

Scoping Interview with Dan York-Smith, conducted by NR

*This is a scoping interview with Dan York-Smith, director of Strategy, Planning and Budget and his role in Treasury and covering the Covid response.*

DYS interview notes, taken by NR

**Late February 2020:**

- First became involved in this in late February, as part of Dan's role in co-ordinating the budget.
- This was around the time the COBRA meetings were beginning to scale up and Clare Lombardelli (Chief Economic Advisor to the Chancellor) was attending those meetings for the Treasury.
- Chancellor's private office got in touch to say that the Chancellor wanted to consider what policies to include to respond to Covid in the Budget.
- There wasn't a natural home for these policies, so Dan asked someone from SPB to co-ordinate advice.
- Dan noted that this advice was cautious, and that Clare rang him on a Thursday evening to say the advice had to be much bigger.
- Dan tried to get other director to be responsible for elements of the policy; this didn't quite work out.
- It was clear that this was going to be core to the budget.
- Dan pulled other people from the SPB projects pool as well borrowing resource from Public Services; in particular those who had been working on the SAGE reporting.
- A week and half pre-Budget Dan had asked one of the Deputy Directors to be the Covid lead. This was for two reasons:
  - To support with policy development – policies
  - The architecture for determining policy on Covid in the centre of government in Cabinet Office (CO) was not taking account of economic implications or of potential policy responses. Dan noted that CO were firing requests at random. As such, wanted to establish how to co-ordinate information going to/coming from the central secretariat.

**Questions: How did you get a sense that decisions were not being fed in?**

Dan noted that how his role developed became about feeding in that information to CO.

**Pre-Budget 2020 Period:**

- This focused on what the budget was going to say and had decided to have a chapter on Covid and the various support available.
- This was against the other backdrop of other countries locking down
- Dan reflected that the day before Budget he thought this would last at least a few months and the Treasury perception (in part impacted by limited case mortality rate information)

was that this would be a temporary shock where people have to isolate at home for two weeks.

- This was reflected in what Treasury prioritised in the policy response, can be seen in the focus on Statutory Sick Pay. Concerned by lots of companies having to pay sick pay, so thought to reimburse businesses on the few weeks employees would have to stay at home.
- Dan had decided that this would need dedicated resource, as they were beginning to see signs of the explosion of this through the secretariat and CO.
- Clear that they needed to manage the economics a bit better.
- So, Dan had decided to recruit people, reflecting that there would be weekend working.

#### **Post-Budget 2020:**

- **Friday 13<sup>th</sup> March** had appointed two people to work on Covid.
- Worked across the whole weekend, scientists were saying cases were increasing and were getting more information from scientists on potential measures.
- Dan had to feed in information on behalf of the Treasury on what some of the economic implications of these measures would be.
- Dan worked with Dharmesh Nayee (Head of Economic Risks), and his team were feeding on the economic impact of closing schools. This was derived from SAGE modelling on what the labour force impacts would be.
- **Saturday 14<sup>th</sup> March** – focused on feeding in this information to Cabinet Office.
- **Sunday 15<sup>th</sup> March** – there was a 2-hour meeting in the Cabinet Room involving the Health Secretary, the Chief Medical Officer, Chief Scientific adviser and several people from No10. The Chancellor had not been invited to this, and Dan made a pitch that he should go as this would have a significant impact on the economy.
- This meeting is now published in the SAGE documents and focused on what levers to pull in response to Covid.
- From this point Dan became the main point person for CO and started to attend the daily permanent secretary meetings of the C-19 Secretariat. Tom Scholar didn't particularly want to attend this meeting and Charles Roxburgh was not that well informed on what was going on at that point.
- Dan regularly attended and noted that the week commencing the 16<sup>th</sup> turned out to be a key week. In part as on Monday, Dan had been working late and saw the PM announcement on twitter – on not going to work if you could avoid it and to avoid going to pubs/restaurants.
- Dan saw at 10.15 pm that No10 had briefed the newspapers that the Treasury would announce a support package, of which nothing existed at the time and this led to a frantic evening to pull together that package to support particularly affected sectors.
- This led to the announcement of several lending facilities; CBILS and CCFF, and support on business rates and business grants. This culminated in a PM and CX press conference in the afternoon – and also delayed anti-avoidance measures of pay roll working in that press conference.
- **Wednesday 18<sup>th</sup> March** – focused on schools and key workers – there was a very long email chain on who were key workers and could drop their kids off at school
- CO had no real sense of how the economy worked, and Dan noted that they need to communicate that financial services workers needed to be considered as key workers. As financial services workers would be involved in cash distribution system (To allow people to pay for things).

- This was a tricky area as devolved administrations had their own approach to who were key workers.

**Questions: You mentioned that Cabinet Office didn't get it, were Treasury providing a lot of advice?**

Dan agreed and said that they provided lots of advice on where the boundary was between essential and non-essential retail. Treasury keen to include post offices and banks as essential retail to allow them to continue in the provision of cash.

- At this point, there were also questions on whether London should shut down as the case rate was higher there.
- Also, on **Wednesday 18<sup>th</sup> March** Dan attended a Cabinet Secretary meeting and reflected that shutting schools would hit the economy harder than the financial crisis.
- Dan said they were in a very complicated position to get this information reflected in advice. MHCLG were invited to write a paper on the closure of the non-essential retail and what the boundary was between essential and non-essential retail was.
- MHCLG would pull together this paper, Treasury would provide economic analysis which MHCLG would cut down to a paragraph and then this would be cut down further by the cabinet secretariat.
- Over the weekend, the focus on was on the lockdown announcements.
- On the following Monday there was a growing architecture in the Cabinet Office to support various ministerial implementation groups which tried to group the crisis into 4 parts (economic business, public services response part and international part).
- Dan noted that more and more people in the centre were involved and there were discussions on how to get the relevant information to inform advice and ensuring someone was invited from the Treasury.
- Dan reflected that this was an intense phase that lasted until the announcement of the self-employed scheme (26 March 2020.)

**Early April 2020 onwards:**

- There was a transition of focus on what was the process to conduct a statutory review and what would the process be to lift these restrictions.
- At this point, started to consider economic implication of opening different sectors in different orders.
- Also considered improving the effects of social distancing whilst reducing the economic impact.
- In addition, there was a Covid secure work programme being run by BEIS with various industry groups – and this reported into the various ministerial implementation groups. A director in Treasury was working on this with BEIS.
- Dan noted there was a key debate from the first review point to the second on overcompliance. The government had gone significantly beyond the legal measures in place due to their 'save lives stay at home' messaging. This had led to the closure of manufacturing and construction which weren't legally obliged to close, and this led to a disproportionate impact on the economy.
- There was a conflation between the legal policy and the communications that resulted in overcompliance.

- This was also a difficult time as the PM was in the hospital, and there were the regular quad meetings.
- There was a lot of secrecy at the time, for example Dan was dialled in through zoom to discuss a paper he didn't have access to.
- At this point, the department was producing lots of analysis, and so set up internal Treasury governance and set up; Covid Response Board and set up sub-boards underneath that to mirror the various implementation groups.
- The focus was to arm the Chancellor with the necessary analysis to inform the order and pace of reopening.
- There was a big premium on international comparisons looking at stringency, duration and the pace and order of unlocking.

**Question: Was the analysis going to the Chancellor based around what other countries were doing and building the argument that we should be unlocking ?**

Dan noted that the unlocking plan published in April/May was written by the treasury. There was always a sense of wait a few more weeks, and the Chancellor was pushing, and his arguments were based around other countries opening. There was a focus on how the pandemic was evolved and what restrictions countries had.

**Summer Period:**

- At this point had begun to properly reopen and had the Plan for Jobs, which Dan notes was wrong with hindsight.
- There was a big concern around the dissonance between the law and communications, there was lots of evidence that people in the UK were much more hesitant to resume their normal activities and there was a much slower recovery in spending and mobility than was seen in other European countries.
- The Plan for Jobs worked to target this and fell into Dan's responsibility but was mainly picked up by [NR] as the whole interaction with Covid, No 10 and taskforce was a full time job.
- This period was then followed by a slow rise in cases, there was tiering, and the Treasury's main role was around the economic implications of restrictions in different areas. Dan noted this was challenging due to gaps in the data.
- There was also security centre which was intended to give ministers better insight on what was going on.
- This is also when the GOLD meetings began, these were weekly meetings with the Health Secretary to explore the health data and Dan attended largely to argue not to close sectors in certain areas and also to report back to Chancellor.
- Those meetings reached an end with an introduction of regional tiering and the negotiation process that were undertaken with LAs about moving regions into different tiers. These meetings were attended by [NR] / Alex Furze.
- Dan noted final act was November lockdown – towards the end it was more about explaining the economic support available as the Chancellor had set out on a path in the summer of withdrawing the economic support on the basis that the seasonal resurgence would be smaller, and we'd manage with the Covid secure guidelines and 2 metre rule.
- Dan noted the Treasury was playing catch-up from September onwards with the reality of the pandemic, and therefore having to extend the support at short notice.

**Overview of role:**

1. Providing a clearer a channel of communication between the treasury and the CO taskforce, to ensure right information was going to the right people and ensure this information came together in the same place.
2. Feeding in the economic analysis, what were the implications of choices on social distancing restrictions both proactively and reactively.
3. Providing the link between what was going on with the pandemic, social distancing restrictions and the economic implications and support to offer. Dan reflected that this third point became more and more important towards the end of his role working on Covid.

Dan reflects that the above three themes are likely to continue with Kate Josephs in her role covering Covid. Dan also notes that the Treasury has played its proper role as part of the centre with No10 and Cabinet Office. The complexity has been with the role of DHSC which is not traditionally part of the centre. There were several points in trying to align the health impacts and economic implications.

**Question: Why did you keep hold of this job for so long?**

Dan noted that this would be one of the lessons to take. He took over the role because no one was doing it initially and that it was a crosscutting issue that didn't have a natural home. There was something analogous with the way the pandemic happened and when SPB pull together their budget. It fit more naturally in SPB as a central group Initial view was to get Public Services Directors to pick as it was a health crisis but the pandemic isn't just about health spending.

Dan stated that there wasn't a natural role for it, as it wasn't a natural home for it as it wasn't simply a public spending issue. Similarly, Economics group does lots of analysis and some aspects of economic policy in terms of frameworks but didn't do anything quite like what was required for the Covid response.

Another factor was this pandemic drew on every aspect of the pandemics business, and the ability to rapidly deploy people and Dan was heading up a projects team that could move easily.

This did come at some personal cost to the Deputy Directors working on this as required long working hours.

On why Dan continued doing it for as long as he did, another part of the treasury considered the business planning and identifying where the pinch points given caring responsibilities. At director level 3 people were identified as having a lot to do, those were Vanessa MacDougall (Director of Economics Group), Lindsey White (Director of Personal Tax Welfare and Pensions) and Dan.

Dan suggested appointing another director, but others were less keen and a lot of it was around how long it takes to appoint people. The Covid Director vacancy was probably advertised around July and it was a long process to get a Director into HMT.

**Question: Is the recruitment time to get another Covid Director linked to potentially in the summer some consideration that there would be less Covid related work?**

Dan noted that he was doing two jobs at the time and was focusing more on the Covid role and that his Deputy had helped picked up other aspects of his role.

Kate was offered the job in September and it took time for her to be released from Cabinet Office. Dan's reflection is that work continued to progress even at points where they would have been most complacent.

**Questions: What were the areas where things went really well or really badly?**

Dan noted that the Covid team has been very effective and the support packages have been phenomenal.

The thing to learn is moving quickly to identify someone who's responsible instead of allowing it to happen organically. Dan also noted that they had underestimated the duration of the crisis, and this reflected in the need to refresh the resource and build resilience.

Dan reflected that they got more and more confident about deploying analysis as the crisis continued. There was a cultural thing around Economics Group waiting to be asked to produce analysis and this shifted over the course of the pandemic.

Dan noted that they didn't use independent institutions as well as they could have done. OBR published something in April after having been asked by Clare Lombardelli to produce it, there were tension here with the Chancellor.

Dan suggested that the OBR have opined after the fact and have largely been bystanders and may not have influenced policy. So, there is lesson there on how to use these pockets of expertise.

There's also a lesson to establish resource required when you don't know how long the crisis is going to last for.

On where lessons could be learnt is on things the Covid team didn't think about such as public spending, managing contracts and Value for money. The scale of pace here was unique but there is something to consider on how packages of announcements are pulled together and ensuring this architecture allows for appropriate quality assurance.