minister for Economy. The advice noted that officials had met with the Welsh Local Government Association (WLGA) and local authority representatives that day to discuss delivery of the NDR scheme and the Emergency Business Fund and had considered options and scenarios for its closure. The recommendation was that based upon the number of applications received, there was no case to extend the scheme and it was recommended the scheme should close on 14 February. The Minister for Economy noted this recommendation on 14 February; I exhibit the email exchange containing the advice and the Minister's response at **ASBRD/82- INQ000321108**.

Economic Analysis and Policy

117. The Economic Action Plan was the guiding economic strategy from December 2017, which sought to deal with the challenges and opportunities facing the Welsh economy, particularly (but not exclusively) in relation to the UK's departure from the EU. This remained the guiding strategy during the Covid-19 pandemic and the Minister for the Economy, Transport and North Wales was resolute in the need to follow this strategy as closely as possible, in considering impacts or designing support for businesses. A cornerstone of the Economic Action Plan is the Economic Contract, which sets out a "something for something" approach to business support, whereby a business has to sign up to a number of core principles (e.g., fair work, decarbonisation) when seeking funding or other support from the Welsh Government. I provide more information about this below.
118. The Economic Policy Division comprising a small team of policy officials and economists led on a range of policy and economic analysis related to the Covid 19 pandemic and its impacts on the Welsh economy; and supported the development of the interventions to support businesses and employees at this time. I provide more details on these analyses below.
119. The Division was also responsible for the Minister for the Economy's Ministerial Advisory Board, which met regularly throughout the pandemic to provide valuable intelligence, evidence, challenge and support to the Minister in key economic areas. I exhibit the Terms of Reference for the board at **ASBRD/83- INQ000187567**. The MAB were updated where possible with the impacts of COVID and were key to the development of the Economic Mission – helping Ministers think ahead about a possible recovery and longer-term impact of the economic shock brought on by COVID. As an example, I exhibit at **ASBRD/84- INQ000321113** a note of the meeting which took place on 9 July 2020.
120. The policy team also led on legislative aspects impacting the economy such as Regulations to extend protection from forfeiture in relation to business tenancies. It fed advice into the 21-day review. As an example, I exhibit at **ASBRD/85- INQ000177110** the Ministerial Advice document MA/VG/2844/21 which sought the Minister for Economy's agreement to extend the period during which a right of re-entry or forfeiture, under a relevant business tenancy, for non-payment of rent could not be enforced.
121. In line responsibility terms, I had moved Economic Policy Division into the Business and Regions Directorate in the year prior to the pandemic, and I believe this alignment of

policy and delivery for the Welsh economy proved beneficial during the pandemic where there was a particular need for close and effective collaboration in the policy-to-delivery chain.

122. The Division was responsible for the design and implementation of the Economic Action Plan and the Economic Contract. The Economic Contract model of grant approach was utilised throughout ERF delivery: companies and organisations above 50 employees in receipt of ERF monies were required to sign up to the Contract; those with under 50 employees were encouraged to adopt the principles. We were regularly challenged by trade unions on the use and effectiveness of the Contract when providing business support. The regional economic development approach set out within the Economic Action Plan was also reflected in our approach to the pandemic, with B&R Chief Regional Officers and their teams playing a vital role in business engagement and intelligence; regional breakdowns of ERF were also captured.
123. In June 2020, in discussions with officials and with engagement of the MAB, it was agreed with the Minister for Economy, Transport and North Wales that many but not all of the challenges identified in the original Economic Action plan had either been addressed or progress towards doing so had been achieved. Covid-19 had deepened some existing challenges and had also brought some new economic issues. The Minister wanted a real focus on recovery and with social partners, business stakeholders and MAB, the move to develop the Economic Mission began.
124. From the outset the Minister was clear that he did not wish to replace the Economic Action Plan as such but rather to provide a sense of further direction alongside the plan - as a complementary focus aimed at helping the Welsh economy as it began to move out of the pandemic, and as a lens through which to consider emerging priorities. There was a focus on ensuring economic resilience but also reconstruction in those sectors and regions most impacted by Covid-19. looking ahead towards new ways of working. The 'Mission' was completed during a period of intense activity and its publication delayed due to further outbreaks and lockdowns. The Ministerial Advisory Board provided helpful advice and guidance, as well as businesses and social partners.
125. The Economic Mission began development in July 2020, with officials in Economic Policy Division working with others in the form of workshops and engaging across the Welsh Government and intense desk-based evidence collation and research. There was a need to provide businesses with a view of the Welsh Economy and its priorities post

pandemic - a sense of direction, being clear in our vision and confidence of a better Wales beyond this crisis. The Mission looked outward to other countries around the world and how they were facing challenges through Covid-19 and beyond. Economic Policy team also worked and engaged with other countries to look at best practice and used various expertise in the develop including a group called Ffenics which confirmed many of the beacons and emphasis of the mission. They produced two reports, which I exhibit at **ASBRD/86-INQ000320908** and **ASBRD/87- INQ000321114**. The Mission was considered by Cabinet in October 2020, and published in February 2021. I exhibit the Cabinet paper at **ASBRD/88-INQ000057748** and the published Mission at **ASBRD/89-INQ000321229**.

126. From early March 2020, economists within the team provided economic analysis on the Welsh Economy as a whole and those sectors within the economy that were particularly impacted such as tourism, non-essential retail and hospitality, supporting central Welsh Government civil contingencies work to model economic impacts of the pandemic. For example, in the early stages there were daily briefings supplied, an example of which I exhibit at **ASBRD/90-INQ000321135**. Later they provided, amongst many other briefings, an economic assessment regarding short-, medium- and long-term economic challenges of COVID with assisted the 21 day review, which I exhibit at **ASBRD/91-INQ000321197**, and an assessment of the economic impacts of Covid-19 and EU exit, which I exhibit at **ASBRD/92-INQ000321198**. This analysis was used by policy officials in the development of policy.
127. Economic advice is a key function of the Economic Policy Division, working with the Welsh Treasury and the Welsh Government's Chief Economist, Jonathan Price, and the team's Economic Advisers were familiar with providing data. However, this was the first time they had provided such advice about the impact of pandemic on business and the Welsh economy – and at rapid pace. This analysis and modelling continued throughout the pandemic, at pace, often at very short notice and often with a paucity of official data sources. Economists in the division worked with the Welsh Government's Chief Economist, Health economists as well as colleagues in Knowledge and Analytical Services, sharing analysis to help inform advice on the impacts of restrictions – either actual or under consideration - on sectors of the Welsh economy. This economic analysis was vital when developing the ERF, and managing the opening and closing of businesses, both at the outset and throughout the pandemic's various stages. The team pooled information quickly for analysts and others about the impact on business in a weekly format. It was informed by Chief Regional Officer teams and some sectoral led

teams across the Welsh Government and formed an update of Covid-19 impacts and experience at a national, regional and sectoral level. I exhibit an example at **ASBRD/93-INQ000321120**.

128. Other examples of the work undertaken by the economists included an assessment of numbers of businesses in the retail, hospitality and tourism sectors, with a breakdown by size, location and employment numbers as well as contribution to Welsh GDP. This analysis (which was repeated several times) was provided to Cabinet to inform decisions on the impact of restrictions, particularly during the first 10 months of the pandemic. It was also critical in shaping stages of the ERF and informing decisions on which level to pitch the ERF at – what sort of businesses would be most impacted by restrictions and therefore in most need of support. Similar exercises were undertaken for the retail sector plus a wider exercise was undertaken to ascertain the impact of wider economic shutdowns on the Welsh economy e.g., in the manufacturing sector. I exhibit at **ASBRD/94-INQ000321199** as an example a briefing note with economic data and analysis prepared in relation to the fire break, which I describe further below.
129. The Economic Policy Division (“EPD”) was responsible for providing economic analysis and policy advice to the Cabinet, particularly the Minister for Economy, Transport and North Wales, on the impacts of restrictions put in place in response to the Covid-19 pandemic, and on potential economic interventions. Prior to the March 2020 the EPD’s involvement in civil contingencies was limited save for participating in civil contingency exercises such as the Welsh Government-wide exercise for EU exit. In such instances the EPD were asked to provide economic perspectives and explore the flexibility of economic policies in the event of an emergency. In the weeks leading up to the first lockdown of March 2020 the EPD were actively involved in pandemic discussions and planning, as well as being part of the early Welsh Government-wide civil contingencies planning. I exhibit at **ASBRD/119-INQ000000000** an example of the economic analysis on emerging impacts as well as advice on potential impacts which was prepared by the EPD team for Reg Kilpatrick as the Welsh Government civil contingencies activity began to accelerate. From early March, the team participated in the Welsh Government wide Covid-19 Preparedness Group, along with ESNR Group-level co-ordination arrangements. From mid-March 2020, the team also produced daily economic briefings for the Minister for Economy. I exhibit an example of a daily briefing from March 2020 at **ASBRD/120-INQ000000000**. Further detail on engagement with UK and other devolved governments during this period can be found in paragraph 139 onwards.

130. Additionally, the EPD, working in conjunction with divisions across the Welsh Government, produced and contributed to Cabinet papers throughout the pandemic, whether leading on the production of Cabinet papers devising the ERF (as described above) or for example in providing economic impacts and analysis as part of Cabinet papers on the firebreak in Autumn 2020. I understand that all cabinet papers from the relevant period have been disclosed to the Inquiry. The EPD team also supported the Minister for the Economy and his Deputy Minister at Cabinet meetings throughout the pandemic. In addition, the EPD frequently supported the Ministers in the daily Cabinet Covid-19 calls during discussions around economic impacts or funding for businesses; and participated in daily calls with the Minister, his Deputy Minister and senior officials across the Division's portfolio (7 days a week) throughout the early months. Papers were not generally prepared in advance of those calls, principally they were used to share intelligence and to check-in.
131. As well as being led by economic evidence and analysis, the advice provided to Ministers in regard economic support through the pandemic was also informed through frequent (usually daily) engagement on the phone and via virtual meetings in both formal and informal settings with businesses, business organisations, local authorities and trade unions. This was critical to ensuring the economic consequences of the pandemic were being accurately captured and that Ministers were aware of the possible impacts of their decisions, particularly in relation to restrictions, where they deviated from those in England. The inter-connectedness of the Welsh and wider UK economies meant different restriction regimes could adversely impact Welsh businesses.
132. The Economic Policy Division supported Ministers on all aspects of retail policy throughout the pandemic. Retail policy had not been a policy area significantly progressed within the B&R directorate hitherto and had only been handed to Economic Policy to progress in January 2020.
133. The imposing of the first lockdown in March 2020 meant that Economic Policy officials had to work rapidly to develop relations with the sector as it swiftly became a visual focus of the day-to-day management of the pandemic. Economic Policy team worked closely with the sector and with the Welsh Government's Environment, Food and Rural Affairs Directorate, who led the relationship with supermarkets. With the economists and health behavioural colleagues, the retail sector and in particular supermarkets worked with us to look after their own staff and the public. The difference in their ability to open

was clear at the beginning with only essential (food) outlets being able to open. Non-essential retail was closed.

134. During April to June, we worked with the retail sector on guidance and then at every 21-day period, there was full engagement with the sector usually engaging with the Welsh Retail Consortium and USDAW. Economic Policy also reached out wider than WRC and engaged with companies and businesses that were not otherwise represented. The sector was directly involved in the development of the guidance so when they re-opened, they could use it and it was not a surprise.
135. The team's economists and policy officials provided evidence and policy advice to the 21-day review and Cabinet papers on the re-opening and closing again at the Firebreak and any further lockdowns. The team also engaged with lawyers about how to enforce regulations in retail and would often talk through policy with lawyers to enable legislation to meet the policy requirements.
136. At Cabinet in October 2020, the circuit breaker (Firebreak) was agreed and as part of the this, it was also confirmed that temporarily, supermarkets could no longer sell non-essential goods. This decision was not fed back from Cabinet until the Wednesday after Cabinet which was held on the Monday with the decision to be implemented on Friday 23 October. Supermarkets were very concerned by this decision and that it would have to be implemented at very short notice. On 22 October, when supermarkets and retail were informed, there were a series of meetings between the Welsh Government and the retail sector, culminating in a meeting with the Health Minister and the Minister for the Environment, Energy and Rural Affairs (as the Rural Affairs Minister owned the relationship with supermarkets), where the decision was confirmed. Some of the supermarkets wanted the relevant requirements in the regulations to be removed. I exhibit a chronology of these engagements at **ASBRD/118-INQ000350724**.
137. Welsh Government Ministers did not relent, and regulations were enforced. Some concessions were agreed relating to the sale of items within specific aisles and guidance was provided, setting out examples of what could be sold and what could not. Supermarkets were also permitted to use some discretion A Firebreak Frequently Asked Questions was issued to help supermarkets and others, exhibited at **ASBRD/95-INQ000321122**.

138. More generally, the team provided advice as part of the 21-day review cycle from June 2020, evidence and policy advice in supporting the re-opening of retail and the implementation of rules around physical distancing; and then in August 2020 provided advice on the re-opening of indoor venues. Throughout the year provided advice on wearing masks indoors in particular retail for example and further lockdowns and re-opening such as the Christmas 2020 lockdown.
139. Economic Policy Division had weekly meetings with business organisations, including the CBI, FSB, Chambers Wales and the Welsh Retail Consortium (WRC), As well as providing an important mechanism for a two-way flow of information, these meetings helped gather evidence and intelligence and enabled consistent messaging across the sector. There were regular communications to business groups such as CBI, FSB and Chambers Wales as well as TUC Wales - particularly USDAW - to better understand the reasoning behind the regulations for retail.

Inter-Governmental Relations

140. At the start of the pandemic, some intergovernmental engagement at both Ministerial and official level was already in place, largely as a result of arrangements to deal with the UK's exit from the EU. Quadrilateral meetings with the Secretary of State for Business, Enterprise and Industrial Strategy (BEIS) and Economy Ministers from the other devolved nations (or occasionally the Permanent Secretary of the Northern Ireland Executive where the power-sharing arrangement had been suspended) took place. These meetings were supplemented with monthly official level meetings with BEIS (and occasionally HMT), as well as ad hoc bilateral engagement at official level.
141. During the early months of the pandemic engagement with the UK Government and other devolved nations increased considerably, as I describe below. The Deputy Director, Economic Policy, was the lead official (with the Director, Business and Regions) supporting the Minister for the Economy, Transport and North Wales and his Deputy and occasionally other Ministers in their engagement on economic matters with the UK Government (primarily BEIS) and other devolved nations during the pandemic.
142. Following initial bilateral calls between the Minister for the Economy, Transport and North Wales and the BEIS Secretary of State and/or Business and Industry Minister, a rhythm of four nations calls was established – on a weekly basis, but sometimes more frequently and ad hoc as need required. These involved the UK Government's Business and Industry Minister (initially Nadhim Zahawi MP), as well as Economy Ministers from

Wales, Scotland and Northern Ireland, supported by a small number of senior officials and Special Advisers. As an example, I exhibit the briefing and note relating to the call on 16 September 2020, at **ASBRD/96-INQ000321164** and **ASBRD/97-INQ000321200**. Early meetings were also held with the Scottish Government, building on the strong working relationship between the Minister for Economy and his counterpart in the Scottish Government. These meetings were complemented by regular quadrilateral and bilateral official level engagement.

143. The four-nations Ministerial calls were significant in sharing experiences of the Covid-19 pandemic and its impacts on the economies of the UK. Often there were similarities in the impacts being felt and the opportunity to share experience, evidence, learning and interventions was incredibly valuable. The initial round of meetings in the first few months of the pandemic were productive as the BEIS Minister shared real time information on UK Government policy and sought regular feedback on the impact of policies such as the Job Retention Scheme on the Welsh economy. The Minister for the Economy, Transport and North Wales regularly provided direct feedback on the experiences of Welsh businesses in relation to some of the UK Government loan schemes and job retention schemes to represent the views of Welsh based SMEs in particular, as part of the evolution of UK Government schemes. Engagement with the Secretary of State for BEIS was limited and on occasions there was some confusion in Whitehall over the Welsh Government's role and that of the Office of the Secretary of State for Wales.
144. The Minister for the Economy, Transport and North Wales also met (virtually) with the Secretary of State for Wales on a weekly basis. This was essentially an information sharing call. Due to the pace at which the team was working, not all meetings were minuted, but I exhibit at **ASBRD/98-INQ000321160** by way of an example, the note of a meeting which took place on 18 May 2020.
145. In order to provide businesses with as much clarity as possible, the Welsh and UK Governments co-planned and delivered a short series of business webinars on 22 April, 13 May, 4 June, and 16 June 2020 to provide an opportunity for business representatives to share COVID-19 concerns with Ministers. I exhibit an example of a briefing pack provided to the Minister, for the 22 April event, at **ASBRD/99-INQ000321169**.

146. The Economic and Business Response Ministerial Implementation Group (EBRIGM), led by the Chancellor of the Exchequer (and mirrored at official level by an officials' group (EBRIGO)), was one of four Ministerial Implementation Groups established by the UK Government in March 2020. The EBRIGM, which met for the first time on 31 March, brought together UK Government Cabinet Ministers with Ministers from Devolved Governments. The meetings were highly sensitive, with papers arriving barely hours before a meeting so briefing was prepared by the Directorate at pace, with support from the central Welsh Government Covid-19 team. Among the issues covered were the re-opening of workplaces, impacts on specific sectors or companies as well as policy reforms, for example to Sunday Trading. This was one of several UK Government led Covid-19 specific Ministerial Committees in relation to Covid -19 and Welsh Ministers were invited when the UK Government deemed the agenda of relevance; it was not a standing or regular invitation. The Directorate also supported the First Minister in his participation in similar meetings as needed, with the Economic Policy Deputy Director acting as lead official for all EBRIGM and EBRIGO engagement. As an example, I exhibit at **ASBRD/100-INQ 000321141** and **ASBRD/101-INQ000320807** the briefing (which includes the agenda) and a readout from the EBRIG(M) meeting on 23 April 2020.

Workplace Guidance

147. The Economy, Skills and Natural Resources (ESNR) Group was responsible for producing workplace guidance documents for some sectors and settings during the pandemic. During the period March – June 2020 ESNR created an initial series of guidance documents which eventually became "*Keep Wales Safe at Work*". A separate team, from several different areas of ESNR, was brought together and were allocated this work due to the volume of information which needed to be produced within a short period.

Early stages of the Pandemic [March 2020 until Nov 2020]

148. In the period March – June immediately after the first lockdown was announced in March 2020 and prior to the rollout of tailored workplace guidance for Wales, generic public health guidance was used for those critical areas of the economy where individuals could not work from home. The coronavirus regulations required businesses and services which were open to adhere to the two-metre social distancing rules and required the taking of reasonable steps to ensure 2m separation between people.

149. The UK Government's Department for Business, Energy and Industrial Strategy (BEIS) shared a suite of documents called "Safer Places" in April/May with Welsh Government officials. The documents contained guidance on promoting a safer working environment during the pandemic in a range of workplaces, including contact centres, offices and manufacturing establishments. The "Safer Places" documents were initially reviewed by senior officials within the Welsh Government's Economic Policy unit; the work was led by a cross departmental project team.
150. In May and June 2020, a complete set of Welsh Workplace Guidance (Keep Wales Safe at Work guidance) was published on the Welsh Government website and circulated to business representative organisations. This guidance, in Welsh and English, consisted of a summary document which provided advice for employers and employees and a list of documents in a range of workplace settings. The specific workplace settings were:
- Manufacturing
 - Working in other people's homes
 - Retail/Shops and branches
 - Office and Contact Centres
 - Construction and outside work
 - Vehicles
 - Laboratory and Research facilities
 - Restaurants – Takeaway
 - Visitor Economy
151. The "*Keep Wales Safe at Work*" guidance documents were designed for the purpose of helping those Welsh businesses, who were legally allowed to trade, during the pandemic, to do so safely. The ESNR/Economic Policy team worked with health colleagues within Welsh Government and behavioural management experts to develop ways of communicating that message in the most effective way.
152. For example, in communicating messaging around Covid Workplace Guidance, policy and communications officials worked closely together to utilise a range of channels and to target clear messaging at a wide range of business contacts including business representative groups and companies that were not part of any representative group. The Welsh Government communicated directly with the business sector on the detail of

the workplace guidance through widely attended Microsoft Teams meetings with business representative groups that were chaired by senior officials. Email updates were issued to stakeholders with useful information and links to the latest Workplace Guidance information on Gov.Wales.

153. In addition, the Welsh Government's Economy Twitter account was used to target messaging and useful information at our business audience, and messaging around the Workplace Guidance was also communicated via Welsh Government led media releases and by Covid briefings led by the First Minister and the Minister for Economy, Transport and North Wales.
154. Economic Policy and Communication colleagues worked with the Welsh Retail Consortium to enforce the need to re-enforce messages about social distancing and also to treat those working within food and retail sector with respect.
155. The Project team worked collaboratively with existing industry contacts and the representative business organisations and trade unions on retail guidance. The team were very conscious of the need to develop practicable guidance which worked effectively for businesses and complied with legislative requirements.
156. Manufacturing Workplace Guidance was one of the first guidance documents published and developed in consultation with Industry Wales. The suite of documents was communicated widely through the Welsh Government's website and platforms such as Business Wales. I exhibit a version of this policy, which was first published on 31 May 2020, at **ASBRD/102-INQ000081157**.
157. From June 2020 this guidance was reviewed every 21 days by the project team, until that team disbanded in November 2020. From November, Economic Policy and other policy areas continued to review the guidance on a regular basis. All changes to this guidance were undertaken following consultation with the Welsh Government's Legal Services, the Covid 19 Project Team, the Public Health Guidance team, and Ministers.
158. In July 2020 a circular letter was issued by the Minister for Economy and to retailers on the revised rules for physical distancing. The law in Wales continued to maintain a two-metre social distance as the default position, in line with the public health advice at that time. Regulations made provision for businesses where exceptional circumstances meant that a maintaining 2m was not possible.

159. From March 2020 senior Welsh officials held regular virtual meetings with the WRC, leading supermarkets and TUC to ensure guidance was fully understood and would often discuss customers' experiences and staff with vulnerabilities and how they could be catered for. For customers the discussion was around access to stores at certain times. Within our guidance there was a clear expectation of retail employers assisting staff with vulnerabilities and protected characteristics. Ministers also met with Third Sector representatives, including social enterprises during this period and the notes of their meetings are provided for reference at **ASBRD/103- INQ000321140** and **ASBRD/104- INQ000321162**.
160. From September 2020, face coverings were mandatory for everyone over the age of 11 in public indoor spaces, such as shops, with exemptions for people who could not wear face coverings for health or medical reasons. There was also a campaign launched about not businesses and customers not accepting verbal or physical abuse of staff, liaison with unions about staff and what they could reasonably ask shoppers to do instore. The guidance was updated and issued.
161. As Wales entered the circuit -breaker (firebreak) in October 2020, the Group worked again with social partners and Trades Unions in the development of guidance, I refer elsewhere in my statement to our engagement with retailers in relation to the sale of essential and non-essential goods.
162. In November 2020, once the initial suite of guidance documents were available, the cross-departmental project team was disbanded. The responsibility for updating the workplace guidance documents was passed to within the relevant officials who had oversight of the specific business sector. For example, in March 2021 Economic Policy Team used Retail Business 'Action Cards' to inform retailers of the changes in guidance as well as detailed revision of the guidance. The retail action card allowed them to better understand the changes in one place. I exhibit an example at **ASBRD/105- INQ000321134**.
163. On 18 November 2020, the project team held a lessons-learned exercise with retailers about the firebreak and the guidance that had been issued, as well as the decision to split the operation of essential and non-essential retail. This provided information about the need for short and to-the-point guidance for retailers so that they could understand

immediately what restrictions were being re-introduced, which was used in subsequent phases of the pandemic. I exhibit a note of the exercise at **ASBRD/106-INQ000083266**.

Intergovernmental engagement on workplace guidance

164. Prior to the pandemic, Welsh Government officials had regular meetings with UK Government counterparts to discuss retail policy and other matters of government. These meeting continued, through the pandemic, on occasions they become weekly and on occasions they went back to a regular rhythm of monthly. There were meetings just about the guidance with relevant UK Government officials; these were more about information sharing and enabled Welsh Government officials to understand the approaches taken in England. In November 2020, when responsibility for guidance had moved to sector specific areas within the Welsh Government, Economic Policy met with UK Government counterparts on policy matters and found these meetings to be beneficial.
165. The Director and Deputy Directors for Policy and Chief Operating Officer of Business and Regions attended regular monthly meetings with the Directors Forum, these were meetings where any issues of the day were discussed and a way of keeping abreast across all nations, these meetings took place regularly before the pandemic. This was the forum where guidance and regulations were often discussed with other UK Government departments (usually BEIS and HMT), and the other devolved governments. The meetings were usually monthly before the pandemic and continued at this rhythm after the pandemic. As an example, I exhibit at **ASBRD/107-INQ000321148** a document containing the agenda and briefing for the meeting which took place on 12 June 2020. There were also monthly Teams meetings between the Welsh Government's Deputy Director for Economic Policy and a Deputy Director within the BEIS Economic Partnerships Directorate; and regular meetings with the BEIS team that had developed the original suite of guidance; the team in BEIS changed frequently but meetings were held until the end of 2020.
166. Engagement with UK Government officials generally consisted of exchanging updates and exploring best practice, but the overall value was limited as the UK Government would generally not share information before it was announced publicly. The UK Government did share some guidance documents before publication, which was very helpful, but this was the exception rather than the norm. For example, many of the decisions taken by HM Treasury were made quickly and sometimes without any or with very limited consultation. This would mean a re-assessment and change to our guidance

with regards to the Economic Resilience Fund (ERF) ensuring good use of public funds and duplication. Welsh Government officials were not involved in the UK Government's decision-making and did not have sight of policy changes before they were made. This presented difficulties as our stakeholders in Wales would contact us directly to seek clarity and direction on what the UK level changes meant for businesses in Wales, but we were not in a position to give that advice immediately.

167. Welsh Government officials were under enormous time and resource pressures to update guidance and to resolve policy issues which had the potential to create problems for Welsh businesses. There were some issues which could potentially have been resolved prior to the roll out of the CJRS, but because there was limited UK Government discussion at policy stage with the devolved governments, officials had to spend time dealing with those matters. For example, the Welsh Government was asked to engage by the UK Government after the fact about using the resource of people who had joined the CJRS scheme and using their skills elsewhere in the job market and engaged in a detailed conversation and initial work of re-pooling resource and the potential of developing a national database, but this prospect did not, in the end, materialise.
168. On 5 May 2022, the Economic Policy Team and external economy related stakeholders, participated in a lesson learned exercise about guidance and wider Covid-19 related matters. This session was divided into two broad categories, looking at what had happened during the pandemic, and towards the future. The external stakeholders were Make UK, Chambers Wales, the Wales Retail Consortium, the Federation of Small Businesses, the Institute of Directors, and the CBI. I exhibit the outcome of that exercise at **ASBRD/108-INQ000321201**.
169. The Economic Policy Team also participated in a department-wide lessons learned exercise, the key learnings from which were:
 - a. The 21-day review of guidance/legislation worked well. Although initially, the pandemic was perceived as a health crisis impacting the NHS, as the national lockdowns were extended, the team took effective steps to mitigate the economic impacts of the national lockdown.
 - b. The Social Partnership Council worked well, and it found a way to work together without being fully constituted. Engagement with business excelled and was open and honest.
 - c. engagement around the introduction of the 2-metre rule to ensure the reasons for Ministers' decisions on regulations and guidance were clear and that

stakeholders concerns were addressed in a way which minimised the adverse impacts on Welsh businesses.

- d. We worked with business, their business representative organisations and TUC and the relationships evolved working alongside business where it was possible, adapting to meet the needs of employees and employers. It was a process to work through, which no-one had done before, moving from lockdown enabling essential retail to operate only to the re-opening of non-essential retail.

Critical Equipment Requirement Engineering Team “CERET”

170. I briefly referred to the CERET in my witness statement M2B/CPD/01 at paragraphs 25 to 27. I would like to provide some further information about that team here to assist the Inquiry’s understanding of its structure and functions.

171. The CERET group was established in March 2020 and its terms of reference are exhibited at **ASBRD/109-INQ000321202**. The group was led by CEO of Industry Wales James Davies and Dickie Davis, my senior official in the cross-disciplinary team, until its dissolution in November 2020. It consisted of several key officials with specialist expertise in health, finance, procurement, and innovation outlined within the Terms of Reference document above. The purpose of the group was to support the NHS in sourcing new suppliers where existing resources for PPE were inadequate. This included helping develop and manufacture new products and secure components, raw materials, and services to meet the needs of NHS Wales Shared Service Partnership “NWSSP”. It was not involved in direct procurement except for one product, a respiratory device, an innovative product where CERET supported the development and initial procurement which I will come back to later.

172. The relationships within the team are represented in the organogram exhibited at **ASBRD/110-INQ000321203**. The group’s membership consisted of experts both inside and outside government.

173. The CERET supported Welsh manufacturers to change their existing production lines to manufacture PPE and explore new methods of production that offered the NHS a strong local supply chain. CERET did not procure directly; that responsibility sat with the NWSSP.

CERET's role in the pandemic March 2020 to July 2020

174. The CERET were informed by the NWSSP of their requirements which among other items of PPE included visors, face masks, scrubs, gowns, hand sanitiser and aprons. CERET used the Business Wales Web Portal to ensure that enquiries were treated fairly, all enquires. All initial enquiries were reviewed by experts from Life Sciences Hub (LSH), who used their professional judgment to determine which matters should be referred on to the NHS. There were over 2200 responses to the expression of interest, of which 562 were referred to the NHS for further consideration. The response from Welsh Industry to support the Covid 19 pandemic was very positive.
175. CERET met twice a day, seven days a week, in the period 23 March to 22 June 2020. After that date, NWSSP worked with its regular suppliers and CERET assisted in the location of new standards-compliant suppliers for key equipment.
176. The immediate needs of NWSSP identified by CERET were broken into four routes as follows:
- Route 1: existing supplier base, straightforward procurement
 - Route 2: existing supplier base, some minor restrictions on supply
 - Route 3: supply limitations, requires manufacturers to adapt processes
 - Route 4: supply does not exist
177. CERET referred existing suppliers and businesses which could upscale existing supplies directly to NWSSP and also worked directly with companies who needed more tailored support, for example, existing manufacturers whose equipment could be repurposed or innovative solutions which needed development. For example, the Royal Mint changed its coin production facilities to enable the production of visors, Penderyn Whiskey made hand sanitiser, and community volunteers made medical scrubs.
178. Over 30 companies repurposed production lines to produce hand sanitizer. 25 companies repurposed production lines to make face visors. 30 companies provided decontamination solutions for surfaces. Nine companies invested in machinery to produce clinical grade face masks and coverings; five of these were capable of mass production. The Welsh Government estimates that, in total, 400 jobs were created because of this commercial activity. 189 community volunteers made over 5000 sets of

scrubs. CERET therefore was instrumental in creating and sustaining both commercial and non-commercial activities during the pandemic.

179. The Division's and Industry Wales's role was to help the NHS source alternative suppliers where normal resources were not sufficient. Examples included chemicals and food companies producing hand gel and garment manufacturers making PPE. An expenditure MA authorising up to £5 million spend was authorised by the Minister for Economy, Transport and North Wales which I exhibit at **ASBRD/111-INQ000145345**. Innovation funds were also used to support 26 further companies.
180. CERET also championed several innovative medical devices which were developed and trialled in Wales, for example the respiratory device known as the Continuous Positive Airway Pressure (CPAP). This required upfront funding to prototype, demonstrate and test before full procurement. However, in the event the predicted volume peaks did not materialise and the CPAP was not ultimately required; components that had been purchased ahead of requirement, given the urgency of the situation, were disposed of. After efforts to sell the items and the assets were disposed of under the authority of MA/VG/1333/22 dated 27 July 2022 which is exhibited at **ASBRD/112-INQ000321204**.
181. CERET's activities during the pandemic highlighted the gaps in supply chain and its capacity to provide critical equipment and supplies in response to the pandemic. A clear objective was to support the further development of suppliers to develop reliable sources closer to home and find local solutions to local problems that were immune from the failures of the international supply chain when under strain from the pandemic.

Covid-19 Business Support and Business-as-Usual

182. Although many aspects of the services provided by the Business and Regions Directorate were focused on the response to the Covid-19 pandemic, the Directorate also managed the "*business as usual*" aspects of its work throughout the pandemic. As well as the financial interventions outlined above, the Directorate continued to deliver support services which include Business Wales, Innovation and the Development Bank of Wales. It also maintained a high level of regional engagement with business service users in practical ways for example, helping them to strengthen their supply chains and develop support plans for recovery.
183. The key officials responsible for maintaining these functions (Business as usual and Covid 19 Support (non-ERF) during this time were:

- a. Duncan Hamer (Director)
- b. NR (Head of Business Wales)
- c. NR (Senior Manager Operational Delivery)

184. The team used a range of practices to facilitate evidence-based decision-making, for Covid 19 response support, particularly for financial interventions. These included developing suitable mechanisms for checks and balances within the team to ensure the most appropriate actions were taken forward, which are described in more detail in the section on the Economic Resilience Fund, above.

185. The practical effect of working in this way was that senior members of staff, across all the key areas could provide direction and contributed to the decisions made within the team. Teams were encouraged to reflect on whether their strategies were proving effective. This iterative process helped the team decide the interventions which helped and those which could be improved.

Business Wales

186. Business Wales is the Welsh Government's flagship support service for Welsh micro-businesses and SMEs including social enterprises and entrepreneurs. Business Wales provides information and advice as a single point of contact for businesses across the Welsh public, private and voluntary sectors. It also provides specialist advice on equality and diversity, resource efficiency, international trade, skills, procurement, and mentoring as well as broadband exploitation and access to "*Farming Connect*" and Business Wales "*Recruit and Train*" which are specialist targeted programmes.

187. Business Wales was established pursuant to powers conferred on the Welsh Assembly under section 1 of the Welsh Development Agency Act 1975 and Welsh Ministers are empowered to do anything they consider appropriate to promote or improve the economic, social, or environmental wellbeing of Wales. It therefore has a broad discretion in the discharge of its functions, and this flexibility allowed existing services to be quickly augmented and modified to address the problems experienced by its service users during the pandemic period. The restructured support for Welsh businesses was delivered in three phases:

- a. the response to the outbreak
- b. the recovery phase and

- c. the return to a new normality.

March 2020 to April 2022

- 188. In response to workplace guidance Business Wales delivered all advisory support virtually, digitally and by telephone to support businesses across Wales.
- 189. A series of live webinars were developed to address challenges around accessing finance, managing cashflow, digital capability and diversification, managing change to employment.
- 190. The wide discretionary powers available to the Welsh Ministers facilitated the rapid changes required to the Directorate's "*business-as-usual*" services. Cabinet Office and UK ministerial decisions changed swiftly in this period, and Business Wales, Helpline, Digital Services, the Development Bank of Wales, and Innovation, minimized but maintained their usual functions and at the same time, created bespoke areas of support to accommodate the needs of the service users, for example, the Economic Resilience Fund and the loan scheme operated by the Development Bank of Wales.
- 191. The Business Wales Helpline was usually the first point of contact for service users seeking advice, information, and signposting during the pandemic. The Helpline offered a business diagnostic before providing access to a range of support services including the Business Wales advisory service and Business Wales "*Recruit and Train*".
- 192. The Helpline was one of the most popular services accessed by Welsh businesses during the pandemic. I refer to the statistical evidence which is exhibited at **ASBRD/113-INQ000321254**.
- 193. The capacity of the helpline was increased by diverting staff underutilised in other parts of the Welsh Government which could not continue to deliver functions due to the restrictions put in place. For instance, a significant proportion of the staff reallocated to support the helpline were sourced from Cadw, the Welsh Government's historic environment conservation body, whose public monuments were required to close during the period.
- 194. The helpline was resourced by a team of specially trained advisers who directed business service users to a range of tailored online resources, relevant information, advice or sign posting callers to other resources or government agencies. The most common queries the helpline received as a consequence of the Covid-19 restrictions

related to matters such as supply chain delays or staffing matters. The table below summarises the volume of calls received.

Enquiries received by BW Helpline from Jan 2020 until May 2022

	2020	2021	2022
Jan - March	19664	13630	6171
April - June	23063	6687	2341
July - Sept	10396	3250	
Oct - Dec	20336	3324	

195. All businesses affected were encouraged to visit the Business Wales website² where a dedicated Covid-19 portal was created so service users could access information easily. The portal went live on 10 April 2020. In circumstances where a business was considering making staff redundant or reducing staff on production lines, because of the lockdowns, they were encouraged to speak with a Business Wales advisor to explore whether there may be options to keep the business trading and retain staff. If this was not possible and redundancies had to be made, advice and guidance was available to individuals affected through Careers Wales, Working Wales and Jobcentre Plus to help find people alternative employment.
196. The Business Online Support Service (BOSS)³ is another crucial “*business-as usual service*” provided by Business Wales to support business users throughout the pandemic. It provided a tailored service which offered support to service users via Welsh Government approved business courses and provided on-demand access to information to help individuals start and grow a business.
197. The Business Wales service recognised that despite the pandemic conditions, some individuals were focusing on starting a business and for that reason, the service aimed to provide appropriate level of support to those start-ups, actively encouraging self-serve digital learning. Business Wales signposted access to Start-up Loans where individuals could access the loans, business advice and on-going support. The Start-up Loan scheme was a UK Government initiative, led by the British Business Bank. Loans were available up to £25k and the interest rate is currently set at 6% with a repayment period of up to 5 years.

² <https://businesswales.gov.wales/coronavirus-advice>

³ <http://businesswales.gov.wales>

198. Start Up Loans provided normal operation and start up support so operated outside the specific “ERF” umbrella but as part of the wider and additional support package highlighted on business.wales. The Business Wales Accelerated Growth Programme was also maintained as a business-as-usual service to provide specialist tailored support for businesses with the potential to realise significant growth potential.
199. As well as providing financial stimulus, Business Wales supported entrepreneurs and SMEs to deal with the challenges presented by the pandemic by helping them to:
- a. develop business continuity plans;
 - b. deal with temporary closure (hibernation);
 - c. deal with the personal impact of the crisis in terms of their own wellbeing and that of their staff
 - d. enabling them to take proactive steps to diversify and prepare for renewed growth in the economy.
200. Business Wales drew on the expertise of the Shaw Trust to deliver mental health and wellbeing first aid training for business advisors and Helpline staff so they could offer advice and signpost to services to obtain support. Part of our offer included considering the increases stress and anxiety business owners reported on call, as a result providing wellbeing support was being embedded in the advisory support and engagement with business communities. This included encouraging access to support from other organisations including MIND, Citizens Advice and local support depending on their location. Over 100 Business Wales and Welsh Government staff took part in the online training. Support was also made via the CALL Mental Health Listening Line which provided a confidential listening and emotional support line which was available 24/7⁴.

Development Bank of Wales

201. The Development Bank of Wales “DBW” was launched in 2017 and is a key part of the Welsh Government’s strategy to support the economy of Wales. Its primary role is to ensure businesses have access to finance where market failure exists. This ensures that businesses in Wales with viable business plans can get the finance they need to start-up, develop, and grow. The Development Bank does this by structuring and deploying investment funds, informed by the priorities of the Welsh Government as well as by intelligence from stakeholders and colleagues in business and government. The Development Bank of Wales manages a range of funds that are primarily focused at

⁴ C.A.L.L. Mental Health Helpline - Community Advice and Listening Line (callhelpline.org.uk)

providing investment to micro to medium businesses across the business lifecycle. The Development Bank has worked closely with the Welsh Government to create a suite of products that directly meets market needs through accessibility and flexibility within the prevailing market conditions. The bank operates on commercial terms while recognising the need to achieve a balance of social and financial outcomes.

202. DBW is a Public Limited Company whose share capital is £50,000 divided into shares of £1.00 each with 49,999 of these shares held by Welsh Ministers and one share held by the Chief Executive Officer of DBW. DBW Plc is the “entrusted” entity through which Welsh Government place funds to be invested and recollected. DBW plc on lends this funding to subsidiaries within the Fund Holding arm and they in turn invest funds in SME businesses. The directors of DBW are appointed in accordance with the Companies Act 2006 and the Articles of Association of DBW. These are not public appointments. The DBW Partnership Team within my group is the primary Welsh Government contact for DBW. The partnership relationship is strategic in nature and includes providing a policy framework, which is driven by the prevailing Programme for Government. The DBW Partnership Team coordinates advice to the Minister on the discharge of their responsibilities in respect of the Corporate Plan and fund performance. Every fund has a Finance award letter which acts as the primary contractual document for funding provided by the Welsh Government. In addition to scrutiny by the Board, arrangements are in place to regularly monitor both performance and compliance against the conditions of the award letter; this includes a schedule of fund mid-term and end of investment phase reviews.

203. Since 2017 its reach has broadened to support policy priorities such as residential and commercial property and tourism. The Development Bank also manages the Help to Buy Wales scheme on behalf of the Welsh Government and looks after the Government share in the Mutual Investment Model. I exhibit at **ASBRD/114-INQ000321205** a factsheet about the DBW.

204. During the pandemic the Development Bank for Wales continued to operate its services including access to the Wales Micro Business Loan, and it supported businesses with loans of between £1k and £50k.

205. On 31 March 2020 the First Minister of Wales announced the £100m Covid-19 Wales Business Loan Scheme (CWBLS) as a rapid response during the early days of the

pandemic, to support existing businesses affected during the first lockdown. I have described the CWBLS earlier in this statement.

Innovation

206. Throughout the pandemic, Welsh Government operated its 'SMART' suite of programmes, an integrated delivery mechanism of advice and financial support to Welsh businesses and universities, designed to commercialise new products, processes and services. They delivered general and specialist advice on Research, Development and Innovation (RD&I) grant funding to businesses and universities to collaborate with industry on research activity with commercial pull. There was also support for challenge led innovation supported by the SBRI Centre of Excellence (SBRI Centre of Excellence is hosted by Betsi Cadwaladr University Health Board and funded by Welsh Government. Its aim is to work with Public Sector Bodies to identify and resolve unmet needs/challenges within health. They do so by running competitions inviting Industry to work with the Welsh Government to develop innovative and exciting solutions to improve the health and wellbeing of those living in Wales. Innovation support is delivered through a combination of contracted provision and internal civil service resources.
207. During the early stages of the pandemic, £5.5m funding was made available for COVID related RD&I within businesses and research organisations through the SMART Cymru operations operated within Business and Regions. Funding was awarded to 37 RD&I projects, from 41 applications received, with impacts including manufacture of PPE to oxygen sensors, thermal imaging, ventilators, IT tracking systems, PCR diagnostics and sanitising products. University-based projects included collaboration on oximeters and Covid-testing protocols, mask design and ventilators. This support provided a route for businesses to diversify or occupy 300 staff who may have been furloughed, as well as create 250 new jobs.

Lessons Learned

208. The pandemic was an unprecedented event which put enormous pressure on businesses in Wales and our own staff. As a team, across ESNR, we took the opportunity to learn from these experiences as the pandemic progressed and for example, each round of financial support built on lessons learned from previous ones (not least in relation to process). Another key lesson was that the provision of early and clear guidance was essential, both in terms of the regulations and other workplace information impacting businesses, and the eligibility criteria for access to financial support. During the pandemic, the legislation and regulatory guidance was constantly

updated. The team developed procedures to ensure that the advice provided was consistent, and any changes to the advice on best practice/ guidance were clearly discernable.

209. The website for Business Wales mechanism was robust and allowed us to provide accurate up-to-date information quickly to our service users. Overall, the website coped well with the surge in traffic due to the increased demand for advice. In addition to the website, the team used well-established channels, like social media to raise awareness changes to official guidance, legislation, health and resources which were available.
210. The capacity of the Business Wales Helpline and its ability to scale its resources up sufficiently quickly to cope with the increased demand for telephone advice was initially an issue. Enquiries increased exponentially in the early days of the pandemic, and in retrospect, the team considered that identifying key areas within the civil service that could support the rapid redeployment of staff together with a dedicated training facility would be more helpful if a similar public health emergency were to occur in the future. Within ESNR Group we made efforts to supplement the Helpline where possible.

Evidence to the Senedd

211. Officials from the B&R Directorate and I provided evidence to the Senedd PAPAC and other Senedd committees in relation to our Covid economic interventions. I exhibit the transcripts as follows:
- a. 8 June 2020, transcript at **ASBRD/115-INQ000321206**.
 - b. 6 July 2020 (with the Permanent Secretary and other Directors General), transcript at **ASBRD/116-INQ000300232**.
 - c. 8 February 2021 (evidence to the Committee for its reflections on the fifth Senedd), transcript at **ASBRD/117- INQ000376603**

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:

Dated: 12/12/2023