Witness Name: Conrad Smewing
Statement: M6/HM Treasury/01
Exhibits: CS6/001 to CS6/130
Dated: 20 June 2025

THE UK COVID-19 INQUIRY

MODULE 6 CORPORATE WITNESS STATEMENT OF HIS MAJESTY'S TREASURY

FIRST WITNESS STATEMENT OF CONRAD SMEWING

1. I, Conrad Smewing, make this statement on behalf of His Majesty's Treasury ("**HM Treasury**" or "**the Department**"). My work address is HM Treasury, 1 Horse Guards Road, London, SW1 2HQ and my date of birth can be supplied to the Inquiry upon request.

2. I am providing this statement in response to the Inquiry's Rule 9 request dated 29 August 2024 ("**the Rule 9 request**") on behalf of the Department.

3. I have been the Director General for Public Spending at HM Treasury since 2023. I joined HM Treasury in 2003 and have held several roles including; Press Secretary and then Principal Private Secretary to the Chancellor from 2014 to 2017; Director of Public Spending, where I was responsible for a number of Spending Reviews; Deputy Director for Fiscal Policy, where I advised on consolidation following the financial crisis; and Deputy Director for Corporate Finance, Business, Innovation and Skills, where I was involved in student finance reform and the sale of the Royal Mail. I have also worked at UK Government Investments, on the sale of assets left over from financial crisis rescue and, prior to my current role, at the Department for Levelling Up where I was the Director responsible for the planning system. The position I held at the relevant time was Director of Public Spending (2018-2022). In this role I was responsible for the overall spending framework and the Treasury DEL Reserve, including during the pandemic. It was the responsibility of the relevant spending team to advise on the relevant departmental budgets and specific funding decisions, including emergency requests for funding during the pandemic. Policy decisions within those budgets were the responsibility of departments.

4. Whilst I have some personal recollection of some of the events or processes described in this witness statement, I have also co-ordinated and liaised with colleagues with the relevant knowledge and experience across the Department. Their contributions have been used to respond to the questions in the Rule 9 request. My statement therefore relies upon those contributions to form the responses in this statement. I am also reliant on document archive searches conducted by colleagues.

5. My statement should be read subject to the caveats above. I have done my best to assist the Inquiry on behalf of the Department against these limitations. If further material is made available to me, I would be happy to add to or clarify this statement to take it into account.

6. In line with the Rule 9 request, this statement covers the period between 1 March 2020 – 28 June 2022 ("**the relevant period**").

7. The statement is structured as follows:

    a. Adult social care funding overview
    b. Pre-pandemic funding arrangements in relation to ASC
    c. HM Treasury's role in funding ASC during the pandemic
    d. HM Treasury's use of data and analysis in advice
    e. Lessons learned and recommendations.

Contents

Introduction

8. HM Treasury is HMG's economic and finance ministry, setting the direction of the UK's economic policy, exercising control over public spending, and working to achieve strong and sustainable economic growth. The Chancellor of the Exchequer ("**the Chancellor**"), HMG's chief financial and economic minister, has overall responsibility for the work of HM Treasury. In the period covered by this statement, this office was held by the Rt Hon Rishi Sunak MP. The Chief Secretary to the Treasury ("**CST**") is responsible for public expenditure. In the period covered by this statement, the office was held by the Rt Hon Steve Barclay MP followed by the Rt Hon Simon Clarke MP. For a full list of relevant Treasury Ministers in the period covered by this statement, see Annex 1.

9. HM Treasury contributes to Cabinet level decision making through the Chancellor and CST, focusing on its objectives (set out in paragraph [8]). HM Treasury officials' role is to advise our ministers, who take decisions on behalf of the department (including via Cabinet collective agreement processes). The positions taken by HM Treasury officials, for example, when engaging in cross-departmental negotiations, represent our ministers' views. It is ultimately the role of the Prime Minister to balance objectives across government to reach collective decisions. During the relevant period, HM Treasury's role in respect of Adult Social Care ("**ASC**") was generally limited to setting budgets and approving spending related to ASC. HM Treasury's overall role in budget setting and spending control is set out in Annex 2 of the statement.

10. The focus of this module is on the consequences of government decision-making on those living and working within the care sector, which for the purposes of this module includes adult care and residential homes including care provided in the home (but not care provided within day care centres or in supported housing) and the decisions to free up capacity in hospitals by discharging patients into adult care and residential homes. This statement primarily addresses the role of HM Treasury in the allocation of financial resources and the provision of emergency funding for Local Authorities ("**LA**") and the care sector during the pandemic. While HM Treasury works closely with the Department of Health and Social Care ("**DHSC**") and the Ministry of Housing, Communities and Local Government ("**MHCLG**") to assess and approve the allocation of resources, HM Treasury does not have day-to-day responsibility for the operation of ASC provision. HM Treasury's role during the relevant period was therefore primarily limited to allocating financial

resources. DHSC are the policy leads for ASC within HMG. However, LAs fund and commission the vast majority of ASC services on the basis that they are better positioned to allocate and distribute the funding across different areas, as well as to address specific needs within the sector.

11. I have included a summary of HMT's constitutional role in the allocation of public resources in Annex 2 and an overview of the budget setting process in Annex 3. I have also detailed HMT's role in relation to the Devolved Government's in Annex 4.

Adult Social Care Funding Overview

12. LAs determine how much money to allocate to providing and commissioning ASC services. The funding is provided from i) overall LA budgets and ii) from direct grants, largely provided by DHSC.

LA budgets

13. Local government funding is comprised of Local Government Departmental Expenditure Limit ("**DEL**") grant funding that is allocated through the annual Local Government Finance Settlement ("**LGFS**") process, grants for specific policy purposes provided by other departments, and locally raised income, including income from sales, fees and charges ("**SFC**"[1]), council tax and business rates.

14. HM Treasury agrees the overall Local Government DEL budget with MHCLG through the usual Spending Review ("**SR**") and budget process as set out in Annex 2. This has at times been supplemented through funding top ups outside of SRs.

15. The **("LGFS"**), which is set out by MCHLG, agreed by HM Treasury and then approved by Parliament, is the annual allocation of core funding to LAs. This provides largely un-ringfenced resources for flexible use across various services and among other things, sets out how much councils will receive in the Revenue Support Grant and retained business rates. It also allocates other grants and provides an estimate of overall spending power, which include assumptions about council tax income that are consistent with the limits set by MHCLG and HM Treasury ministers for the maximum increases allowed without holding a local referendum.

16. Levels of Local Government DEL funding to be allocated through the LGFS reflect ministerial prioritisation and are informed by a comprehensive MHCLG assessment of the demand for LA services and the costs of providing those services, together with an assessment of the overall resources available to LAs through local income sources.

[1] SFC in the context of ASC refers to the financial contributions individuals are expected to make towards the cost of their care services based on a financial assessment, where those with higher assets or income typically pay more, while those with lower means may receive partial or full support from the LA.

17. HM Treasury does not approve the spending decisions of individual authorities, given the nature of LAs being separately democratically accountable to their own local communities. Individual LAs will therefore set their own budgets within their overall allocation for the provision and commissioning of ASC services.

Direct Grants

18. Specific grant funding for ASC, including the Social Care Grant (established in 2019) and the Better Care Fund (launched in 2013) are primarily administered by DHSC and MHCLG. HM Treasury retains an interest in ensuring that grant funding is allocated efficiently and will approve certain decisions related to the grants. This includes the overall strategic approach to these grants, including the overall budget for them, and the distribution formula. The ASC Relative Needs Formula ("**RNF**") is the primary formula used to distribute central government ASC grants to LAs. It is designed to reflect the relative needs of LAs providing ASC services by taking account of factors outside of LAs' control that could explain the local variations in the costs of delivery.

19. The Better Care Fund is a partnership between DHSC, MCHLG, NHS England (NHSE) and the Local Government Association designed to pool budgets between NHSE and LAs and better integrate health and social care at a local level. The BCF is allocated from DHSC and MHCLG budgets, with allocations approved by HM Treasury. Pre-pandemic, HM Treasury provided £6.7 billion for the 2020-21 financial year to the fund following cross-department discussions and ministerial agreement. At the time the fund was made up of three elements: the NHSE minimum contributions (£4.05 billion) alongside the Improved Better Care Fund grant (£2.08 billion) and the Disabled Facilities Grant (£0.57 billion) both paid in accordance with section 31 of the Local Government Act 2003. The use and distributions of the Better Care Fund are agreed between departments and NHSE [**CS6/001 INQ000544696**] [**CS6/002 INQ000544697**]. In 2021-22 and 2022-23 the fund rose to £6.9 billion and £7.2 billion across the two years [**CS6/003 INQ000544760**] [**CS6/004 INQ000544764**].

20. HM Treasury also approves decisions related to other local government grants. In particular, the Public Health Grant (PHG) is allocated to LAs by DHSC and is ring-fenced for use on public health functions; this includes a set of prescribed functions such as sexual health services, local authority health protection functions and children's 0-5 services, and non-prescribed functions such as drug and alcohol treatment and stop

smoking services. HM Treasury approves the PHG allocations in line with standard process on departmental delegated limits.

Pre-pandemic Funding Arrangements in relation to ASC

21. HM Treasury does not have policy responsibility for how allocated funding is distributed locally across the ASC sector. Prior to the pandemic, HM Treasury had provided additional resources in recognition of demand pressures. In October 2018, the government announced at the Autumn Budget that it would be providing additional resources across 2018-19 and 2019-20 financial years to support social care. The funding included £240 million each financial year to support ASC services to reduce pressures on the NHSE, and an additional £410 million Social Care Support Grant for LAs to support adult and children's social care services, distributed according to the existing Relative Needs Formula (paragraph 14).

22. HM Treasury did not and does not hold direct responsibility for pandemic preparedness. An aspect of HM Treasury's functions is the monitoring of economic risks, which includes the risk of a new pandemic. In relation to the preparation of specific budgets, SRs usually cover only expenditure which can reasonably be planned in advance. Departments are usually expected to manage within the budgets they are set at SRs. If the need for additional spending emerges, departments are in the first instance expected to manage these costs within their SR settlement through either the deployment of underspends or reprioritisation. However, HM Treasury sets aside contingencies for genuinely unforeseen circumstances through the Resource DEL (RDEL) and Capital DEL (CDEL) Reserve, as explained in Annex 2. Thus, HM Treasury did not set any specific budgets for pandemic preparedness prior to the pandemic, as any unforeseen expenses would have been covered within the existing framework. The management and distribution of resources within the allocated framework falls outside HM Treasury's purview, as individual departments are expected to exercise their discretion on how to allocate existing resources.

HM Treasury's Role in Funding ASC during the Pandemic

23. The government's aim throughout the pandemic was to support LAs to respond to Covid-19 while also enabling the delivery of mainstream services. HM Treasury recognised the importance of funding certainty and early information to good financial management, and

aimed to provide support to tackle immediate concerns in the sector, such as the risk of emergency cuts to service spending and cash flow issues, and concerns about the ability of LAs to balance their budgets resulting in section 114 notices, which could all have an impact on the ability of LAs to fund ASC services. In addition, working with the relevant departments, HM Treasury sought to provide support aimed at tackling specific issues within the ASC sector by establishing specific grants, supported where appropriate by guidance and conditions on how the funding should be used by LAs.

24. HM Treasury was aware that some LAs were facing specific challenges caused by national government policy changes, such as increased spending associated with mandatory testing, as well as restrictions in workforce movement aimed at reducing transmission of the virus. HM Treasury was alive to the need to reduce the risk of Covid-19 spreading within the ASC sector, which was contingent on providing LAs with additional funding to enable the introduction of appropriate mitigation measures. Thus, in addition to providing emergency funding to address cash flow issues and other Covid-19 related pressures, HM Treasury also approved bespoke grants for LAs to assist them in addressing specific emerging challenges.

25. These individual funds were designed to meet a number of specific needs within the ASC sector, such as the provision of financial support to vulnerable individuals and households, as well as effective infection control and prevention of dissemination, by testing residents and employees of care homes, as well as ensuring that PPE was made available to those in the sector most in need of it. In addition, HM Treasury was aware of the need to tackle workforce challenges specific to those employed in the ASC sector. As I detail below, HM Treasury ministers specifically approved:

    a. Over £2.1 billion for the Contain Outbreak Management Fund
    b. £1.75 billion for the Infection Control Fund
    c. £523 million for the Rapid Testing Fund
    d. £120 million for a Workforce Capacity Fund
    e. £462.5 million for the Workforce Recruitment and Retention Fund
    f. c.£2.7 billion for Enhanced Discharge
    g. £60 million for the Omicron Support Fund

26. By autumn 2021, the focus had shifted to addressing legacy Covid-related pressures as part of an overall assessment of core service pressures, with the allocation of funding covering a wider range of issues within the local government sector.

A. Bellwin Scheme

27. In respect of emergency funding, the Bellwin Scheme provides emergency financial assistance to LAs in England where an emergency or disaster causes destruction of or danger to life or property and, as a result, one or more LAs incur expenditure on, or in connection with, the taking of immediate action to safeguard life or property – or to prevent suffering or severe inconvenience.

28. The Bellwin Scheme provides reimbursement to LAs to fund a response that will cost above a threshold of 0.2% of a LA's annual budget and is intended to reimburse the cost of LA actions taken in the immediate phase of an emergency, not those taken as part of the recovery phase. A spending period of one month is allowed for eligible works to be carried out. Recent examples of the activation of the Bellwin Scheme include: £7m for the Grenfell Tower Fire in the London Borough of Kensington and Chelsea (2017), £166,000 for Storm Arwen in Northumberland County Council (2021) and funding for the Galpin's Road gas explosion in the London Borough of Merton (2023).

29. There is no automatic entitlement to financial assistance. The activation of the Bellwin Scheme, which is legislated for by section 155 of the Local Government and Housing Act 1989, is a decision for the SoS for MHCLG and requires HM Treasury approval. The Bellwin Scheme was not activated for the pandemic, as the funding announced by HMG in March 2020, alongside the package of support that the Chancellor announced at the Budget, was deemed sufficient to support LAs in delivering a response to Covid-19 [**CS6/005 INQ000477853**].

B. Initial Cash Flow and Emergency Funding Measures

30. As the scale of the potential impact from the pandemic started to become clear, HM Treasury received funding requests from both DHSC and MHCLG relating to adult social care and local government. DHSC and MHCLG sought to ensure LAs were able to maintain a sufficient cash management position and so HM Treasury expedited the approval of funding aimed at supporting LAs and the ASC sector in managing Covid-19 related pressures. HM Treasury adopted a flexible and pragmatic approach to funding [**CS6/006 INQ000544753**], through the approval of un-ringfenced grants for LAs of £1.6 billion on 19 March 2020 and £1.6 billion on 18 April 2020,[2] the early release of grants to

[2] 'COVID-19: Local government finance', House of Commons Committee of Public Accounts, Fourth Report of Session 2021–22 at p. 4, accessible here.

LAs to support cash management [**CS6/007 INQ000544774**], as well as by reviewing requests for support from LAs facing exceptional hardship on a case-by-case basis across all areas, including ASC [**CS6/008 INQ000544714**] [**CS6/009 INQ000544775**]. HM Treasury approved funding requests aimed at supporting LA budgets and cash flow through measures totalling nearly £6.85 billion in the same months.[3] In total, by early December 2020, HM Treasury had approved £4.55 billion in un-ringfenced grants to support LAs' response to the pandemic, as part of £9.1 billion in Covid-19 funding in total for LAs.[4] The use of un-ringfenced funding was consistent with HM Treasury's general approach to funding LAs and providing flexibility for LAs to determine how best to use their resources, based on an understanding that LAs are democratically elected bodies directly accountable to the local electorate, as well as taking into account the range of funding mechanisms available to them, and the diverse needs of the populations they serve.

31. In the 2020 Budget, delivered on 11 March 2020, the Chancellor announced that HM Treasury intended to make £5 billion available through the Treasury's emergency response fund to support public services. On 16 March 2020, the SoS for MHCLG asked the Chancellor to agree that £1.7 billion would be made available through MHCLG to meet increased social care costs and pressures on other services, in addition to any funding needed to support the costs of rapid discharge from the NHS and into ASC [**CS6/010 INQ000582557**]. HM Treasury allocated £2.9 billion from the Covid-19 fund, which was split into two categories: a discharge funding pot of £1.3 billion to enable the NHS to increase bed capacity ('**Enhanced Discharge**'), which is detailed from paragraph [90], and an overall funding pot of £1.6 billion for local government ("**first 1.6 billion grant**"), which was not ringfenced for particular purposes; consistent with the largely devolved approach adopted by HM Treasury to LA funding [**CS6/011 INQ000544699**].[5] The funding was approved with the aim of addressing pressures on LAs, following requests from DHSC and MHCLG [**CS6/006 INQ000544753**] [**CS6/010 INQ000582557**], which included a request to suspend all means-testing for ASC for six months. In addition, a Council Tax Covid-19 Hardship Fund ("**Covid-19 Hardship Fund**") was also announced by the Chancellor, aimed at providing support to LAs in England, enabling them to reduce the

[3] 'COVID-19: Local government finance', House of Commons Committee of Public Accounts, Fourth Report of Session 2021–22 at p. 4, accessible here.
[4] *Ibid*
[5] Department of Health and Social Care, Ministry of Housing, Communities & Local Government. £2.9 billion funding to strengthen care for the vulnerable. Gov.uk; 19 March 2020 (https://www.gov.uk/government/news/2-9-billion- funding-to-strengthen-care-for-the-vulnerable).

2020-21 council tax bills of working age people receiving Local Council Tax Support. This is detailed further at paragraph [98].

32. Whilst HM Treasury was of the view that a significant funding package was appropriate to enable LAs and the NHS to meet the additional pressures that they faced and spend this funding as they deemed appropriate in the circumstances, it was not considered proportionate to approve the request from DHSC for £0.7 billion to speed up discharge by suspending the ASC means test for everyone for six months (see paragraph [92]). HM Treasury took the view that this was unlikely to have a material impact on discharge speeds from hospitals and that furthermore, it was likely to increase demand on ASC unnecessarily in circumstances where the sector would already be at limited capacity [**CS6/006 INQ000544753**].

33. In late March 2020, HM Treasury approved a request by MHCLG to bring forward the payment of two grants to LAs totalling £3.4 billion. HM Treasury took the view that whilst the advancement of the payments would result in a breach of the spending limits set by Parliament for MHCLG in 2019-20 (and would thus be classed as 'irregular' under the Managing Public Money framework), early payments were deemed to be in the public interest in the exceptional context of the UK's response to the pandemic. HM Treasury balanced the significant risks of taking no action against the pressing need to ensure business continuity and to minimise significant disruption to the delivery of public services by LAs [**CS6/007 INQ000544774**] [**CS6/012 INQ000544700**] [**CS6/013 INQ000544702**].

34. In April 2020, the SoS for MHCLG expressed concerns that previous measures announced in March 2020 had not gone far enough to address the pressures faced by LAs at a critical stage of the pandemic and requested additional support for LAs, advocating for immediate action in the circumstances. In particular, MHCLG proposed the deferral of payments of the central government share of business rates to the second half of the year, bringing forward May and June payments of existing ASC grants to April, the provision of additional funding in the sum of £2.4 billion to meet pressures from loss of revenue and increased spending needs, as well as announcing that Fair Funding Review ("**FFR**") and planned 75% Business Rates Retention ("**BRR**") reforms would not be implemented in April 2021.

35. HM Treasury took the view that whilst there was not strong and detailed evidence of the specific need for such measures, the sector was nevertheless facing a challenging position. Whilst HM Treasury recognised the significance of the cashflow and budget concerns raised by MHCLG, there was not sufficient evidence justifying the need for immediate action. CST was also keen to obtain further information from LAs on how they

had spent the additional grants already provided [**CS6/014 INQ000544703**]. Following advice from HM Treasury officials [**CS6/015 INQ000544757**] [**CS6/014 INQ000544703**], the Chancellor ultimately approved the deferral of business rate central share payments for three months, as well as bringing forward ASC grants worth £850 million, thus paying the shares for April, May and June together. These were approved with a condition that MHCLG would do further work with DHSC to understand the pressures on ASC. In respect of the FFR and BRR funding reforms, CST was initially reluctant to announce any delays to their implementation until April 2021 [**CS6/014 INQ000544703**] [**CS6/016 INQ000544715**]. However, the delay was subsequently approved in late April 2020 following internal HM Treasury advice [**CS6/017 INQ000544758**] [**CS6/014 INQ000544703**].

36. At the end of April 2020, HM Treasury approved a request for further funding of £1.6 billion ("**second 1.6 billion grant**") [**CS6/018 INQ000544759**] [**CS6/019 INQ000544705**]. This was an un-ringfenced grant to LAs to assist them in meeting Covid-19 pressures. MHCLG proposed allocating funding on a per capita basis, and providing counties with 65% and districts with 35% of the funding in two-tier areas, with exceptions for certain areas where the scale of Covid-19 pressures did not directly correlate to population size.

37. HM Treasury was aware that existing estimates of where the pressures fell had several weaknesses, including a lack of clear data from LAs, as well as the ongoing uncertainty of the impact of Covid-19 on both spending and revenue pressure. Despite the risk that districts could be undercompensated for the permanent loss of business rates and council tax, HM Treasury approved the allocation formula suggested by MCHLG, given that they were better placed to judge the funding needs of different tiers of authority. It was recommended that HM Treasury would continue to work with MHCLG to make sure that it was clearly communicated to the sector that this funding was intended to cover all LA pressures, including revenue pressures from loss of business rates and council tax [**CS6/018 INQ000544759**]. Allocations were confirmed on 28 April 2020.

38. In June 2020, MHCLG sought to agree a comprehensive package of additional support for LAs covering both income loss and expenditure pressures. MHCLG were concerned that the majority of LAs were in a difficult financial position due to the combined pressure of increased expenditure and a significant decline in income [**CS6/020 INQ000544751**] [**CS6/021 INQ000544750**]. On 29 June 2020, the Chancellor and CST agreed to MCHLG's proposals for a cost-sharing mechanism for irrecoverable SFC income with LAs and a phased repayment of LAs' Collection Fund deficit (shortfall in Council Tax and Business

Rates revenue) for 2020-21 [**CS6/022 INQ000544710**]. However, at this point they declined to approve compensating LAs for loss of commercial income or providing MCHLG with a discretionary pot to assist those LAs at risk of receiving a section 114 notice (HM Treasury instead agreed to consider these on a case-by-case basis). They also decided to defer a decision on the Government meeting 50% of LAs' irrecoverable lost Council Tax and Business Rates revenue until the next SR. On expenditure, HM Treasury officials originally recommended that MHCLG's bid for a further £1.5 billion of grant funding should be rejected for now, given the insufficient evidence that LAs had incurred expenditure costs in excess of the £3.2 billion which the Government had already provided to the sector. However, on 1 July 2020 the Chancellor did approve a further £500 million of un-ringfenced grant funding. The approval was made subject to conditions that are detailed in Annex 5 [**CS6/023 INQ000544712**] [**CS6/024 INQ000544711**]. This was followed by HM Treasury's approval of additional funding for LAs entering local lockdowns in October 2020 via the Contain Outbreak Management Fund, which is covered in more detail from paragraph [41].

39. Furthermore, on 19 October 2020, HM Treasury approved a proposal from MHCLG for the allocation of an additional £1 billion to LAs. The SoS for MHCLG proposed that £890 million of the funding should be distributed to councils in England using the Relative Needs Formula and the 'netting off' approach to take account of any over or under funding from previous tranches of funding. This would maximise efficiency and target resources based on need. In addition, to ensure that the netting off would not leave any LAs with no new funding through the relevant tranche, MHCLG proposed the introduction of a 'funding floor' to ensure fair allocation across the board. The remaining £110m was then then allocated to DCMS to support public leisure services (£100m) and to meet exceptional pressures on port authorities (£10m) [**CS6/025 INQ000544721**].

40. At the SR on 25 November 2020, the Chancellor announced a package of measures worth more than £3 billion to support LAs to manage the implications of Covid-19 in 2021-22. The SoS for MHCLG returned in December 2020 seeking HM Treasury agreement for how the package was to be distributed. The CST agreed with all of MHCLG's proposals [**CS6/026 INQ000544723**]:

    a. £1.55 billion un-ringfenced grant to be distributed using the existing Covid-19 Relative Needs Formula;
    b. £670 million for a Local Council Tax Support Grant;

c. £760m Local Tax Reimbursement Scheme; and
d. Extension of the Sales, Fees and Charges cost sharing mechanism.

41. Details of this package were announced alongside the provisional LGFS on 17 December 2020 with the intention of providing budgeting certainty to LAs ahead of the 2021-22 financial year.

42. On 27 January 2021, HM Treasury officials advised CST on the request from MHCLG to provide a capitalisation direction to six LAs to enable them to meet unmanageable financial pressures [**CS6/009 INQ000544775**]. Capitalisation directions have the effect of allowing LAs to treat a designated element of revenue spending as capital spending and enable it to be financed through either borrowing or asset receipts. As part of that request, MHCLG indicated that another five LAs were likely to make similar requests. While some of these cases were driven by unique Covid-19 pressures, others were a result of longstanding issues which Covid-19 had exacerbated CST approved the request on 27 January 2021 subject to three conditions which are detailed in Annex 5 [**CS6/027 INQ000544729**].

43. In addition, CST received advice in late January 2021 that recommended HM Treasury continue funding LAs to enable them to provide shielding support for Clinically Extremely Vulnerable (CEV) individuals. The advice was that the funding should continue at the same rate, with attached conditions, while shielding advice remained in place. CST agreed that funding should be extended until 8 March 2021 [**CS6/028 INQ000576699**].

44. By Autumn 2021, Ministers took the view that, LAs no longer required bespoke pandemic support, given the end of the lockdowns and the introduction of the Living with Covid Strategy. By that stage, HM Treasury and MHCLG incorporated any ongoing Covid-19 related pressures into the overall assessment of core service demands at the 2021 SR for the period 2022–23 and beyond. This was reflected in the approach to the 2022–23 LGFS, where funding was allocated through existing social care grants and a new services grant.

C. Infection Control Measures

i. Contain Outbreak Management Fund

45. The Contain Outbreak Management Fund ("**COMF**"), initially badged the Test and Trace Support Grant, was established by DHSC in May 2020 with the aim of providing LAs in England with financial support to be used for test, trace and contain activity. The COMF

was the primary source of funding to support LAs in delivering their outbreak management plans, as well as implementing measures to tackle transmission, and enhanced response activity in areas with particularly challenging disease situations. From 2020 to 2022, over £2.1 billion was allocated to the COMF from Test and Trace programme budgets.

46. On 20 May 2020, CST approved £400 million for the COMF, which was ringfenced with conditions (Annex 5). Of this, £300 million was announced by DHSC with £100 million held back as surge funding for areas that experienced peaks in Covid-19 cases. As per Managing Public Money rules, HM Treasury continued to approve spending within this fund that was novel, contentious or repercussive [**CS6/029 INQ000585926**] [**CS6/030 INQ000585927**].

47. By 8 October 2020, while only £12.5m of the £100m surge funding had been paid out so far, it was expected that there would soon be significant further bids given the increasing rates of Covid-19 cases in many areas. In anticipation of this, and to support LAs in developing effective intervention measures to drive down community transmission, HM Treasury officials advised CST on a new method of allocating this funding [**CS6/031 INQ000585953**]. CST agreed that funding would be provided to upper tier and combined LAs 4-weekly in arrears on a formula basis:

    a. An initial one-off payment of £1 per person for proactive containment measures, given to LAs subject to Tier 1.
    b. A second one-off payment of £2 per person for LAs subject to Tiers 2 and 3 ('local lockdown').
    c. A supplementary and discretionary increase of £1 per person (total of £4 per person) was available for LAs that could prove particular need (e.g. smaller LAs with fewer economies of scale).

48. On 10 October 2020, the Chancellor and CST agreed an additional higher tier of funding so that LAs who moved to Local Covid-19 Alert Level Very High would receive additional funding via the COMF, bringing the level of support up to £8 per person for a period of four weeks with a small amount of additional funding available for exceptional circumstances [**CS6/032 INQ000585954**]. These revisions were approved by Ministers at a projected maximum cost of £465 million (in additional to the £300 million already distributed to LAs).

49. Following the announcement of a national lockdown on 1 November 2020, LAs in tiers 1 and 2 were also provided with COMF funding at £8 per head [**CS6/033 INQ000585961**].

On 17 November 2020, CST approved a top-up to the COMF until the end of the financial year at a projected maximum cost of £903 million (if every LA was to be in Tier 3 at the same time). Funding would be allocated at a rate of £4 per head per month for any LAs remaining in Tier 3 (or future equivalent) and £2 per head per month for any LAs remaining at Tier 2 (or future equivalent). The funding was ringfenced, with underspends returnable to HM Treasury. In addition, HM Treasury attached conditions, which included the introduction of a review point following an evaluation by DHSC, as well as a requirement for LAs to account for any funds spent [**CS6/034 INQ000586002**] [**CS6/035 INQ000585964**].

50. This did not identify any instances of LAs being unable to access the funds, and in the review of documents relevant to this module, HM Treasury has not uncovered any evidence of the department being made aware of this as an issue. In any case, instances of specific authorities being unable to access these funds would have been for the delivering department to consider along with MHCLG.

51. Following this review, HM Treasury officials advised the Chancellor recommending that the COMF was continued for the remainder of the financial year at the rate of £4 per head per month **[CS6/036 INQ000585977**]. On 19 February 2021, the Chancellor responded with a steer to offer a £400 million lump sum up front in April 2021 [**CS6/037 INQ000585979**].

ii. Infection Control Fund

52. Throughout early May 2020, CST attended a series of Ministerial deep dives on care home contagion [**CS6/038 INQ000544756**], which involved discussions on the establishment of a new fund to enable workforce restrictions with a view to reducing transmission in care homes.

53. On 11 May 2020, the SoS for Health and Social Care and the Chancellor of the Duchy of Lancaster wrote to the Chancellor seeking £600 million in funding over two months for infection control measures in ASC settings [**CS6/039 INQ000544707**]. The funding was sought for additional costs stemming from preventing ASC staff from working in more than one care home and to pay the wages of isolating staff.

54. While HM Treasury officials considered it logical to expect that ensuring staff only work in one location could cut transmission rates, they had concerns about the proposal which

were relayed to the Chancellor [**CS6/040 INQ000544706**]. Despite requests from HM Treasury, DHSC were unable to provide any specific evidence of the effect that the proposed measures would have on transmission of Covid-19 from either Public Health England ("**PHE**") nor the Scientific Advisory Group for Emergencies (" **SAGE**"). There was also a potential duplication of funding – in March 2020, £1.2 billion was provided for restrictions to reduce transmission in ASC. Additionally, as at that date, over £3.8 billion of un-ringfenced funding had been provided to LAs to meet pressures across all services, including those in the ASC sector. Despite this, officials recognised that care home transmission did pose a serious challenge (HM Treasury was aware for example that care home transmissions were at that moment the most significant driver of R rates) and measures to reduce transmission were a valuable investment in the circumstances. The view was taken that clear conditions attached to any funding could increase value for money.

55. On 13 May 2020, the Adult Social Care Infection Control Fund ("**ICF**") was announced by the Prime Minister. The fund provided £600 million to support England's ASC providers, including those that did not have contracts with LAs. £450 million (75% of the fund) was allocated directly to care providers for specific workforce interventions and the remaining £150 million was provided to LAs to allocate at their discretion towards various ASC pressures (e.g., financial support for domiciliary care).

56. On 15 May 2020, in a letter to the SoS for Health and Social Care [**CS6/041 INQ000051270**] CST expressed concern that the ICF duplicated funding already provided to LAs. As an unintended consequence, the new funding could potentially reward areas that had not implemented best practice containment measures from previous funding, and thus further inhibit the sector's workforce supply. HM Treasury sought close monitoring of the funding, expecting to see robust and quantitative evidence of the use and efficacy of the funding, as well as improvement to the unacceptable levels of infection in social care homes. The ICF was subject to a number of conditions as set out in Annex 5.

57. On 10 September 2020, HM Treasury officials advised CST on a request from DHSC for £1.6 billion to extend the ICF until the end of March 2021 [**CS6/042 INQ000544716**]. HM Treasury officials advised that an extension was sensible and supported continued efforts to reduce infection transmission, especially leading into winter. It was concerning however that only 68% of care homes were reporting that they were complying with guidance to pay their staff wages when isolating and that DHSC were unable to explain whether this

was due to a lack of funding or other factors. Given the limited data available to make a realistic judgement on the funding required, officials suggested approving £273 million until December 2020, on the added condition that DHSC undertook work to establish where providers were failing to meet grant conditions. This would allow the departments to continue to monitor the pandemic and evaluate the level of funding required leading into the new year.

58. On 14 September 2020, CST initially approved £182 million to extend the fund until November 2020 [**CS6/043 INQ000544717**], given the uncertainty over the path of the virus and lack of supporting evidence. Subsequent discussions and feedback from No 10 and DHSC advocated for a longer funding duration and relayed that it was imperative that funding was provided through winter. CST subsequently agreed to an increased amount of £546 million until the end of March 2021 [**CS6/044 INQ000544718**]. A condition was included with the second tranche of funding (from December 2020) so that it was only available to care homes that were compliant with the government's data requests.

59. On 23 September 2020, HM Treasury officials further advised CST on the grant conditions [**CS6/045 INQ000544719**]. CST agreed with officials but asked officials to push for the most up to date data as soon as possible [**CS6/046 INQ000544720**].

60. On 12 March 2021, HM Treasury officials advised CST on DHSC's request for £1.39 billion to extend the ICF for a further six months [**CS6/047 INQ000544731**]. Despite high vaccination rates in ASC - 94% of residents and 73% of staff had received one dose - PHE data suggested that Covid-19 outbreaks were continuing in care homes. Advice from the Deputy Chief Medical Officer ("**DCMO**") recommended maintaining infection control measures. HMT officials recommended a three-month extension of funding given they were expecting further data in April and could monitor the impact of the pandemic following the easing of restrictions. A reduced monthly run rate of £67.5 million was recommended compared with the bid's request of £232 million per month. This amount better reflected the actual spend data from the previous extension. Officials were generally content that the conditions attached to previous ICF funding had been met with providers updating the Capacity Tracker.

61. On 15 March 2021, CST agreed with the advice provided by HMT officials [**CS6/048 INQ000544732**]. CST also wished to signal his intention to wind down support once public health advice permitted it. Any further bids beyond June 2021, when the vaccination

program was anticipated to be largely completed, required up to date data explaining why the funding was required [**CS6/049 INQ000544734**].

62. On 15 June 2021, HMT officials advised CST on DHSC's request of £474.3 million to extend the ICF for nine months [**CS6/050 INQ000544735**]. The vaccination program was progressing well with 69% of care home staff and 90.6% of ASC residents having received a second dose of the vaccine in England. A recent SAGE paper had concluded that whilst vaccination was a highly effective intervention and was anticipated to reduce symptomatic presentation and mortality, there still remained risks associated with new Covid-19 variants and new unvaccinated ASC staff joining the workforce. It had also concluded that care settings which implemented infection control measures had significantly less staff and resident infections and outbreaks. PHE and DCMO advice therefore remained that infection control measures funded by the ICF needed to continue. HMT officials recommended that CST agree to a three-month extension at a reduced run rate - £47.5 million per month, equating to £143 million in total. On 23 June 2021, CST agreed with HMT officials' recommendation [**CS6/051 INQ000544737**].

63. On 23 September 2021, HMT officials advised CST on DHSC's final request on extending the ICF [**CS6/052 INQ000544761**] [**CS6/053 INQ000544762**] for six months at a cost of £323.4 million. The health advice of SAGE and DCMO remained consistent in supporting continued infection prevention and control measures. A longer duration of funding was considered appropriate given the potential pressures on LAs leading into winter and the likelihood of the health guidance on infection prevention and control continuing. A reduced run rate was again recommended - £39.5 million per month (£237 million in total) in line with previous data on winter spending and discussions with DHSC. CST approved the extension the following day [**CS6/054 INQ000544740**].

64. In response to the Omicron variant, DHSC bid for an additional £147 million for further infection control measures between January and March. CST opted to approve £49 million for January only, given the uncertainty around whether the Omicron variant would continue to drive higher case numbers [**CS6/055 INQ000544747**]. This was the final spending approval HM Treasury made in relation to the ICF.

iii. Personal Protective Equipment ("PPE")

65. Prior to Covid-19, business as usual procurement of PPE was decentralised across health and social care settings and was widely available. Social care organisations were

responsible for securing their own PPE through wholesalers or directly from suppliers. Alongside this, PHE maintained the Pandemic Influenza Preparedness Programme ("**PIPP**") stockpiles, including PPE stocks, on behalf of DHSC. This stockpile was built up over time and focused on the requirements for a response to a possible influenza pandemic. The DAs held stockpiles separately for each of their nations.

66. From March 2020, DHSC began to centrally procure large volumes of PPE on behalf of the UK Government. This was important because (i) it was crucial to ensure that staff on the frontlines were sufficiently protected and (ii) there was an emerging consensus that PPE could help lockdowns end quicker and the reopening of the economy sooner. This was at a time when global demand was at an unparalleled high, prices were increasing rapidly, and the market was volatile.

67. HM Treasury's involvement in the PPE programme commenced in March 2020, although HM Government's escalation of PPE supply commenced earlier in 2020. HM Treasury's role was to enable the rapid procurement of PPE, whilst ensuring accountability for the taxpayer. Whilst HM Treasury had no direct rule in the procurement of PPE in ASC, it approved spending that was novel, contentious or repercussive; and any expenditure that fell outside the DHSC's authority limit. HM Treasury has no responsibility for the internal management and allocation of resources from within each department's delegated authority limit. A review of files has not found instances where HM Treasury made policy decisions regarding the financial support of PPE to private/third sector providers.

68. During this time HM Treasury applied the spending control framework more flexibly and delegated greater control to the Accounting Officer. By allowing for more flexibility HM Treasury, sought in very difficult circumstances to balance the urgent need for PPE procurement with the interests of the taxpayer.

69. Initially, HM Treasury approved a number of individual contracts for the rapid procurement of PPE at the request of DHSC. This was at a time when global demand was at an unparalleled high, prices were increasing rapidly, and the market was volatile. Given the urgency of securing supply and to avoid continuously having to seek urgent HM Treasury approval for each separate PPE payment, officials set up delegated funding envelopes from which DHSC could make purchases of PPE going forward. In line with MPM, HM Treasury attached conditions to these envelopes which generally centred around quality assurance of PPE and improving the data modelling of PPE supply and demand.

70. On 25 March 2020 the CST agreed to an initial envelope of £100m for the procurement of PPE in recognition of short procurement deadlines. [**CS6/056 INQ000477811**]. On 4 April 2020 the envelope was increased to £500m, based on the limited supply and demand data available across HMG. [**CS6/057 INQ000477817**].

71. On 11 April 2020, the PPE envelope was doubled from £500m to £1bn.

72. (including GPs, pharmacists, social care, ambulance responders). [**CS6/058 INQ000477818**]. This included provision for those working in social care settings in the private sector.

73. On 26 April 2020, the CST approved a request from DHSC to increase the PPE envelope from £1bn to £4bn to cover the estimated costs to meet the next 3 months of PPE demand [**CS6/059 INQ000232080**]. HM Treasury officials frequently relied on information and data from DHSC when advising on such decisions.

74. On 20 May 2020, the CST approved a further increase to £9bn, to reflect HMG's increased success in securing high volume orders to ensure longer-term supply of PPE beyond the next 3 months. HM Treasury officials had advised that DHSC's demand model was now more developed, factoring in the updated PHE guidance on PPE usage, available data from across the UK and public sector, as well as refining assumptions around usage in social care settings [**CS6/060 INQ000477821**].

75. On 2 June 2020, the CST approved the final uplift for FY2020/21 – increasing the overall PPE envelope to £13.8bn [**CS6/061 INQ000477822**] [**CS6/62 INQ000477823**] to cover projected demand until the end of 2020. HM Treasury Officials noted there had been significant adjustments to the modelling including around the number of COVID-19 patients, changes to assumptions around PPE usage in social care and factoring in requirements into non COVID-19 NHS services. HM Treasury imposed several conditions, in particular the setting up of a 'MPRG-like process' (which eventually morphed into the Senior Assurance Meetings).

76. However, given DHSC initially struggled to supply PPE to other public services directly, social care providers and LAs (along with other public services) continued to procure PPE privately on the wholesale market at inflated prices. On 7 July 2020 advice noted that until recently low levels of stock meant DHSC had struggled to meet demand from OGDs, health settings outside hospitals and the ASC sector, instead prioritising hospitals given

they faced the most urgent needs based on clinical guidance. It noted based on rough estimates, DHSC had supplied c.15% of demand to date for ASC, mostly through the wholesale route, the other was through DHSC providing PPE free of charge to Local Resilience Forums (LRFs). The advice recommended asking DHSC to pursue a direct supply model going forward via a portal. [**CS6/063 INQ000544722**] [**CS6/064 INQ000544766**].

77. CST therefore wrote to the SoS for Health and Social Care on 16 July 2020 requesting that DHSC provide estimates of the costs legitimately incurred by care providers in privately procuring PPE so that they could be reimbursed [**CS6/065 INQ000109535].** CST also reiterated his expectation that DHSC ensure that supply can reach all public services with clinical need, free of charge, so that they stopped incurring additional costs.

78. Spending of the PPE envelope was overseen by the PPE Oversight Group (from June 2020) and the Senior Assurance Group (from July 2020) which HM Treasury attended and chaired respectively. These meetings were used to discuss improvements to demand modelling, supply chains, logistics and governance of the programme [**CS6/066 INQ000507664**] [**CS6/067 INQ000507691**] [**CS6/068 INQ000507653**] [**CS6/069 INQ000507668**].

79. The distribution of PPE for frontline health and care staff, including those in ASC settings continued throughout the relevant period.

iv. Testing

80. Early in the pandemic, HM Treasury recognised the need to rapidly procure tests in a fast-evolving, challenging and competitive market. HM Treasury's approach across the testing portfolio during the relevant period was underpinned by an understanding that widespread testing and self-isolation, particularly finding and isolating index cases, could reduce transmission significantly.

81. As with PPE, DHSC was responsible for procuring tests on a UK wide basis. DHSC - through the Test and Trace programme - was also responsible for the operation and delivery of the UK's testing strategy, including in care homes.

82. HM Treasury's primary role was providing DHSC with the budget for the Test and Trace programme. After initially providing an envelope of £100 million, HM Treasury took the decision to establish a wider programme budget for the procurement of testing, combining

procurement with other elements of the overall Test & Trace Programme, partly to streamline the process and support DHSC to take responsibility for spending control. By November 2020 the budget for the Test and Trace programme had been increased to £22 billion.

83. While HM Treasury did not have a direct role in decisions regarding the use of tests in care homes, ministers did at times seek to use HM Treasury's influence on the Test and Trace programme to ensure that testing in care homes was being adequately considered. For example, the CST wrote to the Chancellor and Prime Minister on 15 May 2020 on Covid-19 spending. In this, he outlined his concerns at the pace of testing and the lack of prioritisation being given to care homes in particular [**CS6/070 INQ000544772**]. At the same time, the Chancellor agreed a set of priorities for the new Test and Trace programme, including that the Government was to use test and trace specifically to get control over the outbreak in care homes [**CS6/071 INQ000585920**].

84. The Rapid Testing Fund ("**RTF**") was established in December 2020 to support the administration of large-scale Lateral Flow Device ("**LFD**") testing in the ASC sector. LAs received the ring-fenced funding to allocate to individual ASC settings at their discretion, an approach consistent with HM Treasury's devolved approach to funding LAs. The RTF supported testing visitors on arrival to an ASC setting, testing residents in the event of an outbreak, as well as enabling ASC staff to have two LFD tests a week (in addition to a weekly PCR test). This was discussed at a Covid O meeting on 8 December 2020 where CST confirmed that the RTF would be funded from the overall Test and Trace programme budget [**CS6/072 INQ000576697**].

85. On 15 March 2021, HMT officials advised CST on a request from DHSC for £138.7 million to extend the RTF for three months [**CS6/073 INQ000544733**]. HM Treasury officials agreed that the fund was necessary to support the Government's commitment to regular testing in the ASC sector, and more broadly, would be part of the roadmap out of lockdown. Although there was incomplete data on the number of rapid tests required in the ASC setting, CST approved the funding - which was to be provided from within the overall Test and Trace budget - and attached conditions requiring appropriate reporting and claw back mechanisms.

86. On 18 June 2021, HM Treasury officials advised CST on a request from DHSC for an additional £145 million to extend the RTF for four months. HM Treasury officials

recommended approving the spend as it would enable the continuation of compliant, on-site LFD testing. Data from DHSC indicated that as of June 2021, LFD testing in care homes had identified nearly 24,000 Covid-19 cases. This had in turn prevented significant onward transmission of infection in the ASC sector for both residents and workers. HM Treasury officials had concerns relating to the length of the extension, given the uncertainty of future testing demand and requirements. On 21 June 2021, CST approved £108 million to extend the RTF for three months [**CS6/074 INQ000544736**].

87. On 23 September 2021, HM Treasury officials advised CST on DHSC's ASC Winter Plan, which included a request for £126.3 million to extend the RTF for six months [**CS6/053 INQ000544762**]. HM Treasury officials recommended approving the funding as clinical advice remained that the testing was necessary, particularly over the Winter period, when infection and transmission rates were anticipated to be higher. CST approved the funding subject to a novel condition that DHSC would monitor the public health benefit of onsite ASC testing, in circumstances where booster vaccinations were available [**CS6/054 INQ000544740**]. This was the final spending approval HM Treasury made in relation to the RTF.

v. Vaccinations

88. At Spring Budget 2021, the Chancellor announced £1.65 billion of RDEL funding for the vaccine deployment programme for 2021-22, subject to approval of the updated finance case. Of this £1.65 billion, £25 million was earmarked for the wages and transport costs of social care staff travelling to be vaccinated. This funding was provided primarily to support care workers who had to travel to a vaccination centre to receive a vaccine [**CS6/075 INQ000544768**].

D. Addressing Workforce Challenges

89. During the pandemic, the government continued to take account of the need to ensure sufficient workforce capacity within the adult social care sector. DHSC was primarily responsible for developing policy to support and expand the workforce as required, with HM Treasury considering policies with spending implications, according to the spending framework, or where they related to wider labour market policies for which HM Treasury was responsible, such as the Coronavirus Job Retention Scheme.

i. Workforce Movement Restriction Regulations

90. Across the early months of the pandemic, DHSC, as the lead department for ASC, considered the restriction of movement of care staff between homes as one of many different policy options to prevent the spread of Covid in ASC settings. In early May, the decision was taken to establish the ICF - detailed in paragraphs [53] to [65] - to be used on a range of infection control measures including restrictions on staff movement.

91. On 15 September 2020, Covid(O) agreed to DHSC's proposed ASC Winter Plan to prevent and manage outbreaks. This included the recommendation to introduce legislation to ban staff movement between care homes. [**CS6/076 INQ000544755**]. There was no additional funding request related to this element of the plan and the ICF remained available to providers. Cabinet office officials asked DHSC to regularly update the Covid(O) meetings with the status of the plan.

92. On 6 October 2020, DHSC returned to Covid(O) to review progress on operationalising the Winter Plan. [**CS6/077 INQ000000000**]. Their paper shared the conclusion drawn by a SAGE subgroup that staff appeared to be the main route for Covid to enter care homes. As a result of this information, putting restrictions on staff movement into regulations was identified as a priority intervention. As the lead department for the policy, DHSC updated the meeting that work was continuing at pace and confirmed delivery confidence as amber/green.

93. On 23 October 2020, DHSC returned to Covid(O) to provide an update on ASC Winter plan progress. The meeting papers identified the need for engagement with the sector regarding potential regulations prohibiting staff movement between settings and DHSC flagged that this could mean a delay of up to two weeks [**CS6/078 INQ000616665].**

94. On 12th November DHSC was asked by the Cabinet Office whether they were confident that new regulations to stop movement between settings would fix the problem, and if not what else would be needed. [**CS6/079 INQ000000000**]. DHSC officials responded with a detailed analysis of the sector and an update on the plan for staff movement restrictions which was still under development. A 7-day external consultation on the policy was being developed to launch in November 2020 [**CS6/080 INQ000000000**].

95. On 15 December 2020, DHSC made an urgent request to use the Coronavirus Job Retention Scheme (**"CJRS"**) to compensate care workers impacted by potential restrictions limiting them from working in multiple care homes [**CS6/081 INQ000576702**].

Under this approach, staff who worked for two providers would be furloughed by one of them and would continue working for the other.

96. Whilst officials recognised the potential benefit of the CJRS being more targeted to the individual than the existing arrangements via the ICF, they also raised concerns around feasibility, value for money and state aid implications. They also noted the risk that this approach could undermine the CJRS guidance to organisations that receive public funding not to furlough staff.

97. Officials therefore advised against using the CJRS as a mechanism to provide compensation and recommended that ministers agree to consider proposals for an extension of the ICF or the creation of a new fund to support the launch of the new regulations. On 17 December 2020, the Chancellor agreed to their recommendations [**CS6/082 INQ000544724**].

98. At the end of December 2020, following on from feedback from HM Treasury regarding the use of the CJRS, DHSC proposed the establishment of a new pot of funding to be administered by local government for care homes to provide compensation to staff who were unable to work their usual hours because of the new staff movement regulations. At this point, regulations were expected to come into force early in the new year. On 30 December 2020, officials recommended approving the £117 million scheme with a number of conditions attached [**CS6/083 INQ000576701**]. CST was in principle supportive of providing more funding to care homes to address staff shortages. However, he was of the view that many of the concerns raised in considering the initial bid had not yet been addressed, and there was a significant risk of fraud [**CS6/084 INQ000544725**]. CST's view was staff movement could be reduced by addressing the workforce shortages and suggested funding may be better spent on incentives to recruit more workers providing compensation. DHSC was encouraged to submit another proposal that better addressed the risks.

ii. Workforce Capacity Fund

99. DHSC returned with a proposal for a £120 million three-month Workforce Capacity Fund, on which HM Treasury officials advised CST on 9 January 2021 [**CS6/085 INQ000544771**]. HM Treasury advice was based on an understanding that increasing issues in the ASC sector had a knock-on effect on the NHS, which led to an increased pressure and need to intervene, because of the possible impact on health and the potential economic benefits

of doing so. CST approved the funding whilst also challenging DHSC to develop a longer-term plan. [**CS6/086 INQ000544726**]. This approval was on the condition that the LAs would provide reports on the use of the funding, as well as track any additional staff employed. The Workforce Capacity Fund concluded on 31 March 2021.

100. At the Covid(O) meeting on 11 January, DHSC shared an update on the status of the delivery of the ASC Winter plan. Given acute workforce capacity issues, they shared that key sector partners were no longer likely to support regulations to restrict staff movement and indicated that they were working with HMT to develop a workforce capacity plan to be announced alongside the decision not to lay regulations [**CS6/087 INQ000616664].**

101. On 23 September 2021, HM Treasury officials advised CST of a funding request by DHSC for £240 million, to restart the Workforce Capacity Fund for six months [**CS6/088 INQ000544767**]. It was reported that the initial fund had supported 7.3 million additional hours worked. HM Treasury officials made it clear that they were unable to make a clear judgement on the ASC employment outlook: the vacancy rate for care workers had increased from 5.3% to 8.2% - however, this was in line with pre-pandemic rates. It was also projected that the imminent end of furlough could create a pool of people to target and employ in the ASC sector. CST therefore agreed with HM Treasury officials' advice to refuse the request [**CS6/054 INQ000544740**] and he remained open to considering alternative bids and schemes. DHSC were instead asked to increase the monitoring of the ASC labour market conditions, to continue working with other government departments to mitigate risks, and to utilise the end of the furlough scheme to support vacancies in the ASC sector.

iii. Workforce Recruitment and Retention Fund

102. On 12 October 2021, HM Treasury officials advised CST on DHSC's bid of £345 million to establish the Workforce Recruitment and Retention Fund [**CS6/089 INQ000544763**]. This aimed to increase the capacity of social care providers to deliver more hours of care, boost retention of staff and support safe discharge from hospital where ongoing care was required. Capacity tracker data showed that since May 2021, there had been a reduction of 23,000 staff in the ASC workforce and modelling predicted a potential 45,000 shortfall by the end of 2021. The introduction of vaccination as a condition of employment (VCOD) was predicted to result in an additional 33,000 leaving the workforce. HM Treasury officials however also recognised that identifying the scale of intervention required was

challenging. There remained, for example, ongoing uncertainty in the wider labour market and the end of the furlough scheme still had the potential to improve workforce supply. Various funding options were explored that took into account the effect of workforce vaccination requirements, as well as consistent feedback from the sector on workforce shortages. CST agreed with the advice of officials, approving £162.5 million for the Workforce Recruitment and Retention Fund until March 2022 [**CS6/090 INQ000544741**].

iv. Workforce Winter Funding

103. On 29 November 2021, DHSC sought approval to spend £530 million RDEL from NHSE underspends to support recruitment and retention in ASC over winter based on their belief that the workforce situation had deteriorated significantly [**CS6/091 INQ000544742**]. It was proposed that the funding would be similar in scope to the previous £162.5 million approved in October, supporting non-recurrent recruitment and retention initiatives such as retention bonuses, sign-on bonuses and allowing providers to bring forward planned pay increases.

104. HM Treasury officials recommended approving £300 million, accepting the premise that there was a significant issue which required additional investment, but that the reduced amount was more consistent with unit costings previously used. Identifying the right scale of intervention required at pace was again challenging and it was noted that the quality of the data was not sufficient given its focus on workforce supply as opposed to demand. The impact of the initial Workforce Recruitment and Retention funding, granted a month earlier, was also unknown.

105. CST requested more information regarding evidence that the intervention would work and options to increase the effectiveness of the policy, which HM Treasury officials provided the following day [**CS6/092 INQ000544746**] [**CS6/093 INQ000544743**] [**CS6/094 INQ000544744**]. HM Treasury continued to have concerns in relation to the modelling provided, which was mostly self-reported data from care providers. HM Treasury were also concerned about the impact of the funding on the private sector, including the risk that the private sector would respond with its own incentives and bonuses. This could exacerbate the workforce shortages in the public sector, and in the long term, create further pressures for unaffordable pay rises in ASC.

106. HM Treasury therefore sought to increase assurance and monitoring of the fund through several conditions, which are included in Annex 5. It was on this basis that the Chancellor and CST approved the £300 million [**CS6/095 INQ000544745**] [**CS6/092 INQ000544746**].

v. Workforce Development Fund

107. The Workforce Development Fund was an existing scheme operated by DHSC to deliver training and development opportunities to existing care sector workers. During the pandemic, DHSC made the decision to adjust this programme to support the development of new staff. This was a decision for DHSC, and searches of HM Treasury's records have not demonstrated any indication that HM Treasury were either required or asked to approve this change.

E. Discharge from the NHS to ASC

i. Enhanced Discharge

108. HM Government introduced 'Enhanced Discharge' in March 2020 to free up beds in hospitals, in response to projections of a significant increase in demand for beds. This involved initially suspending the means test for social care for people leaving hospital. HM Treasury considered enhanced discharge in the context of the range of policies NHSE and DHSC were pursuing to ensure there was sufficient capacity, alongside for example independent sector capacity. DHSC and NHSE were responsible for the implementation and operation of Enhanced Discharge. HM Treasury's role was to approve the spending required – c.£2.7 billion over five extensions agreed by HM Treasury ministers during the relevant period as set out below.

109. On 17 March 2020, HM Treasury officials provided advice to CST on two requests for funding from DHSC for plans to free up NHS hospital beds for the COVID response. DHSC requested funding for two measures to speed up discharges from the NHS into ASC – the first was to disapply the Care Act means test and Continuing Healthcare ("**CHC**") assessments for those entering social care through the NHS for six months at a cost of £1.3 billion; the second was to extend the measure to disapply all means testing for entrance to ASC from other routes for six months at an additional cost of £0.7 billion. Officials recommended that CST accept the first bid, but not the second on the grounds

that they did not believe suspending the means test for entrants who were not already in hospital would have a material impact on hospital discharge rates [**CS6/006 INQ000544753**]. CST agreed with the recommendation [**CS6/096 INQ000544698**] and the funding was announced on 19 March 2020.

110. On 9 July 2020, HM Treasury officials advised CST and the Chancellor on an NHS Winter 2020-21 capacity package requested by the PM, which included an extension to the suspension of the means test for those entering social care through the NHS, but with the introduction of a new cap limiting the length of time that ASC would be funded without means testing to six weeks. This extension to the discharge fund came at a cost of £588 million [**CS6/097 INQ000088088**]. Officials recommended the Chancellor and CST approve the measure with conditions (provided in Annex 5). Both the Chancellor and CST agreed to the advice [**CS6/098 INQ000399209] [CS6/099 INQ000233886].** This funding, with the new six-week cap, was subsequently announced as Scheme 2.

111. On 19 January 2021, as part of the supplementary estimates process, DHSC bid for an additional £320 million to cover overspends from the original enhanced discharge programme and an additional agreement in principle to suspend CHC assessments beyond the six-week cap at an expected further cost of up to £699 million. CST agreed to the top up bid subject to conditions but not to agree to suspend CHC assessments [**CS6/100 INQ000544770**] [**CS6/101 INQ000574002**].

112. On 4 February 2021, HM Treasury officials sent urgent advice to CST on extending the scheme, asking for a decision by the following day. The advice summarised discharge data shared by NHSE as well as information regarding the impact of the enhanced discharge schemes [**CS6/102 INQ000500359**]. While officials highlighted the cost of the enhanced discharge programme, they noted that the scheme offered better value for money than purchasing additional beds within the NHS (with the associated workforce requirements). On balance, officials recommended that CST and the Chancellor approve a short extension to the scheme at a cost of £59 million. CST agreed to the shorter six-week extension and the conditions noting he was keen to use the time to assess how to move to a more sustainable position.

113. On 9 March 2021, officials advised the Chancellor and CST on remaining outstanding NHS Covid-19 costs for 2021-22. This included a bid from NHSE to continue the enhanced discharge programme at a cost of £0.7 billion. The advice noted that evidence indicated

that the enhanced discharge programme was the best value for money option of the capacity interventions used in 2020-21, but that there were choices – for example reducing the payment for six weeks of care to four weeks, either immediately or in the second quarter of 2021-22 [**CS6/103 INQ000544730**] Ultimately, Ministers agreed to extend Scheme 2 until 30 September 2021, although the payment was reduced to four weeks from the beginning of July.

114. HM Treasury subsequently agreed further funding as part of NHS funding for the second half of FY2021/22. This was in order to avoid a sudden end to funding in September, as well as to protect NHS elective capacity. HM Treasury was clear that this would be the last separate payment for enhanced discharge [**CS6/104 INQ000544738**] [**CS6/104A INQ000000000**].

ii. Adult Social Care Indemnity

115. On 15 January 2021, HM Treasury officials provided advice to CST regarding a request from DHSC to provide a time-limited insurance indemnity for designated settings in ASC. Designated settings were identified with the aim of protecting the wider care home population from being infected by Covid + residents, while still discharging patients quickly. The indemnity would be provided to designated settings that could not secure appropriate insurance cover and would cover all clinical negligence, public liability or employer's liability, not limited to Covid-19 claims, as well as employers' liability for the wider settings. CST agreed to the introduction of the indemnity on a time-limited basis until 31 March 2021 whilst also asking for updated modelling from DHSC to support the evaluation of the scheme. **[CS6/105 INQ000544727] [CS6/106 INQ000544728].**

116. On 15 March 2021, officials advised CST to continue the indemnity for the first quarter of the fiscal year 21/22, to be reviewed ahead of the second quarter. CST approved with conditions, listed at Annex 5 **[CS6/107 INQ000576700]**.

F. Other Measures

i. Council Tax Covid-19 Hardship Fund

117. In the 2020 Budget, the government announced £500 million of new grant funding to support economically vulnerable people and households in their local area. MHCLG officials proposed a scheme design to HM Treasury which was approved by CST on 23 March 2020. £500 million was allocated to council tax billing authorities in proportion to the number of working age claimants of Local Council Tax Support ("**LCTS**"). Billing

authorities had discretion over how the funding was used, but the expectation was that most of the funding would be used to provide recipients of working age LCTS with a £150 further reduction in their council tax bill [**CS6/108 INQ000544701**].

ii. Business Rates Relief

118. At the 2020 Budget, the Chancellor announced that the existing business rates discount for retail properties with a rateable value below £51,000 would be increased to 50% and the list of eligible properties was expanded. This measure was further extended on 17 and 18 March 2020 when a 12-month business rates holiday for 2020-21 was announced for the retail, hospitality and leisure sectors and for nurseries. LAs were compensated for the loss of income. This measure was targeted at those businesses with a significant, pandemic-related drop in footfall, primarily retail and leisure establishments. Care Homes were not within the scope of this relief measure.

iii. Omicron Support Fund

119. On 23 December 2021, HM Treasury officials provided advice to CST regarding a funding bid from DHSC to support the ASC sector in its response to the Omicron variant of Covid-19 circulating in the UK at the time [**CS6/055 INQ000544747**]. Given the lack of supporting evidence, CST did not approve the funding request for workforce recruitment and retention or for a proposed Civil Service Volunteer Scheme. However, CST agreed to an additional £60 million of funding for the month of January 2022 only, given the uncertainty around the Omicron variant. This package of support included £40.3 million for infection prevention and control funding to support workforce operations such as limiting staff movement, £10 million to support unpaid carers, £8.7 million to backfill staff absences and £1 million for ventilation. The funding was provided subject to conditions, which are listed in Annex 5 of this statement.

120. On 26 January 2022, officials provided advice to CST regarding a second bid of £35 million RDEL for February **[CS6/109 INQ000544748].** Officials highlighted that infection rate projections were uncertain and that existing data from providers was predominantly qualitative. However, they recommended that CST approve £30 million in funding with conditions. CST was not content to approve in the circumstances, noting that expectations for infection control were only 3% higher than previously modelled – a pressure he felt should be manageable. More widely, he was concerned that the level of booster vaccination amongst care home staff was lower than the national level for adults and

should be an area of focus to increase safety and reduce the infection rate [**CS6/110 INQ000544749**].

HM Treasury's use of Data and Analysis in Advice

121. Whilst HM Treasury's approach to funding requests was grounded in evidence-based analysis, decisions had to be made against the backdrop of a rapidly evolving global pandemic. In assessing the impact and extent of pressures within the ASC sector, HM Treasury sought to rely on the most up-to-date and evidence based modelling and information available [**CS6/006 INQ000544753**], such as evidence in support of projected losses over a certain period of time, the amount of spending pressure that could be absorbed through reserves and reprioritisation, [**CS6/014 INQ000544703**], or modelling on the supply and demand challenges facing the sector **[CS6/041 INQ000051270].** . Where available, HM Treasury relied on monitoring data to assess the financial position of various LAs, which enabled officials to make informed assessments about the needs of specific LAs and the pressures and challenges they faced [**CS6/020 INQ000544751**].

122. Where HM Treasury was presented with insufficient or no information to make an assessment, officials had to base advice on the available data or on educated assumptions [**CS6/015 INQ000544757**], drawing on cost and benefit analysis to support advice while maintaining a standard of scrutiny [**CS6/014 INQ000544703**] - this was based on an understanding that HM Treasury may not always have perfect data before funding becomes critical [**CS6/014 INQ000544703**]. This meant that requests for funding were sometimes approved for a lower sum than the sum originally requested, pending the provision of further information or approvals were accompanied by appropriate conditions to ensure that requests for further information would be adhered to, as well as agreeing to a request on an interim basis, with payment of the funding being made conditional on the provision of further data [**CS6/014 INQ000544703**], or access to data held by the requesting department [**CS6/041 INQ000051270].** .

123. Requests for additional information or evidence were frequently made by HM Treasury from the department requesting funding, but due to the time pressures and the urgent context in which approvals were required, there were instances in which data was not provided in a timely manner, or at all. For example, in April 2020, HM Treasury raised concerns regarding the status of the social care sector's preparation and response to the pandemic. At that stage, HM Treasury lacked a clear grasp of the demand and supply issues the ASC sector faced and advocated for a stronger push from No 10 to encourage

DHSC and the NHS to develop and provide a clear hypothesis on demand across ASC [**CS6/111 INQ000544752**]. One of the major challenges faced by HM Treasury was in balancing the need for effective scrutiny against the provision of critical support to LAs during the pandemic. This meant that HM Treasury was sometimes faced with the prospect of approving requests for funding on the basis of limited data provided.

124. HM Treasury continued to identify gaps in the data throughout the relevant period. For example, on 9 April 2020 the Chancellor and CST received advice outlining concerns about the preparedness of the social care sector. HM Treasury identified gaps in information relevant to the Enhanced Discharge Programme and made further inquiries and requests aimed at filling existing information and data gaps [**CS6/111 INQ000544752**]. For example, there was no assessment of the impact of different elements of the support package, such as a breakdown of how the suspended means test and other measures had made a difference since their implementation. In addition, there had been no assessment of future demand for the enhanced discharge service, nor had there been a granular breakdown of expenditure in different settings (such as step-down care, nursing care, hospices, and homecare). Finally, no information had been provided on the average costs of the ASC packages procured, nor a breakdown of how much was being spent relative to LA and self-funded users. Whilst data had been provided on the amount spent on the programme overall, as well as on the number of people who had been discharged under the scheme, HM Treasury encountered challenges in assessing the impact of the programme and its value for money overall on the basis of this.

125. HM Treasury continued throughout the relevant period to set conditions related to data on funding approvals with the aim of improving the information being relied upon to make decisions. Specific examples are included in Annex 5.

126. In relation to its reliance on scientific and clinical advice, HM Treasury did not commission its own scientific studies or reports. HM Treasury adopted a pragmatic approach to its analysis, relying on information provided by MHCLG and/or DHSC, who obtained their own evidence or advice from PHE, for example [**CS6/112 INQ000066747].** Where possible, HM Treasury factored in clinical and scientific evidence (where available) into its analysis, such as opinions and advice received by the Chief Medical Officer and PHE [**CS6/047 INQ000544731**], as well as existing clinical judgements (e.g. from SAGE) on matters relating to the efficacy and necessity of on-site testing in the care sector [**CS6/074 INQ000544736**].

127. Overall, HM Treasury endeavoured to base its analysis and advice regarding financial assistance on the most reliable data available. Recognising that requests for assistance were typically made in complex and fast-evolving situations, there was a general awareness that the data would often be imperfect, potentially leading to less-than-ideal outcomes. However, given the urgency of decision-making, the risk of a sub-optimal outcome often had to be weighed against the risk of inaction.

Lessons Learned and Recommendations

128. HM Treasury committed to learn lessons throughout and beyond the pandemic. We evaluated and reflected on our approach at regular intervals to ensure that our processes were continually adapting and improving to meet the rapidly changing demands of the pandemic. We reviewed our standard processes throughout, making informed judgements on the most effective ways to meet our responsibilities in a pragmatic and flexible way.

129. As outlined elsewhere, DHSC are the policy leads for ASC within HMG and therefore have primary responsibility for pandemic preparedness policy in ASC. Lessons learned for the ASC sector are outside of HM Treasury's specific remit.

130. The principles underpinning HM Treasury's approach to spending did not fundamentally change during the pandemic. The established framework by which AOs are responsible for expenditure in their departments remained in place throughout, as did the requirement that AOs must ensure spending takes place in line with the principles of regularity, propriety, value for money and feasibility. In advising on value for money, HM Treasury's general considerations when advising Ministers also remained the same (albeit different considerations were weighted differently - and proportionately - according to the circumstances at the time during different phases of the pandemic).

131. Within that framework, HM Treasury was able to act flexibly thus allowing departments to be responsive in their approach despite the key challenges posed by the pandemic, including pace and uncertainty. HM Treasury worked with relevant departments to ensure they could act rapidly, when necessary, while establishing upfront scrutiny and risk management which, while varying from normal practice, were proportionate to the circumstances. HM Treasury was also able to strengthen risk mitigation and assurance with bespoke processes after decision-making took place and was able to act quickly and responsively when necessary.

132. In practice therefore, the public spending framework proved to be a flexible framework within which Ministers and departments could take rapid decisions, balancing urgent public health need with value for money for the taxpayer. The framework also proved to be adaptable over time and was able to accommodate evolution in the weighting of spending considerations over the course of the pandemic.

133. That being said, the COVID-19 pandemic was an unprecedented challenge for the health system and the management of public money in support of public service delivery in a crisis. HM Treasury has worked to embed lessons from the pandemic into our own practices and to share lessons on best practice more broadly across government. A number of elements of this work have been delivered through the Government Finance Function ("**GFF**").

134. The GFF convenes a Finance Leadership Group ("**FLG**"), which meets every month outside August. The agendas include a Treasury update in which the latest information on fiscal events and other Treasury activity is shared with departments. The agendas also include items that require the attention of all government departments, and which allow departments to share best practice and common issues and concerns. During the pandemic the FLG met much more frequently, moving from monthly to weekly calls.

135. Previous sessions have covered the following topics:

a. Forecasting - this has led to the creation of an FLG forecasting sub-group tasked with working to improve forecasting accuracy. The group has discussed the impact of Covid-19 on departmental forecasting and has set expectations around forecasting best practice for finance professionals and budget holders through the development of a new forecasting framework, which has been published and shared with departments. This sets out forecasting expectations and incentivises departments to share robust forecasts that enable HM Treasury to monitor public spending effectively and thereby minimise the risk to public finances.
b. Risk Management - several updates on risk management activities have been shared with and discussed at the FLG including the development, approval and publication of the Risk Control Framework as Part II of the Orange Book [**CS6/113 INQ000412040**] [**CS6/114 INQ000412081**].
c. Financial Reporting - a joint session was held in November 2021 with FLG and the National Audit Office on timeliness and quality of reporting in Annual Report and Accounts (ARA) for 2021-22 [**CS6/115 INQ000412077**] [**CS6/116 INQ000412079**]. On the content of ARAs for 2020-21 and 2021-22, HM Treasury introduced new

mandatory requirements for reports on the impact of the pandemic on departmental goals, strategic objectives and priority outcomes, and a fraud and error analysis of Covid-19 support schemes.

d. Audit and Assurance – The Government Internal Audit Agency ["GIAA"] attended a session in December 2021 on cross-government insights from the 2020-21 assurance work, in particular those related to the Covid-19 response. FLG looked at the outcomes from the cross-government Risk Management review and discussed the impact of Covid-19 on risk tolerance levels [**CS6/117 INQ000412078**] [**CS6/118 INQ000412080**].

136. The GFF remains committed to ensuring that the finance community across government has access to adequate guidance and best practice. The GFF maintain a Covid-19 hub on the OneFinance platform, accessible to all government finance staff, which provides the latest advice and guidance in a single place online, including updates that cover AO flexibilities, response and recovery risk management, and changes to payment and debt processes.

137. HM Treasury has also reflected on the way the spending control framework operated during COVID-19, flexibilities that were agreed with departments, and the process of procuring specific products, including PPE and Test and Trace. The conclusions, including lessons learned for future crises, were set out in a letter from the CST to the Chair of the Treasury Select Committee in April 2021 [**CS6/119 INQ000068427**].

138. One key lesson identified in the CST's April 2021 letter was the importance of high-quality data and data sharing in managing spending risks in crisis contexts. In some cases, DHSC and MCHLG had to act on the basis of the best available, but imperfect, information, and this resulted in decision-making that in hindsight was not optimal. HM Treasury put in place mechanisms during the pandemic to assure the quality of demand modelling and sharing of management information, and the quality of these improved over time. Demand modelling has also been examined by the FLG (see above).

139. The second key learning identified by the CST was the importance of commercial capability to decision-making, both embedded in programmes to provide advice at an early stage in decision-making, and in an external scrutiny role. Commercial expertise in programmes was particularly important because during the pandemic government relied more heavily than usual on the 'first line of defence' in assuring spending decisions, so there was a premium on strengthening commercial capability in programmes.

140. The third key reflection in the CST's letter was the benefit of embedding HM Treasury and Cabinet Office officials into internal processes in spending departments in order to facilitate earlier scrutiny of key data that would influence funding allocations.

141. Following the recommendations of the Boardman Review of Government Covid-19 Procurement in May 2021 [**CS6/120 INQ000055876**], HM Treasury undertook an internal exercise to record the flexibilities utilised within the spending framework during the pandemic and set out lessons learned, with the aim of informing the department's approach to future crisis scenarios [**CS6/121 INQ000399235**].

142. Further, HM Treasury has separately considered lessons relevant to the AO assessment process. In winter 2021, HM Treasury facilitated a review for the Civil Service Board of the application of the AO processes during the initial phases of COVID-19 [**CS6/122 INQ000399234**]. This review identified the following lessons:

a. AO assessments are a valuable tool in undertaking a systematic appraisal of specific significant projects or proposals;
b. detailed arrangements for producing AO advice should be tailored to the wider structures of each organisation. However, the Finance Function within each body provides an important second line of defence and should, therefore, sign off an AO assessment before it is put to the AO for final clearance; and
c. AOs and those who support them would benefit from enhanced training and support, as well as more detailed central guidance in specific areas, including the circumstances that merit departments assuming a greater level of risk appetite than they would in usual conditions.

143. Following the publication of the Living with Covid-19 Strategy in February 2022, HM Treasury:

a. published updated Accounting Officer Assessment guidance [**CS6/123 INQ000107246**] that details better ways of joint working and advice on how to approach AO duties in times of uncertainty. We have also more explicitly linked business cases and AO assessments and strengthened the role of the Finance Function in the authoring of assessments by requiring that such assessments should have Finance director sign off; and
b. published an updated version of Managing Public Money with additions on combating fraud and communication with Parliament regarding Ministerial directions and contingent liabilities.

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.

Signed: ____ Personal Data ____

Dated: ___________20 June 2025_________________

Annex 1: HM Treasury’s Organisation, Role, People and Structure

1. HM Treasury have completed the below organogram of senior officials (Director and above) relevant to the decisions set out in this statement, based on the historical organisational records (the Annual Reports and Accounts) from the period covered by the Inquiry. Individual role holders, where known, have been included in chronological order.

2. It should be noted that the structure and roles of HM Treasury senior officials have changed over the time period covered in this organogram. Where job titles have changed but the job content remained broadly the same, we have included them in the same row.

Job Title and Grade	Name (in post for duration of pandemic unless stated)	Job/Team Function
Permanent Secretary	Thomas Scholar	Responsible for decision making, coordination and management of the Department and communications with media and the public.
Second Permanent Secretary	Charles Roxburgh	Responsible for growth policy, financial services and infrastructure.
Director General, Chief Economic Adviser to the Treasury	Clare Lombardelli	Responsible for economic and fiscal policy advice, analysis and surveillance. Also head of Government Economic service - leadership of the economic profession across government, working closely with other heads of profession, in particular for social research.
Director – Economics	Vanessa MacDougall (until Nov 2020) James Benford (Nov 2020 – Feb 2023)	Responsible for UK Economic analysis, surveillance, and professionalism
Director, Fiscal Policy	Tom Josephs	Responsible for Fiscal Policy Framework and Statistics and Debt, Cash, and Reserves Management
Director General, Tax and Welfare	Beth Russell	Responsible for Tax and Welfare.
Director, Strategy Planning and Budget	Daniel York-Smith	Responsible for defining forward strategy, work programme, the budget, tax strategy and short-term priority policy projects
Director General, Public Spending	James Bowler (until March 2020) Catherine Little (March 2020 – Oct 2022)	Responsible for the Treasury's work on public services with overall responsibility for managing public spending, strengthening financial discipline across central government,

		helping to ensure the delivery of more cost-effective public services, and contributing to creating the conditions for sustainable growth whilst supporting development in infrastructure and a low carbon economy.
Director, Public Spending	Conrad Smewing	Responsible for Spending Control, Pay and Pensions.
Director, Public Services	William Garton Jean-Christophe Gray (until Dec 2020) Philippa Davies (from Dec 2020)	Responsible for Oversight of Major Public Service Expenditure.

Organisational structure of HM Treasury at Ministerial level

Ministerial Post	**Individual in post**	**Date Started in Department**	**Date left post/department**	**Responsibilities**
Chancellor to the Exchequer				
Chancellor of the Exchequer	Rishi Sunak MP	13/02/2020	05/07/2022	The Chancellor of the Exchequer is the government's chief economic and financial minister and as such is responsible for raising revenue through taxation or borrowing, for controlling public spending, and for delivering economic growth and stability. He has overall responsibility for the work of the Treasury. The Chancellor's responsibilities cover: • fiscal policy (including the presenting of the annual Budget) • monetary policy, setting inflation targets • ministerial arrangements (in his role as Second Lord of the Treasury) overall responsibility for the Treasury's response to COVID-19
	Sajid Javid MP	24/07/2019	13/02/2020	
Chief Secretary to the Treasury ("CST")				
	Simon Clarke MP	15/09/2021	06/09/2022	The CST is responsible for public expenditure, including: • spending reviews and strategic planning • in-year spending control • public sector pay and pensions • Annually Managed Expenditure ("AME") and welfare reform • efficiency and value for money in public service • Procurement • capital investment • infrastructure spending • housing and planning • spending issues related to trade

				• transport policy, including HS2, Crossrail 2, Roads, Network Rail, Oxford/Cambridge corridor • Treasury interest in devolution to Scotland, Wales and Northern Ireland • women in the economy • skills, labour market policy and childcare policy, including tax free childcare • tax credits policy • housing and planning • legislative strategy • state pensions/ pensioner benefits • freeports – with support from EST on customs aspects.
	Steve Barclay MP	13/02/2020	15/09/2021	
	Rishi Sunak MP	24/07/2019	13/02/2020	
Financial Secretary to the Treasury ("FST")				
	Lucy Frazer MP	16/09/2021	07/09/2022	The FST is responsible for: The UK tax system including: • Direct, indirect, business, property, and personal taxation (except for taxes covered by EST and XST) • European and other international tax issues • Customs and VAT at the border • The Finance Bill and the National Insurance Bill • Trade policy: goods, including tariffs • Departmental Minister for HM Revenue and Customs (HMRC), the Valuation Office Agency, and the Government's Actuary's Department • Tax administration policy • Input to Investment Zones and Freeports focussing on tax and customs elements • Overall responsibility for retained EU Law and Brexit opportunities
	Jesse Norman MP	23/05/2019	16/09/2021	
Economic Secretary to the Treasury ("EST")				
	John Glen MP	09/01/2018	06/07/2022	The Economic Secretary to the Treasury is the City Minister and is responsible for financial services. Financial services policy, reform and regulation including: • Financial conduct, including relationship with the FCA • Financial stability, including relationship with the PRA • Competitiveness and growth of the financial services sector • Capital markets and listings • Financial inclusion (overall government lead, working with DWP) • Islamic finance, Fintech, and Crypto assets, including Central Bank Digital Currency

				• International financial services (excluding input to DIT FTAs) including regulatory cooperation, the Swiss Mutual Recognition Agreement, EU issues • Sponsorship of UKGI and State-owned financial assets, including NatWest shareholding • Cash and Payments including Royal Mint • Financial services tax, including bank levy, bank corporation tax surcharge, Insurance Premium Tax • Personal savings tax and pensions tax policy • Foreign exchange reserves and debt management policy (including green gilt), National Savings and Investment, Debt Management Office • Public Works Loan Board • UK Infrastructure Bank, British Business Bank and British Patient Capital • Parliamentary deputy on economy issues • Supporting the Chancellor with his overall responsibility for appointments
The Exchequer Secretary ("XST")				
	Helen Whately MP	16/09/2021	08/07/2022	The XST is responsible for: • Growth and productivity, including skills, migration, infrastructure (physical & digital), digital economy, economic regulation, business regulation, competition, corporate governance, foreign direct investment (non-FS), and the Levelling Up White Paper living standards mission. • Energy, environment and climate policy and taxes (including transport taxes) • The following indirect taxes, including stakeholder engagement: • Excise duties (alcohol, tobacco, gambling, and SDIL), including excise fraud and law enforcement • Charities, the voluntary sector, and gift aid • Departmental minister for HM Treasury Group (including responsibility for the Darlington campus) • Crown Estate and the Royal Household • Energy Profits Levy
	Kemi Badenoch MP	13/02/2020	16/09/2021	
	Simon Clarke MP	27/09/2019	13/02/2020	
Treasury Lords Minister				
Treasury Lords Minister	Baroness Penn	30/10/2022	Incumbent	The Treasury Lords Minister is responsible for: • Economic security • Financial sanctions (including OFSI) • Countering economic crime and illicit finance • Russia/Ukraine conflict • Trade policy (input to DIT FTAs): services, including financial services

				• International climate and nature finance • ESG in financial services, including Green Finance • Women in Finance • Overseas territories and Crown Dependencies
[as Minister of State for Efficiency and Transformation]	Lord Agnew of Oulton	14/02/2020	24/01/2022	

Organisational structure of HM Treasury Special Advisers

Name of Special Advisor	Date started in post	Date left post/department	Responsibilities
Liam Booth-Smith	13/02/20	05/07/22	Chancellor's Chief of Staff
NR	01/09/20	05/07/22	Chancellor's SpAd
	13/02/20	05/07/22	Chancellor's SpAd
	06/01/21	05/07/22	Chancellor's SpAd
	23/03/20	06/06/22	Chancellor's SpAd
	24/02/20	05/07/22	Chancellor's Media SpAd
Nerissa Chesterfield	13/02/20	05/07/22	Chancellor's Media SpAd
Olivia Oates	15/09/21	06/09/22	CST's SpAd
NR	03/03/20z	05/07/22	Chancellor's SpAd
Allegra Stratton	28/04/20	25/10/20	Chancellor's Media SpAd
NR	14/04/20	14/09/21	CST's SpAd

Annex 2: Overview of HMG Budget Setting Process

1. HM Treasury sets departmental resource and capital budgets – known as 'Departmental Expenditure Limit' ("**DEL**") – through the Spending Review ("SR") process. The process for SRs is not defined in law and the scope and length of an SR can vary. Resource DEL (RDEL) is used on day-to-day expenditure, including pay and procurement, while capital DEL (CDEL) is used for investment (e.g., in rail or roads) and financial and multilateral transactions. SR processes are led by the Chancellor, but typically involve bilateral negotiations with departments and collective decision making to set the budgets for HMG priorities.

2. The SR sets departmental budgets for any particular year. The Secretary of State of each department, on the advice of their officials, is responsible for decisions on allocations within their budget. This will be guided by, amongst other things, their existing commitments, priorities and risks. Each department sets out to Parliament how it has funded its activities and used its resources during the financial year in its Annual Report and Accounts.

3. HMG can also use the annual Budget process to announce new policies. However, baseline spend per department is not updated at this point. To fund these new policies, a department's budget may need to be adjusted in-year. There are two main ways in which a budget can change in-year. The first is by increasing a department's overall spending power (i.e., increasing the department's budget above the current levels through a DEL Reserve Claim), and secondly, by allowing a certain flexibility in how the total budget is allocated internally. The DEL Reserve is a small unallocated amount within the total DEL allocated in the SR. It is available for genuinely unforeseen contingencies, which are unavoidable, and departments cannot absorb themselves. Claims on the Reserve are only agreed in exceptional circumstances and need to be authorised by CST.

4. While SRs are the internal process HMG uses to develop budgets, Supply Estimates are the process through which HMG seeks Parliament's authority for its spending plans. Supply Estimates are based on the principle of 'annuality', meaning that the provision voted by Parliament and authorised under the relevant Supply and Appropriation Act can only be applied to the financial years (running from 1 April to 31 March) specified in that Act. HM Treasury collates the Estimates from departments and lays them in Parliament. These Estimates, which set departmental budgets in RDEL and CDEL, are referred to informally as control totals. Spending in excess of these control totals is a breach of regularity and requires Parliament to approve that spending through an excess vote. If

departments need to incur urgent expenditure ahead of it being voted by Parliament, they can apply for a Contingencies Fund Advance ("CFA"). A CFA enables HM Treasury to make repayable cash advances to departments for urgent services, in anticipation of provision for those services by Parliament. Set requirements laid out in the Estimates Manual must be met before a CFA can be considered. HM Treasury may authorise issues out of the Fund, subject to the limit set on the capital of the Fund by the Contingencies Act 1974.The limit is fixed at 2 percent of the total of authorised Supply expenditure (i.e., the total of all authorised departmental net cash requirements) in the proceeding financial year.

5. There are two annual Supply Estimates: Main Estimates, which set budgets at the beginning of the financial year, and Supplementary Estimates, which adjust for any variation to provide the most taut and realistic estimate for the end of the financial year. An out-of-turn Supplementary Estimate may be presented at any time when Parliament is sitting. If sought between the normal Main and Supplementary Estimate rounds, it is because urgent additional provision is needed at short notice, and this cannot await a normal Estimates round or be met through a cash advance from the Contingencies Fund. If sought after the normal Supplementary Estimate round, the government would provide urgent additional provision in order to avoid an Excess Vote. An alternative solution could be to use primary legislation to increase the limit set on the capital of the Contingencies Fund, currently set by the Contingencies Fund Act 1974.

6. HM Treasury delegates authority to departments to enter into commitments and to spend within predefined limits (DAL, "delegated limit" or "delegation"), without specific prior approval from HM Treasury. Delegated authorities strike a balance between HM Treasury's need to control spending to fulfil its responsibilities to Parliament and the department's freedom to manage it within its agreed budget limits and Parliamentary provision. Delegated authorities can be set with a high degree of flexibility, e.g., they can apply as a broad spending limit on all individual projects within a department's remit, or they can be set as a spending limit for a specific policy or programme. Delegations are usually recorded in a bespoke delegated authority letter for each department, but this process can be departed from. Certain transactions by public bodies may fall outside their usual planned range of activity and may exceed statutory and contractual obligations. HM Treasury calls these special payments.

7. HM Treasury also delegates a number of spending controls to the Cabinet Office on particular areas of spending, for example commercial and digital spending. Thus,

departments must seek approval from Cabinet Office ministers for spending that falls in these categories, as well as seeking any necessary approvals from HM Treasury ministers. At the time the pandemic started, all commercial spending greater in value than £10 million was subject to CO commercial control. However, the Cabinet Office subsequently decided not to apply this commercial spending control to the award of PPE contracts, because of the pace of the market decisions required, and the seniority of the staff working on PPE. The PPE procurements were subject to the normal departmental spending controls, including HM Treasury approval of new spending proposals, as well as the control of a clearance board established by DHSC and the Cabinet Office to approve PPE contracts with a value larger than £5 million.

8. Before any expenditure outside the delegated authorities is submitted by the department to HM Treasury for formal approval, it should already have passed the highest level of scrutiny within the department. Expenditure submitted to HM Treasury for approval should also have been signed off by the relevant departmental minister (except in cases related to special payments).

Annex 3: HM Treasury's role in HMG spending and summary of the work of HM Treasury spending teams

1. HM Treasury has a constitutional role and is responsible to Parliament for creating and maintaining a framework to manage public resources, which applies across the whole of government. This framework is codified in the document Managing Public Money exhibited as [**CS6/124 INQ000068420**]. Parliament looks to HM Treasury to make sure that departments only use their powers as intended, and that revenue is raised, and resources are spent within agreed limits. HM Treasury is responsible to Parliament for creating and maintaining a framework to manage public resources (see Managing Public Money ("MPM")). Parliament looks to HM Treasury to make sure that departments only use their powers as intended; that revenue is raised, and resources are spent within agreed limits. HM Treasury performs this role in three ways: by designing the Budgeting Framework (set out in an annual Consolidated Budgeting Guidance document); setting departmental budgets through the Spending Review and Estimates processes; and controlling departmental spending on an ongoing basis so that they stay within budgets and achieve value for money.

2. To underpin the application of the framework across HMG, HM Treasury appoints a Principal Accounting Officer ("AO") in each central HMG department who is always the Permanent Secretary or Chief Executive. That Principal AO appoints the heads of any arms-length bodies ("ALBs") within their departmental group as AOs. The Principal AO may also appoint AOs for specific areas of Departmental expenditure. AOs are responsible to Parliament for the stewardship of the relevant departmental or ALB's resources.

3. A key responsibility for AOs is to ensure that spending in their department conforms to the principles of regularity, propriety, value for money and feasibility as set out in Managing Public Money. Broadly, this means that AOs are responsible for ensuring that their department and any ALBs it sponsors operate effectively and to a high standard of probity, for managing risks in their organisation, for ensuring that spending has HM Treasury Ministers' approval and is compliant with the law and MPM guidance, and for ensuring that policies represent value for the taxpayer and are deliverable.

4. As of March 2020, DHSC appointed a Second Permanent Secretary as an additional AO to address the operational pressures that arose due to the Department's role in responding to the pandemic. This appointment did not detract from the Permanent Secretary's overall

responsibility as Principal AO for the department. The Principal AO for DHSC appoints the Chief Executive for NHSE to act as AO for the NHS.

5. During the pandemic, the basis on which AOs made decisions about expenditure in their departments did not change; at all times they needed to be satisfied that spending decisions met the usual AO standards of regularity, propriety, value for money and feasibility. HM Treasury reiterated the primacy of this responsibility to AOs and Ministers across spending departments at multiple points throughout the pandemic and provided support to department AOs throughout. The following exhibits are relevant; [**CS6/125 INQ000399236**]; [**CS6/126 INQ000408779**]; [**CS6/122 INQ000399234**]; [**CS6/127 INQ000408780**]; [**CS6/128 INQ000408781**].

6. HM Treasury has specific teams (spending teams) responsible for overseeing the spending policy for specific departments, for instance advising HM Treasury ministers on departmental allocations at fiscal events and in-year approvals. Spending teams consist of officials up to Deputy Director level. There is also a central spending coordination team called General Expenditure Policy (GEP).

7. Regular meetings take place between HM Treasury spending teams and spending departments to discuss the department's key financial and policy issues and financial management information (including financial outturn and forecast data) and agree next steps. Directors and Directors General also frequently interact with senior counterparts in departments, including the departmental AO.

8. There is significant engagement with departments in advance of an SR. Departments submit 'bids' to HM Treasury, which are then assessed by spending teams, and worked through between ministers in bilateral negotiations. This process considers the priority outcomes each department is responsible for delivering and the funding required to deliver those outcomes, taking into account the potential for efficiency and savings within each department.

9. In addition to the engagement described above, departments provide reporting on their overall financial position to HM Treasury. HM Treasury's spending teams monitor these data throughout the year, engaging with departments on any areas of concern. Where the team consider that action is needed to ensure that a department can operate within its budget, advice is provided to HM Treasury ministers on any options requiring their decision.

10. In line with Parliamentary expectations, as set out in the principles and rules in Consolidated Budgeting Guidance, departments must bring spending proposals to HM Treasury for approval where they exceed Delegated Authority Limits or are ‘novel, contentious, or repercussive’.

The Public Sector Equality Duty

11. The general duty imposed by the Public Sector Equality Duty (“**PSED**”) requires HM Treasury Ministers and other senior decision makers to pay ‘due regard’ to equalities implications in the exercise of its functions.

12. For policy areas owned by HM Treasury, there are internal procedural requirements and support in place for ensuring that such considerations inform decisions taken, including at fiscal events such as a Budget or Spring Statement, or during exercises such as a Spending Review. Usually, ministers would be informed via submissions on the policy, including in the final piece of advice provided.

13. Where a policy area is not owned by HM Treasury, as is the case for ASC, the relevant department is responsible for conducting equalities impact assessments pursuant to the PSED general duty. HM Treasury would not carry out PSED assessments for policy areas it does not own, including ASC. HM Treasury expects departments to meet their PSED requirements through their own internal processes, although it can seek specific information from other Government departments to support decision making.

Annex 4: HM Treasury's role with respect to funding arrangements in Scotland, Wales and Northern Ireland

1. Funding arrangements for the UK's three DAs in Scotland, Wales and Northern Ireland are set out in HM Treasury's Statement of Funding Policy [**CS6/129 INQ000102912].** The most recent edition was published in 2021 alongside the SR.

2. Similar to other government departments, DAs receive multi-year funding settlements at SRs, with in-year changes in funding determined through annual Parliamentary Estimates processes. The quantum of funding provided to the DAs is largely determined through the longstanding Barnett formula, with further adjustments to funding in relation to specific policy areas (notably agreed tax and welfare Block Grant Adjustments). The DAs also have their own agreed tax and borrowing powers.

3. In 2020-21, the DAs were provided with an in-year funding guarantee, meaning that DAs could plan their response to the pandemic without having to wait for changes to HMG departments' budgets to be confirmed and without having to make a claim on the Reserve. This guarantee was initially set at £12.7 billion on 24 July 2020 and subsequently uplifted to £14bn on 9 October 2020, £16bn on 5 November 2020 and finally £16.8bn on 24 December 2020. For 2021-22 onwards, Covid-19 was largely taken into account through SR settlements, so a further funding guarantee was not required.

4. In relation to ASC, HM Treasury does not approve DA spending. The DAs have autonomy to make their own decisions and are accountable to their respective Parliament or Assembly. DAs have responsibility in assessing and assuring value for money of their spending.

5. Health and social care are primarily devolved matters. HM Treasury's role in directly setting health budgets and approving spending and policy is focused on its interaction with and budget setting for DHSC and is normally England-only in scope. HM Treasury indirectly funds health and care activity via funding settlements for devolved administrations, although as with other devolved funding matters, this funding is non-specific, with budgets allocated by the DAs.

Annex 5: HM Treasury's conditions on relevant funding approvals

Approval	HM Treasury Conditions
Deferral of business rate central share payments and pull-forward of ASC grants - April 2020	1. MHCLG will communicate to LAs that the deferral of 3 months of business rates central share payments is a deferral only, and LAs must make repayments in the second half of the year, spread across the 6 months. 2. MHCLG and HMT will jointly look for opportunities to use the delayed repayment of the central share in the second half of the year to incentivise efficiency and reform in the sector. 3. MHCLG will work with CIPFA to provide further guidance to LAs on the circumstances in which it would be appropriate to issue S114 notices. 4. HMT is prepared to continue discussions on income/expenditure pressures and potential additional grant funding for LAs, subject to MHCLG: a. Explaining how much of the cost will be met from reprioritising within existing budgets, with an expectation that this meets as much of the cost as possible. b. Incorporating all LA service pressures into its bed for additional grant funding, including e.g., adult's and children's social care (ASC and CSC) and fire services. i. This is to avoid other Departments, including DHSC, DfE and the Home Office, making separate representations to HMT on specific pressures. It will help to minimise the overall pressure as we would then agree a single, unringfenced figure for additional LA support. c. Providing evidence to clearly show if any additional support is needed for ASC over and above the £1.3bn discharge pot and £1.6bn local government funding already provided (as well as wider health funding for PPE, testing and hospice/step-down pathways). i. We would need to understand the demand/supply data before considering additional funding, and any ask must be agreed with DHSC and the NHS. 5. MHCLG will reiterate to LAs the importance of engaging with the data collection exercise and will share this information transparently and promptly with HMT. 6. MHCLG will supply a revised cash forecast to HMT as soon as possible.
£500 million funding for LAs (approved 1 July 2020)	1. That any further bid from MHCLG for additional grant funding for LAs in 2020/21 will be a final settlement for the year covering all LA's anticipated expenditure needs, and will be supported by a robust evidence base with a detailed assessment of additional costs in each service area;

	2. That all funding provided to LAs in 2020/21 to assist them with the impact of Covid-19 will not be baselined at the 2020 Spending Review 3. That, prior to announcing the LA-level allocations of the £500m grant funding outlined in measure 2, MHCLG will agree with HMT the formula through which the grant funding will be allocated to LAs and will provide HMT with a breakdown of the cost pressures which it anticipates this funding will meet 4. That MHCLG will seek agreement from other relevant Government departments, such as DHSC and DfE, for their approach to allocating the £500m grant funding prior to announcing LA-level allocations 5. That MHCLG and HMT will conduct an internal review of the terms of the cost-sharing mechanism for irrecoverable SFC income as outlined above (5% first loss, 75:25 split), if the estimated cost to the exchequer in 2020/21 rises above £1.5bn 6. That SoS will put forward, by the end of July, a detailed plan for implementing the Review of Relative Needs and Resources (RRNR) and Business Rates (BR) reset, either both together in April 2022, and the BR reset in April 2021 with the RRNR delayed beyond April 2022. This plan should not be based on any additional 'hold harmless' or 'transition' funding and should be supported by MHCLG officials sharing detailed LA level analysis of the impact of the BR reset and RRNR under a range of relevant scenarios. HMT recognises that this plan may be contingent on the broader SR settlement, and so would welcome variants of the plan based on different funding scenarios 7. That, prior to SoS MHCLG's speech on the 2nd July, MHCLG officials will clear all language referring to the Government's consideration of LA's irrecoverable tax revenue as per measure 4 above, with HMT officials in advance 8. That MHCLG officials will clear all media products and communication in regard to the announcement of the above measures, with HMT officials in advance 9. That MHCLG and DHSC will continue to work with HMT on LA's PPE costs and that MHCLG will not make an announcement on this issue at this time.
£1bn of additional funding to LAs	CST has agreed to MHCLG's proposal for allocating an additional £1bn of funding to LAs, subject to:

(approved 19 October 2020)	1. DCMS and MHCLG agreeing that they will not return to HMT to seek further funding for leisure centres in 20/21, with costs beyond this to be considered through the SR process; and 2. DCMS and MHCLG agreeing the detail of how the biddable pot for leisure centres will be operated and allocated with HMT before further details are published. 3. MHCLG agreeing to fund any additional activities to be undertaken by LAs, such as activities to support Disproportionately Impacted Groups, from within the £890m provided to meet service pressures 4. HMT and MHCLG will continue to consider the need for exceptional support for individual local authorities whose individual financial circumstances would leave them at risk of acute financial risk despite this package on a case-by-case basis. The costs of providing such support will fall outside of this package and be agreed on a case-by-case basis. There is no provision within MHCLG DEL or LG DEL to meet these costs.
Capitalisation direction to six LAs (approved 27 January 2021)	CST agree with the proposal to recapitalise the 6 LAs with the following conditions on MHCLG: 1. That they review the causes of financial fragility in these LAs and test whether their levers to intervene need strengthening 2. That they review and stress test LAs exposure to commercial and rental income 3. That they indicate this stage of the exceptional support process is closed
Extension of shielding support to CEV individuals (approved 1 February 2021)	1. MHCLG investigating why spend is so low in some LAs and setting out clearer guidance to LAs on use of the funding, and sharing best practice, to reduce disparities in spending and service across LAs 2. A further review once shielding advice is withdrawn (i.e., no CEVs are being advised to shield), or if there are other significant changes to the scope or content of shielding guidance (excluding the expected 1.5m rise in the CEV population over the next two months, which is already factored into the policy.
COMF Top Up (approved 17 November 2020)	1. The remaining supplementary fund will be rolled into funding for any extension. 2. A review point will be set in January following evaluation by DHSC.

	3. It is clear that the COMF is specifically for LAs to provide public health support, but they have discretion over which public health activities to fund. 4. The funding is ringfenced, and any underspends are returned to HMT.
LA Test and Trace programme funding (approved 21 May 2020)	The approval is subject to the following conditions: 1. DHSC will allocate funding to LAs in England and agree the final mechanism for this with HMT at official level – DHSC will need to confirm MHCLG are content with this approach (HMT understand they are) 2. This funding is ring-fenced for this specific purpose, and funding should only be provided to LAs to support activities necessary to support effective tracing, easement of NPIs and enabling businesses to remain open (or reopen) following local cases 3. The CST recognises the need to confirm if funding is available now but would like DHSC to provide more detailed proposals at official level to support (2) as soon as possible 4. This approval does not replace usual Managing Public Money rules around novel, contentious or repercussive expenditure continue to apply to spending within this envelope and the relevant Accounting Officer will need to satisfy themselves, on a case-by-case basis, that this funding is VfM and not duplicating activities already funded in LAs (noting the links to shielding and support for the vulnerable here)
Infection Control Fund (approved 15 May 2020)	1. Regular updates from DHSC on the use of the funding; 2. Establishing a clear methodology for LAs to report their spending alongside wider use of central government funding; 3. ASC providers were required to update the Capacity 4. Tracker on a weekly basis. HMT to have access to the Capacity Tracker; 5. DHSC were to provide clear guidance for LAs to calculate bed numbers in their areas; 6. DHSC were to provide clear guidance on best practice of infection control to LAs. Compliance with this was measured and reported using a template [**CS6/130 INQ000544709**]. This ensured HM Treasury were able to assess performance and allow withholding of funding if cash was not being used in line with best practice; and

	7. DHSC were to provide an update on the impact of domiciliary care workers in the spread of infection.
ICF 6-month extension (approved 14 September 2020)	1. DHSC provide clear guidance for LAs to calculate bed numbers in their areas; 2. DHSC provide regular updates to HMT on the use of this funding; 3. DHSC and MHCLG agree with HMT a clear methodology for LAs to report this spend alongside their wider use of central government funding for Covid-19; 4. Providers update the Capacity Tracker on a weekly basis; 5. DHSC provide clear guidance on best practice on infection control to LAs and that compliance with these is measures in return templates which should be cleared through HMT; 6. DHSC provide an update on the impact of domiciliary care workers in the spread of infections; 7. HMT officials have full access to the data provided through Capacity Tracker and that we look at ensuring data collection of this kind on an ongoing basis; and 8. Second tranche of funding (from December 2020) only available to care homes that are compliant with the government's data requests.
ICF3 (approved 15 March 2021)	1. DHSC provide regular updates to HMT on the use of this funding; 2. The funding is ringfenced for infection prevention and control measures in adult social care only, and is not used for wider unit cost pressures due to COVID-19; 3. Any underspends should be returned to the Exchequer (surrendered at supps); 4. There will be no further funding for the Workforce Capacity Fund; 5. That the April 2021 PHE advice relating to social care is shared with HM Treasury; 6. Providers will still be required to fill in the Capacity Tracker in order to receive funding; DHSC should update HMT on how they will ensure all providers comply with Capacity Tracker conditions, especially around improving rates in community care, and how they will work with LAs to ensure that spending returns are completed accurately; and

	7. Any changes to the current balance of funding (passporting/LAs) or methodology for distribution are agreed with HMT.
ICF4 (approved 23 June 2021)	1. DHSC provide updates to HMT on the use of this funding after each reporting point; 2. The funding is ringfenced for infection prevention and control measures in adult social care only, and is not used for wider unit cost pressures due to Covid-19; 3. Any underspends should be returned to the Exchequer. We expect to provide the funding for the actuals spent through ICF4 at Supplementary Estimates; any budget cover is provided net of underspends; 4. Providers will still be required to fill in the Capacity Tracker in order to receive funding; 5. Any changes to the current balance of funding (passporting/LAs) or methodology for distribution are agreed with HM Treasury; 6. DHSC will look to implement the data recommendations made by the Social Care Working Group and SAGE before any further bids; and 7. DHSC continues to review what measures are required and provide an assessment of this, supported by public health advice, ahead of any further bids.
ICF5 (approved 24 September 2021)	1. DHSC continues to review what measures are required and provide an assessment of this, supported by public health advice; 2. DHSC provide updates to HMT on the use of this funding after each reporting point; 3. The funding is ringfenced for infection prevention and control measures in adult social care only and is not used for wider unit cost pressures due to Covid-19; 4. Any underspends should be returned to the Exchequer; 5. Providers will still be required to fill in the Capacity Tracker in order to receive funding; and 6. Any chances to the current balance of funding (passporting/LAs) or methodology of distribution are agreed with HMT.
Rapid Testing Fund (approved 16 March 2021)	1. DHSC improve guidance to LAs and ASC settings on the need for reporting tests and their results. 2. DHSC establish an appropriate reporting and claw back mechanism for funds not required. We expect an update at year end which show how much of the costs provided

	in FY 20/21 have actually been used based on reporting from care homes. 3. The use of alternative testing routes for visitors to be explored further ahead of any future extension. I.e., the need for specific funding support for onsite visitor testing will be reviewed before any further extension beyond June is agreed.
Rapid Testing Fund extension (approved 21 June 2021)	This is subject to: 1. DHSC confirming AO approval; 2. DHSC sharing final first round data and second round once received; and 3. DHSC completing an assessment of the need for LFD and PCR testing in care settings going forward, this should cover why LFD and PCR are both required and whether, and at what point, this could be reduced or substituted.
Rapid Testing Fund bid (approved 24 September 2021)	1. DHSC share outturn data 2. DHSC keep under review if the public health benefit of on-site testing continues to be worth the additional cost – particularly as booster jabs are rolled out in care settings – and provide an update to HMT by the end of January. 3. DHSC provide HMT with regular monitoring on visitors per resident and percentage of testing carried out on site.
Staff shortage funding (approved 10 January 2021)	1. The funding is ringfenced, with any underspends returned to HMT 2. The grant to LAs should be ringfenced with an appropriate clawback mechanism in place. Funding should be given out in two tranches to support this. 3. Guidance must be cleared with HMT, including sufficient LA reporting on the use of this funding, such as tracking the number of additional people employed
ASC workforce retention and recruitment fund (approved 12 October 2021)	1. DHSC must monitor the use of this spending and report to HMT
ASC workforce social care Winter funding bid (approved 8 December 2021)	1. DHSC to present HMT/No 10 with a clear plan on VCOD to avoid spending pressures in April 2. Clear guidance will be provided on how funding can be spent, cleared by HMT and DLUHC 3. Funding will be provided in two tranches, with the second tranche released on the condition of LAs returning spending plans to the department

	4. Regional teams will be utilised to shape and assure spending plans and share best practice 5. LAs and providers must fill out the capacity tracker at least weekly to allow for clearer monitoring 6. DHSC to report to HMT weekly on the situation, utilising a range of data available including regional team reporting. This must also include weekly updates on vaccine uptake, ahead of the introduction of VCOD in domiciliary care.
Enhanced discharge winter extension (approved 10 July 2020)	1. Within the next 2 weeks, DHSC and NHSEI must agree the guidance for a winding down the current policy within the agreed envelope (£1.3bn) with HMT and MHCLG, including any workforce requirements. This must include an expectation that assessments will be carried out by NHS and LAs as soon as possible, with regular monitoring of the number of people who require an assessment. 2. The 6-week cap will start on 1st August. 3. DHSC and NHSEI must agree their guidance to the sector for the 6-week cap with HMT and MHCLG. It must clearly state that, unless otherwise agreed, this policy will end by March 2021 at the latest. 4. DHSC and NHSEI must share monthly reporting for the spending of the existing and new policy, broken down by care setting (as per the existing reporting template) and including the number of people discharged to each care setting and the number of care packages purchased by setting. If NHSE are unable to manage spend within the agreed envelope, the expectation is that the scheme will end. 5. DHSC and NHSEI must share the following data, linked to location, on a monthly basis: a. Average length of stay b. Number of long stay patients c. Delayed transfer of care 6. Any new costs on local authorities from this policy will be met within existing DHSC funding envelope.
Enhanced discharge additional fund (approved 19 January 2021)	1. DHSC works with MHCLG and NHSEI to rapidly identify LA who are not following the guidance on LA contributions and ensure that NHSEI urgently share data with HMT, MHCLG and DHSC to identify the number of LA assessments outstanding, which LA is responsible and agree a trajectory for clearing the backlog. 2. Funding is ringfenced with any underspends returning to the Exchequer 3. No further funding will be provided for costs linked to scheme 1 in 2020-21, or 2021-22

Enhanced discharge short extension (approved 5 February 2021)	1. Funding continues to be ringfenced with underspends returned to the Exchequer 2. Any overspends not agreed with HMT will be classed as irregular 3. Any additional costs in 20/21 from the extension need to be managed within the existing £588m pot 4. NHS/DHSC continue to share spending and data on at least a monthly basis including: a. Monthly reporting of the spending broken down by care setting (as per the existing reporting template) and including the number of people discharged to each care setting and the number of care packages purchased by setting b. Average length of stay and projected impact on capacity c. Number and proportion of long stay patients; and d. Discharge data – including number of patients who meet the criteria to be discharged, the number of patients who were discharged by 5pm, the reasons patients continue to reside
Covid-19 indemnity for designated settings in ASC (approved 15 January 2021)	1. The scope and terms of the indemnity are as shared with HMT on 15 January 2. HMT officials agree the proposed approach to the technical implementation of the indemnity following further conversations with the ABI next week 3. HMT receives a completed contingent liability checklist by 22 January 4. The indemnity is made available only until 31 March (allowing a certain number of days for run-off claims, to be confirmed with DHSC and the ABI) 5. DHSC lawyers and AO are content that the indemnity does not give rise to any state aid issues 6. DHSC provides HMT with a weekly summary of designated setting capacity data until 31 March 7. DHSC looks to limit the number of indemnities that are provided to the minimum required to ensure there is sufficient capacity in designated settings 8. DHSC report weekly to HMT on the number of indemnities that have been provided and the estimated cumulative value of the indemnities 9. DHSC must approve all entrants to the scheme. All new large scheme entrants with over a certain number of beds, or that would add a certain level of liability to the

	government balance sheet would require HMT SCS approval. The threshold for determining what constitutes a 'large' scheme entrant should be agreed by HMT and DHSC officials before the scheme launches. 10. If the estimated cumulative value of the indemnity is likely to exceed the current estimated cost to the government of £30-70m, the case for providing further indemnities will be reviewed by DHSC, with HMT, and further approval required. 11. DHSC and HMT will review by 19 February whether to extend the time-limit for providing indemnities beyond the 31 March and further HMT approval for this would be required. In these circumstances, HMT would expect the commercial terms of the indemnities to be renegotiated to ensure they provide VfM; DHSC should work with CO commercial and update HMT weekly. 12. HMT officials should be invited to participate in all discussions with industry representatives in relation to the sector-wide negotiation and implementation of these indemnities. 13. DH/NHS need to come back with their modelling for the number of patients this will free up – so that we have a clear target to assess against when we get to the review point in mid-Feb
Designated settings indemnity extension (approved 16 March 2021)	1. That DHSC provides HMT with a fortnightly summary of designated setting capacity data until the end of the ED funding period 2. DHSC looks to limit the number of indemnities that are provided to the minimum required to ensure there is sufficient capacity in LAs, and all applications must be accompanied by evidence that the capacity is required. This evidence should include data on discharges in the local area and total number of beds in the local area. 3. DHSC report fortnightly to HMT on the number of indemnities that have been provided and the estimated cumulative value of the indemnities, including data on whether the indemnity was required because insurers have withdrawn cover at renewal. 4. DHSC must approve all entrants to the scheme. All new large scheme entrants require HMT SCS approval, based on the definition of 'large' agreed between HMT and DHSC officials in January. 5. If the estimated cumulative value of the indemnity is likely to exceed £30m, the case for providing further indemnities will be reviewed by DHSC, with HMT, and further approval required.

ASC Omicron response funding (approved 24 December 2021)	1. DHSC continues to review impact of Omicron on care settings and provide an assessment of this, supported by public health advice, ahead of the next checkpoint in early January 2022. The data used at this checkpoint would focus on staff absence levels. 2. Providers will still be required to fill in the Capacity Tracker in order to receive funding. 3. DHSC agree that this is a one-off, extraordinary funding and the agreed methodology (no ringfencing and limited reporting measures) are for the purpose of this grant only to ensure providers receive the funding ASAP. 4. Approval is given for spend only; decisions on the need for additional funding from the reserve will be taken in the round at Supplementary Estimates.

Annex 6: Ministerial Meetings and Committees

1. Cabinet-level decision-making structures evolved over the course of the Government's Covid-19 response. At the outset, decisions were made at Cabinet Office Briefing Room meetings ("COBR"). From March until late May 2020, daily meetings chaired by the Prime Minister drove the Government's strategy and decision-making, supported by four Ministerial Implementation Groups ("MIGs"): Economic and Business ("E-MIG"), which was chaired by the Chancellor; Health ("H-MIG"); International ("I-MIG") and General Public Services ("GPS-MIG").

2. From late May onwards, the Cabinet Committee architecture was streamlined into the Covid-19 Strategy Committee ("Covid(S)") and the Covid-19 Operations Committee ("Covid(O)") The Chancellor had a seat on both Covid(S) and Covid(O) though other departmental ministers, most often the Chief Secretary to the Treasury, typically deputised for him at Covid(O).

3. Additionally at various points there were other groupings, for example whilst the Prime Minister had Covid-19 the First Secretary of State chaired meetings of a decision-making "Quad" of ministers (First Secretary of State, Chancellor, Chancellor of the Duchy of Lancaster ("CDL") and Secretary of State for Health and Social Care) and at subsequent stages in the pandemic, groupings of senior Cabinet members chaired by the Prime Minister would meet to consider specific issues, such as approaches to NPIs and the approach to vaccine deployment.

4. By early June 2020, the Cabinet Office Covid Taskforce had been established, having grown out of the initial Cabinet Office coordination function. HM Treasury officials continued to have close and frequent contact with the Cabinet Office and this taskforce to ensure that economic and fiscal considerations were included in decision-making. The Covid Taskforce was responsible for collating public health advice and recommendations from DHSC and public health authorities, as well as perspectives and input from other departments. Given the speed with which policy options were developed, and the uncertain path of the pandemic, the extent to which HM Treasury officials were involved or sighted on policy options and recommendations varied throughout the period.

5. ASC was occasionally discussed in the various fora outlined above. For example, at the Covid(O) briefing on 15 September the movement of staff between care homes was

discussed [**CS6/076 INQ000544755**], whilst at the Covid(O) briefing on the 8 December 2020 the expansion of the ASC testing programme and delivery of the winter plan was discussed [**CS6/072 INQ000576697**]. Where decisions or substantial policy development was made at these meetings, these are reflected in the relevant narrative items in this statement.